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On the Principles of Corporate Social Responsibility and the Environmental Issues

Corporate Social responsibility analyses economic, legal, moral, social and physical aspects of environment. Corporate Social responsibility (or CSR as we will call further) is a concept which has become dominant in business reporting. Every corporation has a policy concerning CSR and produces a report annually detailing its activity. And of course each of us claims to be able to recognize corporate activity which is socially responsible and activity which is not socially responsible.

The broadest definition of CSR is concern with what is – or should be – the relationship between global corporations, government of countries and individual citizens. More locally the definition is concerned with the relationship between a corporation and the local society in which it resides or operates. And one more definition is concerned with the relationship between corporation and its shareholders. Because of the uncertainty surrounding the nature of CSR activity it is difficult to define SCR and to be certain about any such activity. It is therefore imperative to be able to identify such activity in the view of the three principles with together comprise CSR activity. There are: Sustainability; Accountability; Transparency. Sustainability is concerned with the effect an action taken in the present has upon the options available in the future. If resources were utilized in the present and then they are no longer available for use in the future it creates a particular concern if the resources are used correctly.

Accountability is concerned with an organization at recognizing that its action effects the external environment, and therefore assuming responsibility for the effects of its actions. This implies a reporting to external shareholders on the effects of actions taken by the organization and how they are affecting those shareholders.

Transparency, as principle, means that the external impact of the actions of the organization can be ascertain through that organization’s reporting and some facts are not clear for those reporting. Thus all the effects of the actions of organization, including external impacts, should be apparent to all from using the information provided by organization’s reporting mechanism. Transparency is of extreme importance for the external users because in spite of internal users of such information they are lack of background details and data.

CSR has gained a prominence in recent years. It has also changed in nature as different issues have become more prominent. We have considered these changes and looked in particular at environmental issues and the way in which the effects and associated excessive costs can be externalised away from the company.