CORPORATE SOCIAL RESPONSIBILITY: A STEP TOWARDS DEVELOPMENT

Sunita

Abstract: *As the role of the private sector becomes increasingly central to global corporate growth, there is a strong need to ensure the private interest is matched with public good, but neither global corporate citizenship nor public-private partnerships are easy to achieve. Recent events such as the collapse of WorldCom and Enron are shaping and changing as how we view the role of corporations in society. But not all business organizations behave in a socially responsible manner and there are people who would argue that it is not the job of business organizations to be concerned about social issues and problems. There are two schools of thought on this issue. In the free market view, the job of business is to create wealth with the interests of the shareholders, the other view is that business organization should be concerned with social issues, for this the main challenges is to create an enabling environment within which these two inter-related activities can flourish. The corporate social responsibility (CSR) concept has recently become more heavily widespread and at the heart of some companies agendas. One of the reasons for this heavy shift toward embracing social responsibility can be attributed to globalization and pressure from many stakeholders (among them the media and the pubic) to ensure that companies' practices do not negatively impact the environment and society.*

Keywords*: Private Sector, CSR, Business Organisation, Globalisation.*

INTRODUCTION

The business community is being challenged to be more innovative and competitive, more productive and profitable, and more responsible and sustainable. There are pressures to deliver more value for shareholders, more security and opportunity for employees, and more collaboration and transparency with stakeholders on the solutions for issues such as those relating to corporate governance, environmental protection, corruption, human rights, human resource management practices, consumer protection, supplier relations, health and safety, and others. Businesses have in many instances recognized the challenges and opportunities that are being placed upon them and have embraced a variety of related approaches for response. Corporate social responsibility and related concepts such as corporate accountability, corporate sustainability, and corporate citizenship are being used

to more effectively integrate the economic, environmental and social objectives of society into corporate structures and processes, more creatively innovate and bring value-added goods and services to solve societal demands, and more meaningfully collaborate and engage key stakeholders to improve public credibility and confidence.

CSR is about the organization's obligations to all stakeholders – and not just shareholders. There are four dimensions of corporate responsibility: **Economic** - responsibility to earn profit for owners **Legal** - responsibility to comply with the law (society's codification of right and wrong) **Ethical** - not acting just for profit but doing what is right, just and fair voluntary and **Philanthropic** - promoting human welfare and goodwill being a good corporate citizen contributing to the community and the quality of life.

Scenario in national and international area within CSR:

Terms like 'Corporate Social Responsibility' and 'triple bottom line' began to appear in European media in the mid – 1990's. At that time, the media focus has either been on the thinking and initiatives of a handful of socially responsible entrepreneurs, This community involvement has made companies realize that in order for them to remain competitive and ensure sustainability, they must address the needs of their shareholders in their business.' It has also made them realize that this type of involvement can bring them many benefits.

Findings in India indicate that the tradition of paternalistic philanthropy remains strong, although some companies are experimenting with participatory approaches in their relationships with communities. There appears to be a strong emphasis upon corporate initiatives and involvement in education, training and healthcare. Some of the case studies focus on trusts and foundations set up by companies to implement their social initiatives. Another interesting aspect of the Indian scenario is the growing interest and participation of consumer groups in the movements for corporate responsibility.

Business & Social Responsibility:

In spite of the dominant role of profit in the running of business, today, businessmen are more conscious of their social responsibilities on account of the following factors:

Changed public expectations from business: It is reasoned that the institution of business exists only because it satisfies valuable needs of society. Society gave business its charter to exist, and that charter can be amended or revoked at any time that business fails to live up

to society's expectations. Therefore, if business wishes to remain viable in the long run, it must respond to society's needs and give society what it wants.

Better environment for business: The firm, which is the most responsive to improve people's quality of life, will as a result have a better community in which to conduct its business. Recruitment of labour will be easier, and labour will be of a better quality. The turnover and absenteeism will be reduced. As a result of social improvements, crime will decrease, with the consequence that lesser amount would be spent to protect property, and less tax has to be paid to support police forces.

