

CORPORATE SOCIAL RESPONSIBILITY IN THE MODERN ECONOMY: A WAY TO SUSTAINABLE BUSINESS PRACTICES

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Abstract

CSR has been on the agenda in India for a considerable period of time. Most big Indian corporations are engaged in some CSR activities. As is the case in many countries, the private sector is still generally more active in this area than the governmental/public sector. Business leaders globally are advocating, the concept of social responsiveness. With the new socioeconomic order we have witnessed, there is a growing need for Corporate Social Responsibility (CSR) activities for companies to be main-streamed in the business. As a nation India face paradoxes and polarities. On the Human Development Index India rank at the lower end, a 127th! Nearly 40 per cent of the Indian population is not literate. More than 1/3rd of the population, often called, "demographic dividend" lives on less than a dollar and a quarter a day. But at the same time India take pride in the fact that she has made a mark on the intellectual world map. India boasts of the world's third largest, scientific and technical manpower, and is reckoned as an economic power house. India is a happening country, and fortunately inclusive growth is at the center of India's national agenda. The Indian government is very serious about ensuring that this comes true quickly.

Introduction

Responsible Business is Good Business

“There is no one definition of what it takes to be a responsible corporate. The key is to have a rigorous process for identifying those responsibilities and fulfilling them”, said an expert in the context of Corporate Social Responsibility (CSR).

The general aim of the CSR approach is to motivate companies to take responsibility for problems and challenges that used to be addressed by legislation. Despite numerous initiatives to define CSR, the concept still remains very vague.

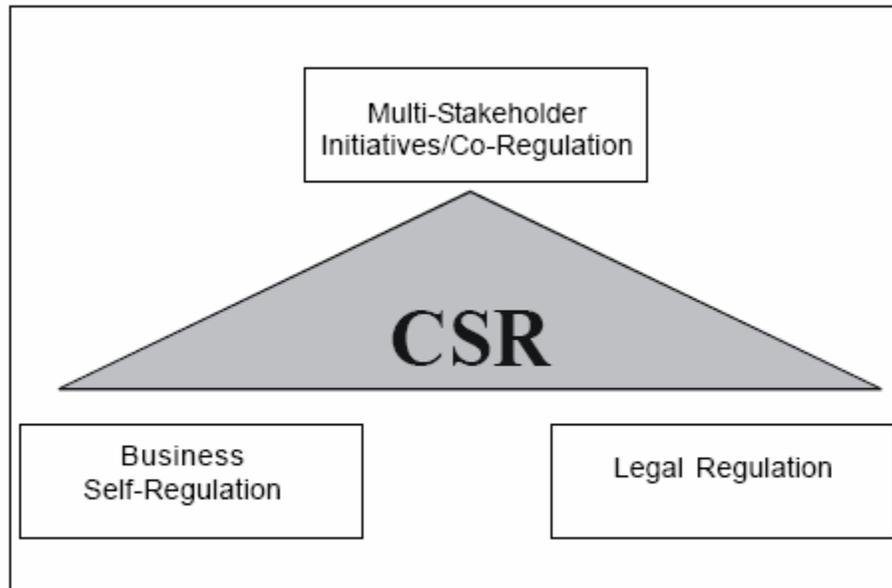


Fig. 1: CSR triangle concept

CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human

Capital, the environment and the relations with stakeholders. CSR should nevertheless not be seen as a substitute to regulation or legislation concerning social rights or environmental standards, including the development of new appropriate legislation

In the CSR triangle, one pole comprises business self regulatory approaches, while legal/government-centered regulation forms the opposite pole. Activities of civil society organizations and multi-stakeholder institutions interact between those two approaches. Key drivers of CSR governance include the emergent CSR business case, corporate governance scandals, investors increasingly focusing on operational and reputation risks, changing social expectations of the role of corporations, globalization, development of corporate governance standards that reference CSR, increasing social and environmental disclosure, legal/director liabilities, independent directors, and stakeholders including non-governmental organizations (NGOs), employees and regulators.

