Corporate Social Responsibility And Sustainability

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Abstract: *Being responsible towards society is an obligation for every individual who lives in the society. In the same manner a corporation/company which is emerged with a primary objective of earning money and maximising wealth through its operations using the limited resources of society in shortrun and the envirement as a whole in long run, has eqully responsible for the wellbeing of society and Sustainability. In this context, Companies must question themselves in two important aspects i.e. how ethically they are maintaining quality of people, processess(inner circle),and nature , quantity of impact on the society(outer circle). To answer the above the concept "Corporate Societal Responsibility" whereby companies decide voluntarily to contribute to a better society and a cleaner environment came into light. Here we made an effort to look into the matter of what is really CSR and its legal compliance in the present era and with some companies as example and to enlighten the role of companies for Sustainable Development.*

Introduction:

Corporations and markets are not created by God or nature, but by the business man. The purpose of business is to serve the society," so said one of the successful business legends of India, J R D Tata. Business corporations are perhaps the most influential organizations in society and have long been recognized as important contributors to the common good. Today, companies realize their responsibility to serve the stakeholder and society to whom they owe their existence. Millions of people lack in basic amenities and dwell in poverty: a situation that cannot be resolved by the government alone, which is the only hope of the people. But one single hand can't make a sound. That is an adequate reason, for concerted action on the part of powerful corporations, those who contribute to make the difference in society. For example, in the 1940's, the founding father of Adithya Birla group of companies Shri G.D.Birla espoused the 'Trusteeship' concept of management. With that motive, they started to invest part of their profits beyond business, for the larger good of society.

Corporate Social Responsibility (CSR) is not a new concept in India; it was practiced as an essential duty of individual or powerful people in society as "Dharma", a philanthropic action. Normally philanthropy and responsibility are the basis for a strong establishment. These two critical thoughts are bipolar in nature. At one end, people interpret it as compliance with law; at the other end, it is philanthropic in nature. CSR is known from ancient time as a social duty or

Charity, which has through different ages, is changed its nature in various broader aspects and is now generally known as corporate social responsibility.

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The corporate social responsibility's mission is donating some amount of their earnings for development of society. CSR was more widely accepted as a community based development approach for a long-time.

Objectives of the study: The objectives of the study are
1. To know the background and evolution of the concept of CSR.
2. To study the CSR Practices in India and its legal compliance.

Meaning: Corporate social responsibility (CSR) is how companies manage their business processes to produce an overall positive impact on society. It covers sustainability, social impact and ethics, and done correctly should be about core business - how companies make their money - not just add-on extras such as philanthropy.

Defenition:

The definition of CSR contains three words contained, "Corporate, Social, and Responsibility." Broadly speaking, CSR covers the responsibility, of the business firm towards the societies they operate within. In a nutshell, CSR is a creation of value among the stakeholders whereby the interests of all stakeholders including investors, customers, employees, the community and the environment are reflected in the company's policies and actions.

Corporate social responsibility has been defined in various ways ranging from being concerned with profit (Friedman, 1969) and with maximizing profits while satisfying stakeholders demands (McWilliams & Siegel, 2001) to more reactive or proactive approaches to improving social betterment (Davis, 1973). While there is no universal definition of corporate social responsibility it generally refers to business practices that are based on ethical values, compliance with legal requirements and respect and concern for people (stakeholders) communities and the environment.

"A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

--- The European Commission

'The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'

--World Business Council for Sustainable Development.

Scope of CSR

The opportunities are ripe for companies in all sectors to take on a bevy of challenges, including health, nutrition, children's survival and water. Many CSR projects in India are at the pilot level. SAP has organised corporate sabbaticals advising social entrepreneurs; Ford is experimenting with mobile health clinics; Microsoft has donated technology to health clinics; Vodafone sends 25 of its top employees to advise NGOs throughout the country. Retailers including PUMA and Marks and Spencer have opened "green stores" the at certainly stand out in India's exciting, bustling and polluted cities.

CSR, in its implementation part, involves a lot of challenges while building partnerships with various stakeholders. The corporate sector in India very often accuses the government for poor governance and their myopic view. Any CSR activity depends on the profits of a company, and fluctuations in profit can adversely affect their capability to continue their contribution for CSR. Other reasons can be limited human resource to implement, lack of professional approach and lack of transparency in CSR reporting. These are the obstacles faced by India, but there is still a light ray of hope in the corporate field. For example the two major corporates, Tata Consultancy Services and Bharti foundation, an arm of Bharti Enterprises announced a total

expenditure of Rs.200 crores as part of their CSR initiatives to construct toilets in schools under "Swachh Bharat" campaign. A company's contribution towards CSR varies according to different geography and ethos. Some companies limit themselves to making an impact on the immediate communities around their factories, office and outlets. On the other hand, many companies strive to make their CSR- related impact on national or even international levels. Instance, the Indus Health plus bagged 'Best Corporate Citizen' award by ASSOCHAM for providing special discount coupons for senior citizens on preventive health checkups as part of their CSR.

Components of CSR: The four components of corporate social responsibility are economic, legal, ethical and discretionary.

Economic Social Responsibility

Economic social responsibility begins with being profitable. Before a business can give back, it must be sustainable. Sustainability includes making a profit for shareholders, paying its employees an appropriate wage, paying business taxes and meeting other financial obligations. Corporations can show economic social responsibility by being transparent with all stakeholders regarding the financial status of their business.

