**What is Corporate Social Responsibility?**

By Nicole Fallon, Business News Daily Assistant Editor June 19, 2015 10:12 am EST

What's the key to winning over consumers today? Business experts will cite everything from a strong loyalty program to a personalized, mobile-friendly shopping experience. These offerings are certainly important, but one thing that may tip the scales in your favor is using your profits to do good in the world.

Corporate social responsibility (CSR) refers to a business practice that involves participating in initiatives that benefit society. Liz Maw, CEO of nonprofit organization Net Impact, noted that CSR is becoming more mainstream as forward-thinking companies embed sustainability into the core of their business operations to create shared value for business and society.

"Sustainability isn't just important for people and the planet, but also is vital for business success," said Maw, whose company connects students and professionals who want to use business skills to do social good. "Communities are grappling with problems that are global in scope and structurally multifaceted — Ebola, persistent poverty, climate change. The business case for engaging in corporate social responsibility is clear and unmistakable. Billions are at stake if fast and large-scale action is not taken."

As consumers' awareness about global social issues continues to grow, so does the importance these customers place on CSR when choosing where to shop.

"Technology has brought global connectivity and enabled advocacy and awareness for social situations that were once obscure," said Alexis Magnan-Callaway, whose fashion company Pax Cult donates 10 percent of its profits to an organization of the customer's choice. "Millennials are redefining what it means to connect and give back through this technology. It's not just about having a recycling program or sustainable products. People want to feel good about what their dollar is doing."

Consumers aren't the only ones who are drawn to businesses that give back. Susan Cooney, founder of crowdfunding philanthropy platform Givelocity, said that a company's CSR strategy is a big factor in where today's top talent chooses to work.

"The next generation of employees is seeking out employers that are focused on the triple bottom line: people, planet and revenue," Cooney told Business News Daily. "Coming out of the recession, corporate revenue has been getting stronger. Companies are encouraged to put that increased profit into programs that give back."

**Types of corporate social responsibility**

CSR can encompass a wide variety of tactics, from giving nonprofit organizations a portion of a company's proceeds, to giving away a product or service to a worthy recipient for every sale made. Here are a few of the broad categories of social responsibility that businesses are practicing:

**Environment:**One primary focus of corporate social responsibility is the environment. Businesses, both large and small, have a large carbon footprint. Any steps they can take to reduce those footprints are considered both good for the company and society as a whole.

**Philanthropy:**Businesses also practice social responsibility by donating to national and local charities. Whether it involves giving money or time, businesses have a lot of resources that can benefit charities and local community programs.

**Ethical labor practices:**By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. This is especially true of businesses that operate in international locations with labor laws that differ from those in the United States.

Examples of corporate social responsibility

While many companies now practice some form of social responsibility, some are making it a core of their operations. Ben and Jerry's, for instance, uses only fair trade ingredients and has developed a dairy farm sustainability program in its home state of Vermont. Starbucks has created its C.A.F.E. Practices guidelines, which are designed to ensure the company sources sustainably grown and processed coffee by evaluating the economic, social and environmental aspects of coffee production. Tom's Shoes, another notable example of a company with CSR at its core, donates one pair of shoes to a child in need for every pair a customer purchases.

Undertaking socially responsible initiatives is truly a win-win situation. Not only will your company appeal to socially conscious consumers and employees, but you'll also make a real difference in the world. Keep in mind that in CSR, transparency and honesty about what you're doing are paramount to earning the public's trust.

"If decisions [about social responsibility] are made behind closed doors, people will wonder if there are strings attached, and if the donations are really going where they say," Cooney said. "Engage your employees [and consumers] in giving back. Let them feel like they have a voice."

*Additional reporting by Chad Brooks, Business News Daily senior writer.*