The literature review points to the materiality of CSR to the corporate bottom line, Including the following elements:

- Reputation and brand equity
- Productivity
- Efficiency
- Improved risk profile
- Innovation

- Improved access to capital
- Broadened license to operate
- Attraction and retention of employees
- Avoidance of future regulation
- Mitigates climate change impact on business

Objectives

The main objectives are:-

1. To know about the status of CSR followed in benchmarking organizations.
2. To find whether the organizations are focusing on the key areas like economic, culture, health, social, environmental issues.
3. To know the Principal CSR Activities performed by major multinational corporations.

Literature Review

Social responsibility is an ethical ideology or theory that an entity, be it an organization or individual, has an obligation to act to benefit society at large. This responsibility can be passive, by avoiding engaging in socially harmful acts, or active, by performing activities that directly advance social goals.

Businesses can use ethical decision making to secure their businesses by making decisions that allow for government agencies to minimize their involvement with the corporation. (Kaliski, 2001) For instance if a company is proactive and follows the United States Environmental Protection Agency (EPA) guidelines for emissions on dangerous pollutants and even goes an extra step to get involved in the community and address those concerns that the public might have; they would be less likely to have the EPA investigate them for environmental concerns. "A significant element of current thinking about privacy, however, stresses "self-regulation" rather than market or government mechanisms for protecting personal information" (Swire , 1997) Most rules and regulations are formed due to public outcry, if there is not outcry there often will be limited regulation.

Critics argue that Corporate social responsibility (CSR) distracts from the fundamental economic role of businesses; others argue that it is nothing more than superficial window-dressing; others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations (Carpenter, Bauer, & Erdogan, 2009).

Corporate social responsibility ("CSR" for short, and also called corporate conscience, citizenship, social performance, or sustainable responsible business^[1]) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment,

consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of public interest into corporate decision-making, and the honouring of a triple bottom line: people, planet, profit. The term "corporate social responsibility" came in to common use in the early 1970s, after many multinational corporations formed. The term stakeholder, meaning those on whom an organization's activities have an impact, was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, *Strategic management: a stakeholder approach* in 1984.^[2] Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. Others argue CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

CSR is titled to aid an organization's mission as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR (currently a Draft International Standard). Public sector organizations (the United Nations for example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles but with no formal act of legislation. The UN has developed the Principles for Responsible Investment as guidelines for investing entities.

Research Methodology

The study is based on primary source of data. Primary data will be collected by using survey method; survey conducted will be personally meeting with people of different organizations (public/private/MNC) with the help of open and closed end questionnaires of use a randomly. Total 40 respondents from 40 organizations were chosen. Thus the sample size is 40.

Result and Analysis

The questionnaire deals with the various questions on corporate responsibility, question on five variables were given and respondents were asked to answer on five point scales. Various parameters were developed for the study, the response are analyzed by formulating tables.

Table 1: In order to find in which social area organizations were giving more importance, Question on five variables were given and respondents were asked to answer on five point scale: (a) Basic education (b) Malnutrition (c) Hygiene and sanitation (d) Social safety /security (e) Social reforms. To study this various parameters (D1, D2, D3, D4, and D5) were developed, the responses to these parameters were collected and are shown in the table given below:-

Table 1

Parameters	No. of response	Percentage	Rank
In social area to whom you give utmost importance? (D)			
Basic education (D1)	16	40	1
Malnutrition (D2)	7	17.5	3
Hygiene and sanitation (D3)	10	25	2
Social safety/security (D4)	3	7.5	5
Social reforms (D5)	4	10	4
Total	40	100	

Result: Analysis of the above table indicates that out of 40 responses 40 percent of respondents were more focused on Basic education, 25 percent respondents gave importance to Hygiene and sanitation, 17.5 percent respondents gave importance to Malnutrition, and 10 percent respondents gave importance to social reforms. It was identified that first rank was given to parameter D1, second rank was given to the parameter D3, third rank was given to the parameter D2, fourth rank was given to the parameter D5 and fifth rank was given to the parameter D4.