Legal Social Responsibility

Consumers are more likely to buy products and utilize services from companies they trust. A part of building that trust is abiding by the laws that regulate your business. Paying the required taxes, adhering to labor laws and allowing inspections are all examples of legal social responsibility. It may sound basic, but not being attentive to your legal obligations can lead to your business being sued and can hurt the business' reputation — and your reputation is vital to your success.

1) Ethical Social Responsibility

Economic and legal corporate responsibility lay the groundwork for corporations to move into ethical social responsibility, which means doing the right thing at all levels of your business. This ranges from paying employees a living wage to ensuring that the companies you work with and buy materials from are abiding by all labor laws.

In addition to ensuring ethical workplace practices, you should also look at the environmental impact your business makes. If possible, consider using recycled materials and clean energy.

Go beyond meeting the minimum environmental requirements and look at how you can exceed those requirements, which gives consumers a good impression of your brand.

2) Discretionary Social Responsibility

Discretionary social responsibility means using your company's time and resources to contribute to the community at large in whatever way is meaningful for you and your brand. This may include providing your employees with opportunities to volunteer; donating money, services or products to charitable organizations; or initiating your own charitable organization that ties into your company's mission and goals. You may want to support multiple organizations or simply focus your efforts on one or two meaningful ones.

Corporate social responsibility shows that your company is about more than just the numbers. It shows that you care about your impact on the world, which appeals to consumers who want to feel good about the products they buy. By making an effort to be socially responsible, you can ensure that your company leaves a lasting, positive impact.

CSR in India

CSR in India has always been philanthropic in nature. CSR initially was influenced by Gandhian philosophy of 'trusteeship', an ancient idea revived and reinterpreted by Mahatma Gandhi. Most of the businessmen in India saw their business empires as a 'trust' held in the interest of community at large. These businesses made significant contributions to support schools, colleges and hospitals, and emphasis later shifted to supporting technical training, public health and rural development (Mohan, 2001). Then, post independence, India experienced the elements of state-sponsored CSR activities through large public sector companies. The shift from charity and philanthropy has already started in India post amendments in Companies Act 2013. .

A recent survey concludes that there are, appreciably, several cases of companies in India involved in diverse issues such as healthcare, education, rural development, sanitation, micro-credit and women empowerment, arts, heritage, culture, and conservation of wildlife and nature, etc. However, given the economic progress and increase in corporate profits on the one hand, and reality of human-poverty and development indicators in India on the other, analysis of the surveys quoted suggest that though many companies in India have taken on board the universal language of CSR, CSR seem to be in a confused state. Individual companies define CSR in their own limited ways and contexts. The end result being that all activities undertaken in the name of CSR are merely philanthropy, or an extension of philanthropy. Trusts and foundations are found to be a favourite route of CSR practice by Indian companies, but largely such trusts and foundations work at an arm's length from the company. As a result the companies are not able to bring CSR in the mainstream and it remains limited to community development.

Indian firms possibly in their own interest, focus mostly on employee-and customer-oriented CSR. Thus, firms need to expand their CSR activities to other stakeholders also, as expressed by the voluntary. It was also understood that Indian business firms preferred a contributory rather than participatory approach to CSR. Most firms indicate that they route their CSR spends through specific investments in cash or kind. They must rather also explore other possible avenues to maintain CSR activities, such as encouraging volunteering by employees, providing loan arrangements, etc.

However, very recently, the first step towards mainstreaming the concept of business responsibility in India was taken by Ministry of Corporate Affairs that released Voluntary

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Guidelines in 2009 followed by the amendments in the Companies Act, 2013. The Companies Act, 2013 has introduced the idea of CSR to the forefront and through it's disclose in-or-explain mandate in promoting greater transparency & disclosure 2013. In August 2013, the Indian Parliament passed a revised version of the nation's Companies Act, and the act now requires companies of a certain size to invest 2 percent of net profits in social benefit activities.

Applicability of CSR:

The companies on whom the provisions of the CSR shall be applicable are contained in Sub Section 1 of Section 135 of the Companies Act, 2013. As per the said section, the companies having Net worth of INR 500 core or more; or Turnover of INR 1000 core or more; or Net Profit of INR 5 core or more during any financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee" with effect from 1st April, 2014. The pictorial representation below gives the representation of Section 135 (1).

The above provision requires every company having such prescribed Net worth or Turnover or Net Profit shall be covered within the ambit of CSR provisions. The section has used the word "companies" which connotes a wider meaning and shall include the foreign companies having branch or project offices in India.

Examples:

Samsung

With the tag line of Sapnehuebade (Dreams have become big), it has opened Samsung Technical School in ITI in various states. Do check out this video, it's inspiring! Samsung Technical School – A CSR Initiative - We care for the girl child

Coca Cola

This year itself, this soft drink giant has taken up the project to train 50,000 street vendors, irrespective of what they sell ! Food Safety and Standards Authority of India (FSSAI) and Coca-Cola India Join Hands to Up skill Small Food Vendor (Street Food Vendor) Community in India

McDonald's

'I care for eye care' is the noble cause picked up McDonald's for visually challenged children in India, in collaboration with Dr. Shroff's charity eye hospital. Corporate Social Responsibility

Conclusion: Most of the Indian companies are giving priority for corporate social responsibility by donating certain portion of their profits or giving some amount to charitable activities in kind. But if they turn up to participatory level rather than contribution it would a great concern for sustainable development. Then only the real intention of government through various legal amendments to safeguard all the stakeholders under the roof of CSR will come true.

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