

Student's name:

Course name and number:

Instructor's name:

Date submitted:

Contents

Rationale of the study	3
Introduction.....	3
Background.....	3
Justification.....	4
Aims and objectives.....	4
Literature review.....	4
Research Methodology	7
Research philosophies.....	7
Research design	8
Ethical considerations	10
Gantt chart.....	10
References.....	12

Rationale of the study

Introduction

The theory and practice of Corporate Social Responsibility (CSR) has become a common business practice across all sectors and industries. From the biggest oil corporations like, Exxon Mobile, to stores dedicated to home improvements such as, Lowes and Home Depot, every organization is increasingly supporting the practice of socially responsible activities. Countless examples can be cited from various business sectors where organizations are involved in corporate giving and social responsibility. Hewlett Packard (HP) has donated more than 44 million dollars in their technology to provide education to more than 850 schools across the globe. In the past two decades, the company has also given more than a billion dollars in cash as well as in form of equipments to universities, schools and many other NGOs across the globe. Owing to its increased importance as well as influence in overall business operations, a considerable amount of focus is on the impact of CSR on society as well as business. As a result, much effort is given for promoting CSR in various states as well as organizations irrespective of their sizes. It has also been found that many organizations hesitate to accept the necessary CSR requirements which the commission promotes. Apart from that, there is an increased awareness among organizations that although the activities related to CSR are not charitable, yet help in promoting a positive image of the organization.

Background

On the basis of above facts it can be said that the importance as well as influence of CSR in overall business operations have increased manifolds. A considerable amount of focus is on the impact of CSR on society as well as business. As a result, much effort is given for promoting CSR in various states as well as organizations of all sizes. It has also been found that many organizations hesitate to accept the necessary CSR requirements which are promoted by the commission. Apart from that, there is an increased awareness among organizations that the activities related to CSR are not charitable, yet help in promoting a positive image of the organization.

Justification

CSR is a hugely studied topic among researchers, academics as well as corporate. In this study, the literature has been extensively reviewed regarding the concepts, origin present as well as future trends of the topic. The current study will interest academics, professors, students as well as corporate who want to gain latest insights on CSR and its effects on business performance.

Aims and objectives

The aim of this dissertation proposal is to evaluate the effect of various issues of CSR on business operations and overall business performance.

The various objectives of the study can be summarized as follows:

- To establish a general understanding of corporate social responsibility and its evolution over time.
- To analyse the past research work on social responsibility and its overall effects of firms.
- To identify the CSR factors responsible for affecting firms in a positive or negative manner.
- To analyse the overall effect of CSR on business operations and organisational performance in a more generalised approach.

Literature review

CSR can be described as a continuous commitment by an organization or business towards ethical behaviour and contribution to the economic development for enhancing the quality of life of workforce, family and local community (Moir, 2001). Businesses are required to integrate the social, environmental and economic effects in all of their operations. Various theories have been developed in order to explain the concept of CSR.

Shareholders theory

According to the stakeholder's theory, management has a fundamental duty towards the owners or stockholders of an organization and this duty gains the priority over all other responsibilities (Bruno & Nichols, 1990). It is by using these resources and engaging in activities that the organisation achieves the objective of increasing profits even as the firm maintains all regulations and rules. The corporation is also obliged to focus on maximization of profit alone. This belief has emerged from the neoclassical paradigm. This model was further elaborated by Friedman, according to which in a free economy, only one social responsibility of organizations exists (Waddock & Graves, 1997).

Social Contracts theory

In order to help managers take right and ethical decisions, Donaldson and Dunfee (1999) had created the integrated theory of social contracts by differentiating between macro and micro social contracts. Macro contracts relate to communities and even though the initial motivation of businesses is explained, the totality of their engagement cannot be clarified.