The above pie chart shows the distribution of each parameter of social area taken for the study.

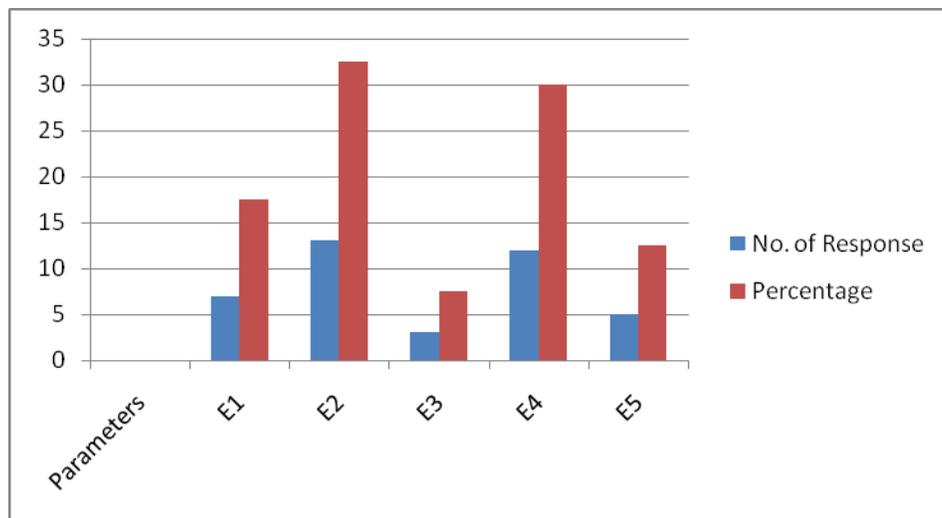
Table 2: In order to find in which environmental area the organizations were giving more importance, Question on five variables were given and respondents were asked to answer on five point scale:

(a)Water pollution (b) Air pollution (c) Sound pollution (d) Land pollution (e) Preserving the resources. To study this various parameters (E1, E2, E3, E4, and E5) were developed, the responses to these parameters were collected and are shown in the table given below:-

Table 2

Parameters	No. of response	Percentage	Rank
In environmental area to whom you give utmost importance? (E)			
Water pollution (E1)	7	17.5	3
Air pollution (E2)	13	32.5	1
Sound pollution (E3)	3	7.5	5
Land pollution (E4)	12	30	2
Preserving the resources (E5)	5	12.5	4
Total	40	100	

Result: Analysis of the above table indicates that out of 40 responses 32.5 percent of respondents were more focused on Air pollution,30 percent respondents gave importance to land pollution,17.5 percent respondents gave importance to Water pollution, and 12.5 percent respondents gave importance to preserving the resources and 7.5 percent respondents gave importance to sound pollution .It was identified that first rank was given to parameter E2,second rank was given to the parameter E4,third rank was given to the parameter E1, fourth rank was given to the parameter E5 and fifth rank was given to the parameter E3.



The above column chart shows the distribution of each parameter of environmental area taken for the study.

Table 3: In order to find the different activities organizations are performing to” save earth”/”global warming”, Question on five variables were given and respondents were asked to answer on five point scale:

