

Corporate Social Responsibility of Multinational Corporations

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CSR is an essential component of the business model of multinational corporations under modern legal and ethical regulatory norms. Tai & Chuang (2014) define it as a duty of firms to secure, promote, and increase the benefits delegated to stakeholders and society. This type of corporative self-regulation is a relatively recent development. As suggested by Carroll (2015), it emerged as the outcome of alterations to social consciousness that occurred after the movements of civil rights, environmentalism, and women's rights. The implementation and execution of CSR provides benefits to enterprises, national economies, and societies in general ("Corporate Social Responsibility (CSR)," 2016). Therefore, corporate social responsibility is one of the central focuses of an MNC along with ensuring profitability and economic benefits to themselves.

The implementation of CSR in the business of multinational corporations is driven by both the demands of modern conscious society and the benefits that such an improved business model provides to organizations themselves. The most crucial point about the implementation of CSR is that there is no single method for implementing it in a business model. Rather, as Hohnen (2007) suggests, a multinational corporation must focus on integrating CSR into its management processes, decision-making, and strategy instead of adhering to any specific rules. At the same time, the size of the MNC is not the determinant factor for the implementation of CSR, as both small and large corporations can implement, communicate, and report such self-regulation effectively (Baumann-Pauly, Wickert, Spence, & Scherer, 2013). Still, there are some generally accepted steps in the process of CSR implementation.

The first step is the realization of the need for a change. Klettner, Clarke, & Boersma (2013) have found in their study that many of the European-based companies' executives demonstrate the willingness to implement CSR, involve senior management, and report benefits obtained to stakeholders. Alternatively, the incentive to apply such self-governance may be imposed from an external environment, such as the factor of the pressure of competitors and stakeholders (Helmig, Spraul, & Ingenhoff, 2013). Either way, the realization of the need leads to the second step.

Secondly, a strategy for implementation needs to be developed. Easy (2013) refers to the study by Carroll & Buchholtz, who found that the underlying principle defining the strategic approach to CSR integration into the business model is the so-called triple bottom line. According to this principle, when designing the way of implementing corporate social responsibility, MNCs need to be aware of the social, economic, and environmental impacts that they make, as well as who the stakeholders are.

The third step is the implementation itself. Slavova (2013) claims that MNCs must implement CSR strategy through CSR programs that must be executed at all organizational levels and employees within the corporations. Moreover, this process must be conducted in line with the regular operation and execution of the organization's values, mission, and activities. However, in the opinion of Crane, Matten, & Spence (2013), CSR implementation is much more complicated, as it consists of such minor steps as aligning with social and economic aspects, being oriented around multiple stakeholders, being voluntary, managing externalities, executing

philanthropy, and practicing corporate values. Therefore, the third step is the most complicated and multilateral, although it must be driven by social and economic requirements.

Finally, the last step is evaluation and reporting, although it is not a one-time action but, instead, a continuous practice. These operations are critically important, since CSR is oriented around stakeholders rather than internal shareholder only. As suggested by Pérez (2015), multinational corporations must develop such practices and characteristics to provide a sufficient quantity of information, sustaining corporate transparency, and ensuring that information is of high quality. Therefore, this last step affirms the effectiveness of CSR implementation in the long run.

As seen from the steps discussed, the implementation of corporate social responsibility by multinational corporations is a long and multifaceted process that requires massive amounts of information input and significant effort even after the completion of integration. Still, as witnessed in the modern business world, CSR is highly beneficial for organizations.

Furthermore, there are multiple examples of companies that implement CSR.

By applying CSR, multinational corporations gain such advantages as improved corporate reputation and enhanced customer satisfaction. Eberle, Berens, & Li (2013) have found that the execution of CSR practices by organizations leads to a closer interaction with the consumer, a greater belief in the communications delivered, and as a result, a stronger reputation of the MNCs. Similar findings are provided by Hur, Kim, & Woo (2013) who found in their empirical study that CSR improves not only corporate reputation, but corporate brand credibility as well. Moreover, the implementation of CSR has been linked to improved consumer

satisfaction and loyalty, and found to be an effective tool for restoring these constructs even after the failure of operating ability. Therefore, the application of CSR provides MNCs with substantial benefits they may gain either during their operationally successful or failing times.

There are many MNCs that implement CSR. According to Strauss (2017), the study by a Boston-based organization learned the influence on society corporations make, as well as their treatment of the environment and employees. As a result, the top three companies with CSR strategies being implemented include Lego, Microsoft, and Google, while the fourth and fifth positions have been given to the Walt Disney Company and the BMW Group accordingly (Strauss, 2017). Such findings demonstrate that the most successful companies are inevitably associated with the implementation of CSR.

CSR is an important component of business models of modern multinational corporations. Its implementation is driven by social and legal requirements and consists of such steps as the realization of needs, strategical development, implementation, and evaluation and reporting. CSR provides MNCs with significant benefits, such as corporate reputation and consumer experience. The examples of companies that implement CSR proves that it is an essential characteristic of successful organizations.

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