

## "CORPORATE SOCIAL RESPONSIBILITY A SUSTAINABLE BUSINESS TOOL- INDIAN PERSPECTIVE"

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### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility is the voluntary role and contribution on the part of the business community towards a better social and environmental development, which is beyond their investment to organisational development. The business organisations can be lead by large multinationals and for small, locally based businesses. While, the actions on the part of business organisations here to be ethically bound to its stakeholders, who include customers, owners/investors, government, suppliers and competitors. Corporate Social Responsibility consists of a wide-range activities and programs that involves businesses looking at how to improve their social, environmental and local economic impact, their influence on society, social cohesion and human rights, and fair trade. Key areas of concern are environmental protection and the well being of employees, the community and civil society in general, both now and in the future. It refers to the comprehensive approach that a corporation takes to meet or exceed stakeholder expectations beyond measures of revenue, profit and legal obligation.

### **NON-GOVERNMENTAL ORGANISATIONS AND CORPORATE SOCIAL RESPONSIBILITY**

How far the Non Governmental Organisations in the nation can join hands with the corporate in their effort to social and environmental development is the prime concern of this article. The corporate social responsibility blends the objective of social development and environmental protection thorough ethical effort. Many non-governmental organisations in India are engaged in social development and environmental development activities. These organisations are good enough to support the industrial development by ensuring community participation the developmental process. The concept of corporate social responsibility is underpinned by the idea that corporations can no longer act as isolated economic entities operating in detachment from broader society. Corporate Social Responsibility to be looked upon as mutual support programs that ensure development of community near by the industrial area with the expansion and development of the industrial organisations.

### **ROLE OF HUMAN RESOURCE MANAGERS**

If Non Governmental Organisations can play better role in the corporate social responsibility, the question here is, who can play better role in linking industry with community. The answer here is Human Resource Management Department of the industry. The HR managers should take lead in its effort to make a linkage between community and the industry. To develop better rapport with the people, HR managers have to make use of their Strategic Relationship Management Skills. They should interact with the community by establishing better linkage with the Non Governmental Organisations Working there in the locality. The HR managers can initially conduct Focus Group Discussion (FGD) with the community and community leaders with the help of Non Governmental Organisations and need evaluation and need prioritization is to be

conducted. Here HR managers can act as facilitators in the Corporate Social Responsibility initiatives.

### **INVOLVEMENT CORPORATE IN A COMMUNITY**

The involvement of corporate in a community generates trust in front of people which in a positive manner creates the identity in the nation. Corporate Community Involvement is about the impact your company has on the wider community. Companies can support the community through a number of activities that use both its staff and resources. People, who are the part of the community always observe the community based activities done by the target industry of their locality. This could include making charitable donations, allowing staff to volunteer their skills to help community groups, or donating PCs and office equipment to organizations that need them.

#### **Types of Social Responsibility in Business Organisations:**

**a) Internal Social Responsibilities:** Shareholders and Employees.

**b) External Social Responsibilities:** Customers, Government, Suppliers, Community and the Environment.

**Social objectives** refers to a company's objectives and its responsibilities towards its employees, shareholders, and the public at large.

**Economic objectives** refers to optimization of available resources for maximization of profits and to survive in the competition prevailing in the industry. Sun is named as One of the World's Most Ethical Companies. It leads the industry in offering a portfolio of eco responsible products and services that deliver powerful, sustainable, energy-efficient computing solutions that don't compromise on capacity and security. Eco Responsibility Initiative focus on includes efforts to shrink carbon emissions, develop an alternative-energy strategy, and otherwise reduce the environmental impact of its operations.

### **COMPETENCIES REQUIRED FOR CORPORATE SOCIAL RESPONSIBILITY**

January 2008 CRO Best Corporate Citizen 2008 listed the following as being top three socially responsible:

1. Intel Corp. Electrical Components & Equipment
- 2 Eaton Corp. Industrials - DiversiFed
- 3 Nike Inc. Footwear

Of course, each organisation is different from the other and they reason why one firm emerges as a leader among other firm in the industry is due to the core competencies that is exclusive to a particular firm. The competencies that differentiates a firm from its competitors include:

**Management skills** (including organization building, effective communication skills, quick decision making, awareness of advanced technologies, IT, innovation, creative problem solving skills, strategic awareness, motivation skills, leadership skills, handling disputes)

**People skills** (including adaptability and empathy, training, influencing without power, interpersonal skills, integrated, general awareness, self-development and learning, building partnerships, and team work)

**Technical skills** (including technical expertise, understanding impacts of policies on stakeholder, consultancy, selling the business case, understanding human rights and understanding sustainability).

The most important core competencies for managers involved with CSR in organisations constitute:

- *Understanding society*
- *Building capacity*
- *Accountability*
- *Stakeholder relations*
- *Strategic view*
- *Harnessing diversity*
- *Environment consciousness*
- *High quality products and services*
- *Avoid false advertisement claims*

Tata Group has constantly stressed on 'leadership with trust', unity, integrity, excellence, responsibility, commitment towards national interest, providing good working environment for the employees, avoidance of conflicts of interest, and emphasis on corporate social responsibility which has become an integral part of the company's core mission and vision statement and to promote ethical conduct in all its operations, which gives it an edge of stability and sustainability in the prevailing competitive scenario. But times have changed. Business Firms whose primary motive is profit only might get success initially but only those firms will sustain in the long run which undertake various initiatives for ethical consumerism, and build stronger and healthier global communities.

An excellent example is of Stuart Rose, the chief executive of Marks & Spencer, who recently announced a £220m programme to make the retailer carbon-neutral by 2012 or Terry Leahy, the boss of Tesco, who is introducing carbon labelling on all 70,000 of his product lines.