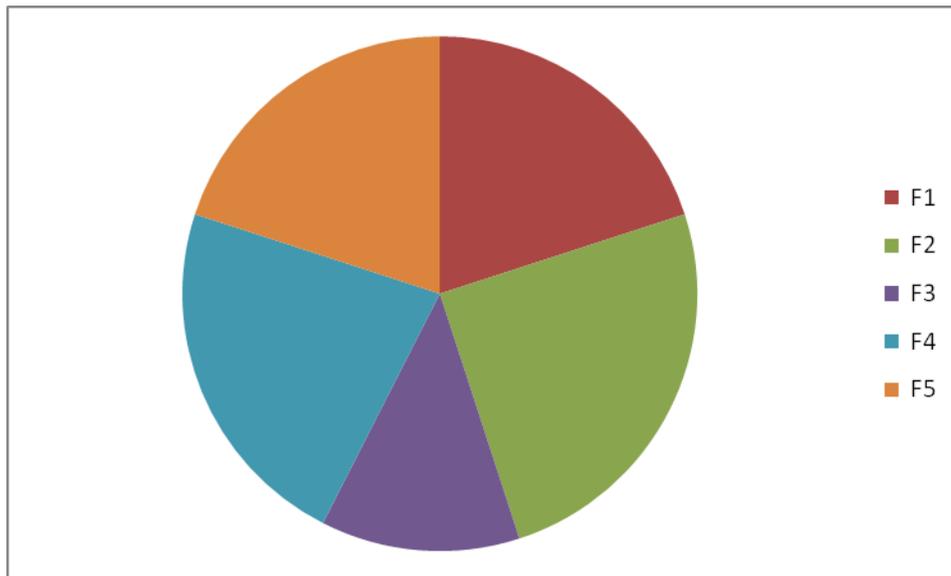
(a)Using non-conventional source of energy (b) Recycling of waste (c) Recycling of scrap (d) Minimizing the emission of carbon (e) A forestation.

To study this various parameters (F1, F2, F3, F4, and F5) were developed, the responses to these parameters were collected and are shown in the table given below:-

Table 3

Parameters	No. of response	Percentage	Rank
What are the different activities you perform for “save earth”/”global warming “movement?(F)			
Using non-conventional source of energy (F1)	8	20	3
Recycling of waste (F2)	10	25	1
Recycle of scrap (F3)	5	12.5	4
Minimizing the emission of carbon (F4)	9	22.5	2
A forestation (F5)	8	20	3
Total	40	100	

Result: Analysis of the above table indicates that out of 40 responses 25 percent of respondents were of the view that they perform recycling of the waste to save earth,20 percent respondents informed that they use non-conventional source of energy, 22.5 percent respondents informed that they perform the activity of the Minimizing the emission of carbon, 20 percent respondents perform the activity of A forestation, and 12.5 percent respondents were performing the activity of Recycling of scrap .It was identified that first rank was given to parameter F2,second rank was given to the parameter F4, third rank was given to the parameter F5 and F1 and the fourth rank was given to parameter F3.



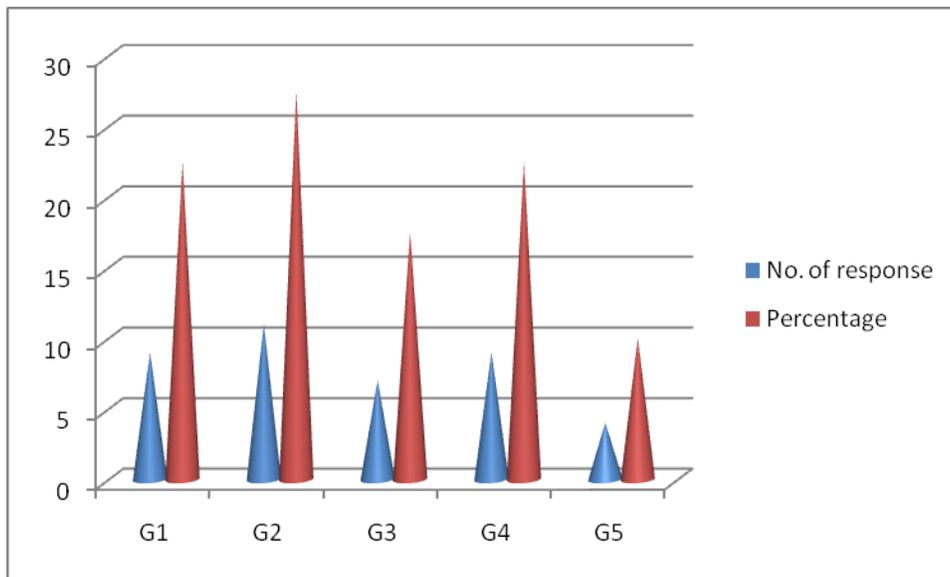
The above pie chart shows the distribution of each parameter of saving the earth/global warming taken for the study.

