

## **CORPORATE SOCIAL RESPONSIBILITY AND ITS IMPACT ON BUSINESS ENTITIES**

The idea of CSR is rooted in the developed world such as the USA and Europe, and it arose as the corporations' voluntary response against criticism and societal pressure to avoid liability or bad corporate image from their harmful practices. Whilst there is no universally accepted definition of CSR, it was considered in its infancy as philanthropic activities performed by corporations voluntarily. Nowadays, the perception of CSR has been evolving to current trends that start routing CSR towards the legally binding realm. The importance of corporate social responsibility (CSR) is continuously rising all over the world. Multinational companies are now subject to various ethical rules, regulations and restrictions that have been implemented to protect the environment, their employees and the community that they serve. However, even if no laws and regulations are in place in certain countries, CSR is still a crucial factor for the success of a company, especially when it comes to those companies operating their business in a global economy.

If CSR is a source of competitive advantages that could lead companies to increase their organizational effectiveness (higher MV), each firm will need to develop its own CSR strategy, appropriately allocating its resources to deal with its particular issues, which will be conditioned by the industry it belongs to and its particular business environment. Corporate social responsibility (CSR) is widely acknowledged as an imperative practice for organizations, resulting in greater competitive advantage and positive economic outcomes for companies along with. It can be defined as 'a firm's commitment to maximize long-term economic, societal and environmental well-being through business practices, policies and resources'. The positive impact of CSR practices on organizations and society at large is inexorably linked to the generation of value for the company's stakeholders. However, there is a gap in the literature on this issue and claim that 'greater understanding about how stakeholder value can be created by CSR activities is needed'. Based on these advantages, currently, Uzbekistan is also trying to implement CSR at all spheres, especially agriculture as a contribution to Uzbekistan's economy. Agriculture industry accounts for 17.3 percent of total Gross Domestic Products. As a result of this Uzbekistan's economy is highly dependable on agriculture and implementation of CSR creates huge advantage for country's economy<sup>1</sup>.

There are four key ideas concerning CSR. First, CSR is a conjoint set of obligations, and legal and ethical commitments. Second, CSR includes ethical behaviours and is related to morals. Third, CSR implies admitting the consequences of company performance on more groups at stake than just shareholders do and that organizational effectiveness goes beyond the classical aim of profit maximization. Fourth, CSR is related to social, labour, environmental, and human rights fields.

Over the decades, the concept of corporate social responsibility (CSR) has continued to grow in importance and significance. It has been the subject of considerable debate, commentary, theory building and research. In spite of the ongoing deliberations as to what it means and what it embraces, it has developed and evolved in both academic as well as practitioner communities worldwide. The idea that business enterprises have some responsibilities to society beyond that of making profits for the shareholders has been around for centuries. Therefore, it is largely a product of the past half century. Today, one cannot pick up a newspaper, magazine or journal without encountering some discussion of the issue, some recent or innovative example of what business is thinking or doing about CSR, or some new conference that is being held. Specific journals, news magazines, books, dictionaries, encyclopaedias, websites, discussion lists and blogs treat the concept on a regular basis. The business community has formed its own organizations specializing in the topic. Business for Social Responsibility (BSR), for example, is a business association founded in 1992 to provide corporations with expertise on the subject and an opportunity for business executives to advance the field and learn from one another. There has been an explosion of interest in CSR in the European Union and around the world. The London-based Ethical Corporation is another organization that stages high-profile conferences addressing CSR, business ethics and sustainability concerns. Ethical Corporation is an independent media firm, launched in 2001, to encourage debate and discussion on responsible business practices. So, while CSR was once regarded as largely a domestic business issue in leading countries of origin, in recent years its popularity has spread onto the world scene, and we now see CSR initiatives in virtually all the developed nations, and initial thinking and developing taking place in emerging nations as well. The term 'corporate social responsibility' is still in popular use, even though competing, complementary and overlapping concepts such as corporate citizenship, business ethics, stakeholder management and sustainability are all vying to become the most accepted and widespread descriptor of the field. At the same time, the concept of corporate social performance (CSP) has become an established umbrella term, which embraces both the descriptive and normative aspects of the field, as well as placing an emphasis on all that firms are achieving or accomplishing in the realm of social responsibility policies, practices and results.

Ever since the debate over CSR began, supporters and detractors have been articulating the arguments for the idea of CSR and the arguments against the concept of CSR. These arguments have been discussed extensively elsewhere, but a brief recapitulation of them makes sense as we lead up to presenting the 'business case'. Embedded in the arguments both for and against CSR are points, which have been made previously, perhaps on a piecemeal basis, supporting the business case. The case against the concept of CSR typically begins with the classical economic argument articulated most

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<sup>1</sup> Ergashev R.X., Shodiev B. <http://znau.edu.ua/images/images-news/2018/>

forcefully by the late Milton Friedman. Friedman held that management has one responsibility and that is to maximize the profits of its owners or shareholders. Friedman argued that social issues are not the concern of business people and that these problems should be resolved by the unfettered workings of the free market system. Further, this view holds that, if the free market cannot solve the social problems, it falls not upon business, but upon government and legislation to do the job. A second objection to CSR has been that business is not equipped to handle social activities. This position holds that managers are oriented towards finance and operations and do not have the necessary expertise (social skills), to make socially oriented decisions. A third objection to CSR is that it dilutes businesses' primary purpose.

Over the past half century, many different definitions of what CSR really means have been set out. One recent study identified 37 definitions of CSR, and this figure underestimates the true number, because many academically derived definitional constructs were not included owing to the methodology for identifying them. Most of the academically derived definitional constructs have been discussed elsewhere, so we will touch upon only a few of them here to illustrate the evolving nature of CSR's meaning. What is particularly noteworthy of recent accounts of CSR definitions is how many of them have been introduced by various practitioner and quasi-practitioner groups. A recent Google search of CSR definitions, for example, revealed that the definitions most often found in articles and web pages have been set out by organizations such as BSR, the Commission of the European Communities and *CSR wire*. There are many different ways to think about what CSR includes and what all it embraces. A recent study found that definitions tended to identify various dimensions that characterized their meaning. Using content analysis, this study identified five dimensions of CSR and used frequency counts via a Google search to calculate the relative usage of each dimension. The study found the following to be the most frequent dimensions of CSR: stakeholder dimension, social dimension, economic dimension, voluntariness dimension and environmental dimension.

Overall, CSR can help to create company's triple bottom line along with competitive advantage. Hence, currently, each company is highly paying attention on application of CSR. CSR helps companies to innovate in order to satisfy its consumers, grab market opportunity and differentiate themselves from others in an ethical way to become competent.

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