

## **Corporate Governance and Corporate Social Responsibility: Research on the Interconnection of Both Concepts and Its Impact on Non-Profit Organizations**

**Authors :** Helene Eller

**Abstract :** The aim of non-profit organizations (NPO) is to provide services and goods for its clientele, with profit being a minor objective. By having this definition as the basic purpose of doing business, it is obvious that the goal of an organisation is to serve several bottom lines and not only the financial one. This approach is underpinned by the non-distribution constraint which means that NPO are allowed to make profits to a certain extent, but not to distribute them. The advantage is that there are no single shareholders who might have an interest in the prosperity of the organisation: there is no pie to divide. The gained profits remain within the organisation and will be reinvested in purposeful projects. Good governance is mandatory to support the aim of NPOs. Looking for a measure of good governance the principals of corporate governance (CG) will come in mind. The purpose of CG is direction and control, and in the field of NPO, CG is enlarged to consider the relationship to all important stakeholders who have an impact on the organisation. The recognition of more relevant parties than the shareholder is the link to corporate social responsibility (CSR). It supports a broader view of the bottom line: It is no longer enough to know how profits are used but rather how they are made. Besides, CSR addresses the responsibility of organisations for their impact on society. When transferring the concept of CSR to the non-profit area it will become obvious that CSR with its distinctive features will match the aims of NPOs. As a consequence, NPOs who apply CG apply also CSR to a certain extent. The research is designed as a comprehensive theoretical and empirical analysis. First, the investigation focuses on the theoretical basis of both concepts. Second, the similarities and differences are outlined and as a result the interconnection of both concepts will show up. The contribution of this research is manifold: The interconnection of both concepts when applied to NPOs has not got any attention in science yet. CSR and governance as integrated concept provides a lot of advantages for NPOs compared to for-profit organisations which are in a steady justification to show the impact they might have on the society. NPOs, however, integrate economic and social aspects as starting point. For NPOs CG is not a mere concept of compliance but rather an enhanced concept integrating a lot of aspects of CSR. There is no "either-nor" between the concepts for NPOs.

**Keywords :** business ethics, corporate governance, corporate social responsibility, non-profit organisations

**Conference Title :** ICMSE 2017 : International Conference on Management Science and Engineering

**Conference Location :** Venice, Italy

**Conference Dates :** April 13-14, 2017