Table 4: In order to find the different economic areas to whom the organizations give utmost importance, Question on five variables were given and respondents were asked to answer on five point scale:(a)poverty alleviation (b providing basic amenities (c) providing health facilities (d providing vocational/technical training e) employment generation. To study this various parameters (G1, G2, G3, G4, and G5) were collected and are shown in the table given below:-

Table 4

Parameters	No. of response	Percentage	Rank
In economic area to whom you give utmost importance? (G)			
Poverty alleviation (G1)	9	22.5	2
Providing basic amenities (G2)	11	27.5	1
Providing health facilities (G3)	7	17.5	3
Providing vocational/technical training (G4)	9	22.5	2
Employment generation (G5)	4	10	4
Total	40	100	

Result: Analysis of the above table indicates that out of 40 responses 27.5 percent of respondents give importance to providing basic amenities, 22.5 percent respondents give importance to poverty alleviation, 22.5 percent respondents give importance to providing vocational/technical training, 17.5 percent respondents give importance to providing health facilities and, 10 percent respondents give importance to Employment generation. It was identified that first rank was given to parameter G2, second rank was given to the parameter G1, andG4, and third rank was given to the parameter G3 and forth rank was given to G5.



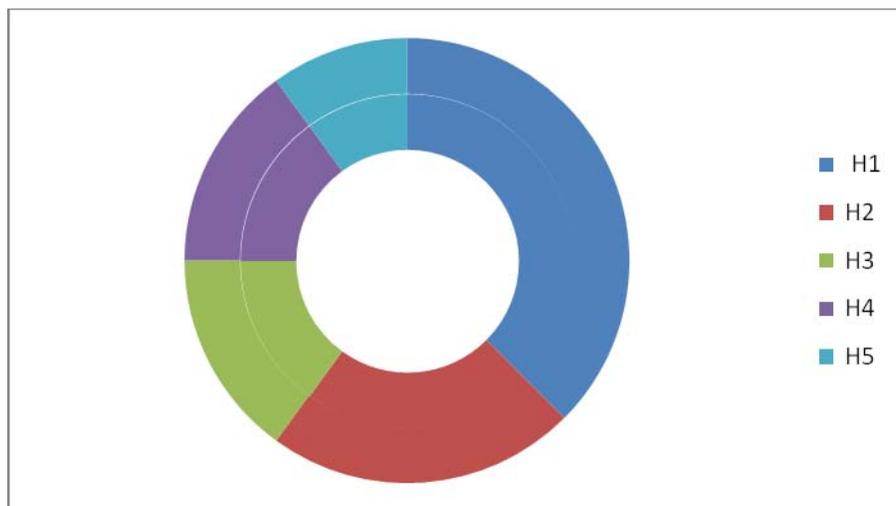
The above column chart shows the distribution of each parameter of economic area taken for the study.

Table 5: In order to find the different cultural areas to whom the organizations give utmost importance, Question on five variables were given and respondents were asked to answer on five point scale:(a)sports (b recreation)(c) promoting cultural activities (d)organizing religious festivals (e) constructing night shelters, temples, church etc. To study this various parameters (H1, H2, H3, H4, and H5) were collected and are shown in the table given below:-

Table 5

Parameter	No. of response	Percentage	Rank
In cultural area to whom you give utmost importance? (H)			
Sports (H1)	15	37.5	1
Recreation (H2)	9	22.5	2
Promoting cultural activities (H3)	6	15	3
Organizing religious festivals(H4)	6	15	3
Constructing night shelters, temples, church etc. (H5)	4	10	4
Total	40	100	

Result: Analysis of the above table indicates that out of 40 responses 37.5 percent of respondents give importance to sports activities. 22.5 percent respondents give importance to recreation, 15 percent respondents give importance to promoting cultural activities, 15 percent respondents give importance to organizing religious festivals and 10 percent respondents give importance to constructing night shelters, temples, church etc. It was identified that first rank was given to parameter H1, second rank was given to the parameter H2, and third rank was given to the parameter H3&H4 and fourth rank was given to H5.



