

Role of Corporate Social Responsibility

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Abstract - The Startup India initiative of the Government was first announced by Indian Prime Minister; Narendra Modi during his 15 august 2015 addresses from the Red fort in New Delhi. It was announced with the aim to empower start-ups to grow through innovation and design. The action plan of this initiative is focusing on three areas: 1. Simplification and Handholding. 2. Funding Support and Incentives. 3. Industry-Academia Partnership and Incubation. This scheme can be successful if all the business houses jointly work for it and fulfill their corporate social responsibilities towards society. Business is part of society. Earlier that business organization was considered good which was earlier huge profit for its owner but today, the situation has changed. Today, the responsibilities of the business in not limits to its owner alone, rather it has assumed larger dimensions.

keywords - Corporate Social Responsibility, sustainable development

Introduction

The Startup India initiative of the Government was first announced by Indian Prime Minister; Narendra Modi during his 15 august 2015 addresses from the Red fort in New Delhi. It was announced with the aim to empower start-ups to grow through innovation and design. The action plan of this initiative is focusing on three areas:

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Corporate Social Responsibility

Corporate Social Responsibility refers to obligation of business towards society and country. Business is an organ of society. It makes use of resources of society and country and depends upon society for smooth functioning. Being so much dependence it becomes necessary for it to pay the same back to the society and country so it is the prime duty of the business to take action which protect and improve the welfare of the society for the growth of country. Business has certain economic and legal responsibilities for its stakeholders like owners, customers, shareholder and community. Corporate social responsibility typically falls into four categories

- Corporate Environmental Responsibility
- Corporate Human Rights Responsibility
- Corporate Philanthropic Responsibility
- Corporate Economic Responsibility

The concept of CSR requires the company to act beyond its economic and legal obligation and to integrated social, environment and ethical concern into its business process. Being an eminent part of society, the corporate sector has also realized its responsibilities for social welfare to sustain and improve a healthy and prosperous environment and to improve the quality of life of the community it serves. owe can say that Corporate social responsibility is initiative of corporate sector to focus on discrete social problems and also to create that environment in economy so that country can easily make a start up.

Research objectives of the Study

- To analyze the status of current trend and status of CSR in India.
- To understand the contribution of business ethics and CSR towards inclusive growth.
- Findings of this research would add to the knowledge and understanding the area of CSR and how it can enhance reputational and social capital of an organization.
- To review the CSR initiatives undertaken by various companies in India and their performance.

Review of Literature

Conway (2003) in his study on iron ore mining industry in Goa shows that many large mining companies have their own initiatives towards environmental and social development. However, a structured CSR policy and planning is missing especially among the small and medium players in the industry.

Crawford and scaletta (2005) states that CSR has been gathering momentum for the past 10 years. However, ullmann stated as early as 1985 that CSR by no means is a new issue. This would indicate that corporations taking social responsibility are not

a new phenomenon. Nevertheless, corporate social responsibility is more in the spotlight now than ever since multinational corporations' power over world economy is stronger than ever and with that society's demands on social and environmental responsibility (Forsberg, 2003). Martin (2002) claims that globalization heightens society's anxiety over corporate conduct.

R.S. Raman(2006), in a study on "Corporate Social Reporting in India- a view from the top", used content analysis technique to examine the chairman's message section in the Annual Reports of the top 50 companies in India to identify the extent and nature of social reporting. The study concluded that the Indian companies placed emphasis on product improvement and development of human resources.

Vasanthi Srinivasan (2010) in his study on CSR and Ethics in Medium, Small and Micro Enterprise in India attempts to draw from the existing body of knowledge from both the academic and popular literature in India to identify the CSR practices and develop a research agenda for responsible business practices in the small-medium enterprise in India. The findings highlighted that most of the studies done in the Indian context have largely been qualitative and exploratory in nature. The study also revealed that since small-medium enterprises contribute significantly to the economy and are geographically spread in a country like India, adoption of CSR and ethical practices is crucial to a balanced development. There is a rarity of academic research in this area and therefore the researcher opines that a study of the intra-country similarities and differences in adoption of CSR practices in small-medium enterprises could be a valuable exercise for policy makers.

Research Methodology

The prepared paper is a descriptive study in nature. The secondary data and information have been analyzed for preparing the paper extensively. The secondary information have been collected from different scholars and researchers' published books, articles published in different journals, periodicals, conference paper, working paper and web site. Moreover, the academic knowledge and experience of the authors of this paper have been used.

Significance of the Study

The purpose of corporate social responsibility is to make corporate business activity and corporate culture sustainable in three aspects:

- Economic aspects
- Social aspects
- Environmental and Ecological aspects

Economic aspects of CSR

Economic aspects are generally overlooked while discussing CSR but are equally important when we talk of CSR. Economic aspects include understanding economic impacts of company operations. It is always assumed that this aspect is generally taken into consideration and is managed well. The economic aspects of CSR is usually misunderstood to be same as financial issues and it is often assumed to be easy in implementation as financial accounting is a day to day activity of companies. It involves both direct and indirect economic impacts on company's stakeholders and surrounding community due to operations of the company. This is usually referred to as corporate economic responsibility.