Companies have an imperative role towards the society which is called corporate citizenship (Carroll, 1991). It can also be described as a metaphor for organizations to participate in the society (Moon, Crane & Matten, 2005). Businesses have various responsibilities. These include economic and legal responsibilities towards various shareholders such as, consumers, investors, suppliers, community, environment as well as philanthropic and ethical responsibilities. Legal and economical responsibilities go hand and hand and these can be characterized by consistent performance along with abiding by the government, laws and regulations as well as all other legal obligations (Hillman & Keim, 2001). Ethical responsibilities are those norms, standards or expectations which concern employees, consumers, shareholders and community as well as keep up the protection or respect of the moral rights of the stakeholders. Philanthropic activities are corporate response towards the societal expectation that businesses are moral corporate citizens (Solomon, 1992). These include activities engaging in promotion of human welfare and goodwill. Companies are also responsible for acting towards the welfare of its shareholders which if not implemented might result in ultimate business loss. Consumer responsibility includes providing services and goods which are hallmarked with

quality, care and integrity. Provision of ethical advertising also comes under this act (Carly, 2002; Verschoor & Murphy, 2002).

Business operations and performance

Business operations are guided by market forces and competition in the economy as well as efficiency of the process of conversation. For a smooth flow of operations, it is important for all business functions to be performed effectively. Thus, an analysis of the performance by indicators such as, employee numbers, turnover and management control is exercised. Business performance talks about the non-financial and financial success of a corporation. Every business needs to incorporate a performance measurement system through which set goals and objectives are compared to the feedback generated from various indicators. This helps in understanding the current situation as well as the standpoint of the corporation. It also provides opportunity for further improvement in strategies. Various performance indicator tools such as, balance scorecard and ratio analysis are used for this purpose (Huselid, 1995).

There are various impacts and benefits of implementation of proper CSR programs in the business (Wood, 1991). Apart from making the business more ethical, CSR also help in lowering the capital cost of the firm in long run. CSR also helps in enhancing the overall reputation of the organization (Schuler & Cording, 2006; Mcguire, Sundgren & Schneeweis, 1988). It is seen as a revenue generator as it boosts the sales revenue of the corporation (Auger, Devinney & Louveniere, 2003). It also helps to lessen the business risk by making corporations anticipate environment volatility in a more effective manner (King, 1995). Apart from that, a more ethical and environment friendly organization attracts workforce which is talented and more productive (Backhaus, Stone & Heiner, 2002).

Organizational performance and business operations need to be effectively planned with social and corporate responsibilities in mind. In the past 30 years, extensive research has been conducted on the effect of CSR on the business performance and operations of an organization. Negative and positive correlation as well as mixed results has been found (Margolis & Walsh, 2003). Pava & Krausz (1996) had conducted a survey with 21 corporate and had studied their social and business performance from 1972 to 1992. Twelve companies had showed positive associations, one had negative association and eight corporate had demonstrated zero

association. Scholars have also argued that CSR effects on business performance are both negative and positive. Researchers have argued that an organization with high degree in CSR face less labour problems. Also, customers find their services and products to be more favourable and thus, facilitate a bigger market and higher sales. However, it is also important to understand that various tensions lie between goals related to social responsibility as well as business performance (Balabanis, Phillips & Lyall, 1998).

Ullmann (1985) argues that social responsibility and financial profitability are related in a positive manner. Accordingly, profitable firms always have a better performance. Companies with a high capital flow are able to invest in positive social activities (Marcus, 1993). Social responsibility benefits an organization by raising the morale of employees, establishing good will and an overall increase in productivity. It also helps in minimizing work stoppages, strikes and other offset costs.

Many researchers have theorized that social responsibility also affects the businesses negatively. Additional costs in form of charitable institutions, community programs and other welfare activities might have a positive impact on bigger and wealthier organizations but for smaller and less sociable firms, these activities have negative or null effect (Orlitzky, 1999).

Research Methodology

Research methodology can be described as an overall approach to the process of research, including underpinning of the theoretical research, collection of data and analysis of the facts (Collis & Hussey, 2003; Eriksson & Kovalainen, 2008).

Research philosophies

Positivist

Positivist philosophy is derived from natural science and characterized by hypothesis testing which is developed from the existing theory. Hence, it is also known as deductive theory or testing theory. It is based on reason and its value, validity and truth primary focus is on facts which are collected through experiments and direct observation (Saunders, Lewis & Thornhill, 2007).

Interpretivist

This style of philosophy is also known as anti-positivist and suggests that fundamental difference exists between subject matters of social science and nature. Meaning is constructed and reconstructed through various experiences and interpretations. It is also known as inductive approach of theory building.

Realist

This approach uses aspects from positivist as well as interpretive positions. According to this approach, real structures are independent of human consciousness. However, knowledge is created socially as a result of conditioning. It relies on scientific research rather than simple discourse and language. They enquire into structures and mechanisms that underlie various industrial practices and forms.