The above pie chart shows the distribution of each parameter of social area taken for the study.

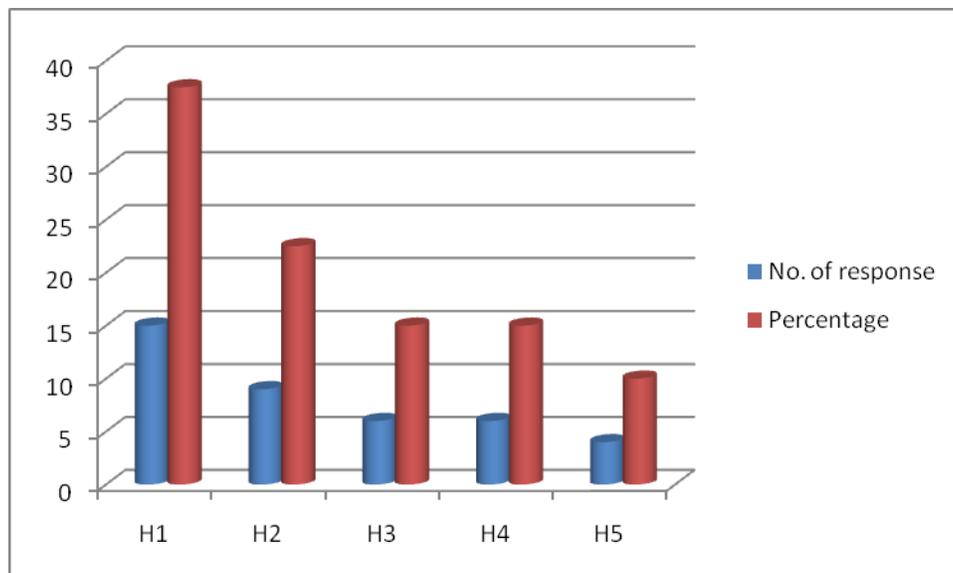
Table 6: In order to find the modus operandi of providing relief work to any natural calamity, Question on five variables were given and respondents were asked to answer on five point scale:(a)sports (b recreation(c) promoting cultural activities (d)organizing religious festivals (e)

constructing night shelters, temples, church etc. To study this various parameters (H1, H2, H3, H4, and H5) were collected and are shown in the table given below:-

Table 6

Parameters	No. of response	Percentage	Rank
In cultural area to whom you give utmost importance? (H)			
Sports (H1)	15	37.5	1
Recreation (H2)	9	22.5	2
Promoting cultural activities (H3)	6	15	3
Organizing religious festivals(H4)	6	15	3
Constructing night shelters, temples, church etc. (H5)	4	10	4
Total	40	100	

Result: Analysis of the above table indicates that out of 40 responses 37.5 percent of respondents give importance to sports activities. 22.5 percent respondents give importance to recreation, 15 percent respondents give importance to promoting cultural activities, 15 percent respondents give importance to organizing religious festivals and 10 percent respondents give importance to constructing night shelters, temples, church etc. It was identified that first rank was given to parameter H1, second rank was given to the parameter H2, and third rank was given to the parameter H3&H4 and forth rank was given to H5. .



The above column chart shows the distribution of each parameter of modus operandi of providing relief work to any natural calamity taken for the study.

Conclusion

The following conclusions can be drawn from the study:

- Most of the organizations are serious about Corporate Social Responsibility and they are involving CSR as a part of their business strategy.
- Most of the organizations are readily investing around 0.2 Percent of their profit.
- Although the organizations are focusing on the key area like economic, cultural, social and environmental issues but still a lot as to be done in aforesaid area.

Along with innovation, corporations have worked hard at integrating corporate social responsibility into their core practices. There is now greater evaluation and stricter accountability and transparency norms for social initiatives along the lines of norm set for mainstream projects and ventures.

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