#### **DRIVERS OF CORPORATE SOCIAL RESPONSIBILITY:**

1. Employees and Shareholders
2. Brand Equity
3. Ethical Marketing Practices and Social Awareness
4. The Environment Consciousness
5. Energy Conservation and Global Warming
6. Responsibility Towards The Government

#### **1. Employees and Shareholders**

According to Schlesinger and Heskett (1991) increased employee satisfaction leads to employee competence which results in superior service delivery and customer satisfaction. It takes decades for business organisations to build goodwill and trust in the minds of customers and shareholders which can be ruined through incidents such as corruption, piracy, stealing of Intellectual Property Rights, financial scams and scandals or producing environmentally hazardous products for the customers. Building an ethically responsible culture in organisations can reduce the

chances of employees indulging on unfair practices within the organization by emphasizing on professionalism, transparency, Socially responsible investments, effective communication, employee participation, fairness, and promotions, adequate compensation and personal development. **Calpers** (the California Public Employees' Retirement System), one of largest US pension funds, to safeguard the interests of its shareholders, that is, US pensioners.

## 2. Brand Equity

A brand is a symbol carrying with it certain associations and images. Customers associate a brand with a promise and built on deep relationships with consumers. Its value to consumers is that it provides emotional as well as functional aspects and reduces the risk, saves time and provides reassurance on value for money. Predictable results are the promise of a brand.

Corporate Social Responsibility can play a major role in building customer loyalty based on ethical values practiced in the organizations. Brand loyalty can be strengthened through: increasing continuity of purchase via such techniques as "frequent purchaser" programs, "members clubs", "continuity promotions", that create identification between the users of a brand and its users.

## 3. Ethical Marketing Practices and Social Awareness

Ethics in Business refers to moral standards of the people working in the organisation, and the application of right or wrong practices prevailing in the business firm.

Ethics is important in all types of organizations.

The elements of Business Ethics are:

- 1) Values- Moral beliefs held by individuals, organisation and society as a whole.
- 2) Rights- Accessibility of Claims of the individuals in the society.
- 3) Duties- Duties are obligations, roles and responsibility of the individuals in the society.

The Nanhi Kali programme is deeply committed to the education of the girl child and currently supports the school level education of 31,000 underprivileged girls across the nation.

### ***Ethical Concerns which need immediate attention:***

- Violation of consumer rights
- Exploitation of employees
- Protection of environment
- Exploitation of child labor
- Exploitation of women
- Misleading advertisements
- Production of hazardous products
- Ensuring Transparency in various departments
- Illegal trade practices
- Indulging in Corruption and unfair practices by Management
- Exploitation of scarce natural resources
- Violation of Intellectual Property Rights

Industrialization in many developing countries has now opened avenues for International Trade. These policies should cover distributor relations, advertising standards, customer's service, pricing, product development and general ethical standards. Companies and managers should

apply high standards of ethics and morality when making corporate decisions. Due to increasing awareness among customers regarding the malpractice in the market, privacy of products, the consumers are now more conscious about their rights.

#### **4. The Environment Consciousness**

Mahindra Group formally announced the launch of project Mahindra Hariyali in which 1 million trees will be planted nation-wide by Mahindra employees and other stakeholders including customers, vendors, dealers, etc. by October 2008. Of these, 1,50,000 trees have already been planted by Mahindra employees since September 2007. Issues which require immediate attention involve:

*Climate change*

*Water conservation*

*Air emission*

*E-waste*

Federal Express is involved in several initiatives that help to protect the environment including greenhouse gas reduction, renewable energy and noise reduction, recycling and using alternative fuels in its own transportation fleet.

#### **5. Energy Conservation and Global Warming**

Agriculture in India will be significantly affected by the climate change due to burning of coal, oil and other fossil fuels that produces carbon dioxide and other greenhouse gases responsible for man made global warming. The effects of warming are being observed in the form of decline in productivity of certain crops such as wheat. Against this backdrop it is essential for the global community as a whole to stabilize the earth's climate by reducing the concentration of greenhouse gases in the atmosphere. The Asia-Pacific region showed the strongest level of support for more regulation, at 100%, compared to 86% in mainland Europe, 77% in the UK and 69% in the US. Despite this call for stronger action by governments, most companies already expect the impact of climate change regulation on industry to increase over the next few years. UTI Ventures invest \$8 million in Presco (Pragmatic Environmental solutions Co) with Beam Environmental Solutions, a company involved in waste oil recycling and alternate energy systems. Google has created research group for initiating a project called Renewable Energy Cheaper than coal is meant to help Google cut its energy cost and then to offer Customers cheaper power. NTPC Limited has been given 'Golden Peacock Award for Occupational Health & Safety-2008' as on June 6, 2008 by the award jury constituted by Golden Peacock Awards Secretariat, Institute of Directors, under the Chairmanship of Justice P N Bhagwati, former Chief Justice of India and Member, UN Human Rights Commission. Many companies now issue a corporate social responsibility report along with their annual report which concentrates on their non-financial societal activities (Usually positive contributions in nature). The following organizations rank at the top of Nielsen India Corporate Social Responsibility Index- IT giant Infosys, Tata Group, ITC, Reliance Industries, and ICICI Bank.

#### **6. Responsibility Towards The Government**

All the Business Organizations have to comply with the general law applicable in every country. Management policies, strategies, mission, should be in accordance to the rules and regulations of

the legal environment and should follow fair trade practices. Organizations should pay taxes and other dues and discourage bribery, corruption, and biases in the departments.

***The guidelines to be followed are:***

- To pay government taxes on time.
- To encourage Fair trade practices.
- To discourage monopoly and concentration of economic wealth.
- To follow Consumer Protection Act.
- To abide by the rules and regulations of legal environment.

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