Ethnographic

Ethnographic research is basically a derivative from anthropology. Here emphasis is given on studying the entire culture. It is a broad area with a variety of methods and practitioners. However, the most common approach to ethnography will be participant observation. It is mostly a field research with active participants and extensive field research notes.

The way to interpret the best research philosophy to be applied is by defining and evaluating various layers of the research by using research onion method (James & Vinnicombe, 2002). This method highlights the important choices which the researchers need to make. In the current research, both quantitative as well as qualitative data will be used to conduct the research and test the hypothesis. Thus, a positivist style of philosophy will be appropriate as the researcher would use both observation and a more generalized approach for interpretation.

Research design

The two broad reasoning methods used for research design are inductive and deductive approach (Chia, 2002). Deductive reasoning begins with a more generalized approach and gradually shifts to a more specific area. It is also known as top-down approach. Here the

conclusion is followed in a logical manner from various premises or available facts. On the other hand, inductive reasoning moves from specific and concrete observations to broader theories and generalizations. It is also known as bottom approach and involves uncertainty. The current research aims at analyzing the effect of CSR on business operations and performance. Here, hypotheses have been framed from previous theories and through observation, the theory is confirmed. Thus, deductive research approach will be used in this study.

Sampling

Sampling is the process of selecting an individual subset from a given set of statistical population in order to estimate the characteristics of the entire population. The major advantage of sampling is that it is cost effective and involves faster data collection than measuring the whole population. In the current study, stratified sampling will be used where various respondents in the population will be subdivided into various strata such as, accountants, managers, marketing executives and administrators. Each will be representing a different level of operation and business unit of the organization in this case study. The sample size taken for this study will be 100 respondents from various functional and operational departments of businesses.

Questionnaire Design

Once the sampling is done, the next step is data collection. Data collection can be conducted through various tools. In the current study, interview as well as questionnaire will be used. Well defined questionnaire forms an important part of the data collection process. The major advantage of questionnaire design is that it is cost-effective and the interest variables are easily measured. Before conducting the survey, a pilot study will be conducted. Pilot studies are generally carried out before implementation of a large scale quantitative study. This will help in evaluating the weaknesses of the questionnaire, thereby strengthening the process. Once the questionnaire survey is over, data analysis will be conducted through coding and pre-coding. It is a step prior to data analysis. Here the preparation of quantitative and qualitative information takes place. Pre-coding is assigning various numbers to the questions which can be easily analyzed. Coding is basically editing the data in order to filter out useless information and ease the process of data analysis.

Interview

Interviews are data collection methods which require selected respondents to respond to certain questions, so that interest is obtained on issues (Kvale, 1996). Interviews can be either unstructured or structured. In the current study, both structured and unstructured interviews will be conducted. While structured interviews will help in evaluating certain known facts, the unstructured interviews will provide an in-depth analysis of perceptions from different departments of an organization (Bryman, 2004). Selection of the individuals will depend on their experience, engagement as well as knowledge about the concepts of CSR, business operations and performance.

Reliability and Validity

In order to make sure the validity and reliability of the survey tools, the researcher will ensure that the questions are aligned with the exact requirements of the study as well as the objectives. In order to assess the reliability of the data, Cronbach's alpha test will be used.

Research bias

Research bias can be in terms of design, measurement of samples, sampling errors or procedural bias. In order to make sure that research bias is minimal, a complete understanding of the objective of the study is necessary. Also monitoring as well as feedback during each stage will help in pinpointing smaller issues and clearing them.

Ethical considerations

The study will comply with all ethical considerations while conducting the research. It will make sure that no human being is harmed during the process. The study will not charge any money or payment from the participants. Also, any participant is allowed to leave the survey at any point of time and the study will not interfere in this decision.

Gantt chart

In order to create a pictorial representation of the study, a Gantt chart has been prepared.