- The Multiplier Effect—The economics of any company affects its stakeholders (employees, local government, suppliers, customers etc.) both directly and indirectly.
- Contribution towards taxes--The well-being and development of the surrounding community in which the company operates is a responsibility of the company and this is usually done through the taxes which the company pays.
- Avoiding actions that damaged trust—The smooth operations of a company in any region is highly dependent on the support and trust of the surrounding communities. Some of the activities of companies can be very destructive to this trust and the company thus may be regarded as economically irresponsible.

Social aspects of CSR

It is said to be the newest of the three dimensions of corporate social responsibility and it includes people within the company, in the supply chain of the company, in the community the company is in and as customers of the company which means the whole lot of stakeholder. This has basically following aspects:

1. **Responsibility towards customers:** The idea of treating customers with respect and attention is not new to business often being responsible to customers has a direct positive effect on the company's profits. These responsibilities may include such issues as the safety and durability of products or services and courteous attention to queries and complaints.
2. **Responsibility towards Employees:** Social responsibility towards employees extends beyond terms and conditions of the formal contract of employment. Companies need to come up with wider expectations such as taking care of the personnel's welfare and safety at work and increasing skills and also motivates them for work.
3. **Responsibility towards the Community:** Companies depend on the health, stability and prosperity of the communities in which they operate. Many companies become involved in community causes, for example by providing additional vocational training places and through partnerships with communities or donations to charitable activities.

Environmental and Ecological aspects of CSR

Concern for the environment has become a vital global issue in view of major shifts in the weather conditions and its impact on the environment. In the context of the environment, the focus areas of CSR in India include environmental sustainability, ecological balance, and conservation of natural resources, protection of flora and fauna and maintenance of air, water and soil quality. Here is the scope of the environment in the CSR mandate:

- Organizing programmes on environmental management
- Pollution control
- Green belt development
- Animal care
- Land Restoration
- Job development related to agro products
- afforestation

Opportunities of Corporate Social Responsibility in Business

Successful business leaders are unlikely to disagree with the proposition that corporate responsibility is a necessary part of doing business in the 21st century. In fact, there are frequent reminders – from heads of government, policy makers, civil society leaders and chief executives- that the role of business is not simply to create wealth but to ensure sustainable wealth creation which, in essence, means respecting society and the resources on which business success depends. Nevertheless, while an increasing number of companies seek to manage their business operations, products and services in a more sustainable manner, many companies have yet to understand the role that corporate responsibility can play in helping to deliver business objectives and goals. Unlike established business functions such as hr, finance and procurement, the role of corporate responsibility is not pre-determined.

CSR-Issues and challenges in India

- **Lack of Awareness of General Public in CSR Activities:** There is a lack of interest of general public in participating and contributing to CSR activities of companies. This is because of the fact that there exists little or no knowledge about CSR. The situation is further aggravated by lack of communication between the companies involved in CSR and the general public.
- **Need to build Local Capacities:** There is a urgent need for capacity building of the local nongovernmental organizations as there is serious requirement of trained and efficient organizations that can effectively contribute to the continuing CSR activities initiated by companies
- **Issues of Transparency:** Lack of transparency is one of the key challenges for the corporate as there exists lack of transparency on the part of the small companies as they do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilization of funds. This negatively impacts the process of trust building among the companies which is key to the success of any CSR initiative.
- **Non-Availability of clear CSR Guidelines:** There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. The scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the larger its CSR program me
- **Lack of Consensus on Implementing CSR Issues:** There is lack of common views for implementing agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention.

Recommendations and Suggestions

- There is a need to develop a strategic approach to CSR based on understanding of the impacts and the tipping points in resource shortage or prices rises.
- There is a need to develop a clear cut policy guidelines so that there will be a no problems consists among the business groups.
- There is a need to enhance the initiatives through CSR by Indian Companies especially in the education and environment protection.
- CSR initiatives will help in enhancing brand image.
- There will be some Government initiatives programmes for the business to understand the importance of the CSR.
- Every company should consider developing a set of policies or guidelines that outline the expectations of its business in regard to social responsibility.

Conclusion

Corporate social responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given back thus wealth is meant for use by self and the public, the basic motive behind all types of business is to quench the hunger of the mankind as a whole, the fundamental objective of all business is only to help people. CSR can play a valuable role in ensuring that the invisible hand acts, as intended, to produce the social good. In addition, it seems clear that a CSR program can be a profitable element of corporate strategy, contributing to risk management and to the maintenance of relationships that are important to long-term profitability. Therefore, using business ethics and making CSR an integrated part of each company's DNA is the mechanism by which to achieve inclusive growth.

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