

Video Transcript: “What is Corporate Social Responsibility (CSR)?”

<https://youtu.be/ZoKihFLCY0s>

Speaker 1: [00:00:00] Businesses have historically operated in pursuit of a single goal; maximizing profit. Yet over the past several decades, that has changed. Many business leaders have come to recognize they have a responsibility to do what's best, not just for their companies, but for people, the planet, and society. This idea is known as corporate social responsibility or CSR. It's led to the emergence of companies that carry socially responsible designations, such as B corporations, social purpose corporations, and low-profit limited liability companies.

What corporate social responsibility means varies depending on an organization's goals. At its core, it's a form of self-regulation expressed in initiatives and strategies. Firms are often guided by a concept called the triple bottom line. It dictates that rather than focusing solely on financial [00:01:00] performance, businesses should measure their impact on the three P's: Profit, people, and the planet.

Corporate social responsibility is traditionally broken into four categories, environmental, philanthropic, ethical, and economic. Environmental responsibility is the belief that organizations should behave as environmentally friendly as possible. Ethical responsibility is concerned with ensuring companies operate fairly. Philanthropic responsibility refers to businesses aims to make the world better and improve society. Economic responsibility is the practice of firms rooting financial decisions in a commitment to do good.

No matter the type, organizations that embrace corporate social responsibility can reap several benefits. For example, CSR can be a powerful marketing tool that enables companies to position themselves favorably in the eyes of [00:02:00] consumers, investors, and regulators. CSR efforts can also improve employee engagement and satisfaction; key measures that drive attention. What's more, it can help attract job candidates with personal convictions that match those of the organizations they apply to.

Pursuing CSR also prompts business leaders to examine how they hire and manage, source products and resources, and deliver value to customers. Such reflection can lead to more socially responsible actions. Which in turn enables their firms to address the world's most pressing problems while succeeding financially. If you want to understand what it takes to reap the benefits of CSR and combine purpose and profit. Explore our online course, Sustainable Business Strategy, and discover how you can become a purpose-driven leader.