Activities	Time Frame in weeks								
	WK1	WK2	WK3	WK4	WK5	WK6	WK7	WK8	WK9
Choosing research area									
Preliminary research									
Deciding methodology									
Submission of proposal									
Finalizing methodology									
Conducting research									
Data analysis									
Writing final proposal									
Final submission									

References

- Auger, P., Devinney, T.M. & Louveniere, J. J. (2003). What will Consumers Pay for Social Product Features? *Journal of Business Ethics*, 42(3): 281 – 304.
- Backhaus, K. B., Stone, B. A. & Heiner, K. (2002). Exploring the relationship between Corporate Social Performance and Employer Attractiveness. *Business & Society*, 41: 292 – 318.
- Balabanis, G., Phillips, H.C. & Lyall, J. (1998). Corporate Social Responsibility and Economic Performance in the top British Companies: are they linked? *European Business Review*, 98(1): 25 – 44.
- Bruno, A.F. & Nichols, L.T. (1990). *Business Ethics*. New York: McGraw-Hill.
- Bryman, A. (2004). *Social Research Methods*, 2nd ed. Oxford: Oxford University Press.
- Carly, S. F. (2002). *Environmental and Social Responsibility Report*. New York: Hewlett Packard.
- Carroll, A. B. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34(6): 39-48.
- Chia, R. (2002). *Essential Skills for Management Research*.. London: SAGE Publications
- Collis, J. & Hussey, R. (2003). *Business Research: A practical guide for undergraduate and postgraduate students*. New York: Macmillan.
- Donaldson, T. & Dunfee, T. W. (1999). *Ties that Bind: A Social Contracts Approach to Business Ethics*. Boston: Harvard Business School Press.
- Eriksson, P. & Kovalainen, A. (2008). *Qualitative Methods in Business Research*. London: SAGE Publications.
- Hillman, A. & Keim, G. (2001). Shareholder value, stakeholder management, and social issues: what the bottom line? *Strategic Management Journal*, 5(2): 44-55.

- Huselid, M. A. (1995). The Impact of Human Resources Management Practices on Turnover, Productivity, and Corporate Financial Performance. *Academy of Management Journal*, 38: 635 -72.
- James, K. & Vinnicombe, S. (2002). *Essential Skills for Management Research*. London: SAGE Publications.
- King, A. (1995). Avoiding Ecological Surprise: Lessons from Long-standing Communities. *Academy of Management Review*, 20: 961 – 85.
- Kvale, S. (1996). *Interviews*, 1st ed. London: Sage Publications.
- Marcus, A. (1993). *Business and Society; Ethics, Government and the World Economy*. London: SAGE Publications.
- Margolis, J.D. & Walsh, J.P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48, 268-305.
- Mcguire, J. B., Sundgren, A. & Schneeweis, T. (1988). Corporate Social Responsibility and Firm Financial Performance. *Academy of Management Journal*, 31: 854 – 72.
- Moir, L. (2001). *What do we mean by Corporate Social Responsibility?* Bradford: MCB University Press.
- Moon, J., Crane, A. & Matten, D. (2005). Can Corporations be Citizens? Corporate Citizenship as a Metaphor for Business Participation in Society. *Business Ethics Quarterly*, 15(3): 429 – 53.
- Orlitzky, M. (1999). *The Oxford Handbook of Corporate Social Responsibility*. New York: Oxford.
- Pava, M. & Krausz, J. (1996). The Association between corporate social responsibility and financial performance: The paradox of social cost. *Journal of Business Ethics*, 15(3), 321-327.
- Saunders, M., Lewis, P. & Thornhill, A. (2007). *Research Methods for Business Students*, 4th ed. Harlow: Hall Financial Times.

- Schuler, D. A. & Cording, M. (2006). A Corporate Social Performance: Corporate Financial Performance Behavioral Model for Consumers. *Academy of Management Review*, 31(3): 540 – 58.
- Solomon, C. R. (1992). *Ethics and Excellence: Cooperation and Integrity in Business*. New York: Oxford University Press.
- Ullmann, A.A. (1985). Data in search of a theory: A Critical examination of the relationships among social performance, social disclosure, and economic performance of U.S. firms. *Academy of Management Review*, 10(3): 125-145.
- Verschoor, C. & Murphy, E. (2002). The financial performance of large US firms and those with global prominence: how do the best corporate citizens rate? *Business and Society Review*, 107: 371-380.
- Waddock, S. A. & Graves, S.B. (1997). The corporate social performance financial performance link. *Strategic Management Journal*, 18(4): 303-319.
- Wood, D. J. (1991). Corporate Social Performance Revisited. *Academy of Management Review*, 16: 691-718.