Public image: Another argument is that social responsibility improves the public image of business. Each individual firm seeks an enhanced public image so that it may gain more customers, better employees, and other benefits. This type of expectation is traditional with business; therefore, it is easy to extend this public image concept to the accomplishment of various types of social goals.

Avoidance of government regulation: A related argument is that business should engage in socially responsible behavior to avoid regulation by government. Regulation is costly to business and restricts its flexibility of decision-making. From the businessman's point of view, it is desirable to retain freedom in decision-making so that she/he can maintain the initiative in meeting market and social forces. This view is also consistent with political philosophy, which wishes to keep power as decentralized as possible in our democratic system.

Problems can become profits: It may also be argued that if the innovative ability of business can be turned to meet social problems, many problems could be handled profitably according to traditional business concepts. It is recognized that not all problems can be handled in this way, but the fact that some can be so handled should encourage business to become more active in social areas.

Balance of responsibility with power: Another reason underlying the notion of social responsibility relates to the balancing of power and responsibility because business enjoys considerable social power in that its activities and decisions affect the environment, consumers, employees, community conditions, and many other areas of society. It has a corresponding responsibility in relation to society. Responsibility is a necessary reciprocal of power, and any imbalance opens the door to irresponsible behavior that may negatively affect the welfare of society.

Business has useful resources: Further, one may argue that business has enormous resources that could be useful in solving social problems. Business is also known for its innovational ability and its concern for efficient use of resources, which are also required in the social realm. Thus, business ought to be encouraged or even required to try its hand at solving social problems.

Business has contributed to social problems: There is a moral argument that business has an obligation to help solve social problems because it helped create or at least perpetuate them in the first place. Business causes pollution, it creates unsafe workplaces, and it helps to perpetuate discrimination through its hiring and promotion practices. Therefore, business has a moral responsibility to deal with the negative impacts on society rather than leaving them for someone else to solve. Many social problems are the direct result of business operations, and hence, it is quite appropriate for business to take initiative in solving them.

Social Commitments of Indian Companies:

A number of Indian companies discharge their social responsibilities quite satisfactorily.

- Asian Paints funded a large scale community development project to enable farmers to use local resources effectively.

- JCB has contributed to the development of the quality of life in rural areas, health care and family welfare, adult-education, etc.

- Brooke Bond has been interested in animal welfare, providing veterinary service, and improvements in animal breeding.

- Colgate Palmolive did pioneering work in the promotion of sports, dental health, and small industry development.

- Escorts have worked for farm mechanisation, agricultural development, health care etc.

- SAIL contributes to the sectors of agriculture, industry, education, health care, dairy, poultry, fisheries and drinking water supply.

- ITC is socially active in the areas of agriculture, culture, sports and music.

- TISCO has been a pioneer in discharging social responsibility and has made several contributions in areas such as community development, social welfare, tribal area development, agriculture

- JCB India Ltd has worked for community development, Education, Technical Education, Disaster Management, Health care, etc.

CONCLUSION

While many companies, governments and other policy organizations are taking proactive approaches to CSR, it is clear from this study that implementing CSR approaches within companies represents a significant change management challenge. While the business case may be becoming clearer, implementation of CSR requires more exploration.

The drivers for CSR identified by companies in this study provide important information that will help determine the best approach for India to take on CSR. However the case studies also illustrate that interpretations of CSR vary. Different terms such as sustainable growth, corporate responsibility, and core values are used to describe activities that fall under the scope of CSR. Work is needed to develop a broader understanding of CSR, and perhaps some measure of consensus on the scope of corporate responsibility. Organizations such as Indian Business for Social Responsibility and the Conference Board of India have initiated work to develop some consensus on the meaning and scope of CSR, which will be helpful for defining what the appropriate roles of different sectors of society should be in advancing CSR and a step for development.

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