

Corporate Social Responsibility - Approaches and Challenges

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ABSTRACT

The growth and expansion of corporate India has also given an opportunity for businesses to unleash their latent power, reach, scale of operations and core strengths to contribute significantly to national development through 'enlightened and need-based'.

Corporations around the world are struggling with a new role, which is to meet the need of the present generation without compromising the ability of the next generations to meet their own needs. Corporate Social Responsibility means the way in which business firms integrate environmental, economic and social concerns into their culture, values, strategy, decision making and operations in an accountable and transparent manner and, therefore, leading to better creation of wealth, an improved society and better practices in business organizations.

The aim of this research paper is, to explain the importance of Corporate Social Responsibility in Sustainable business Development and ascertain how various organizations apply it to achieve various objectives of their business firms. The concluding discussion identifies some limitations to CSR as a vehicle for sustainable development and signals important avenues of research for policy-makers.

Keywords: CSR, Business Organizations, Sustainable Development.

INTRODUCTION

CSR is about building Trust in the brand, Trust in performance of the product, Trust in the company to do the right thing, Trust in you as an employer". The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporates should be responsible enough to address social issues. Thus companies should deal with the challenges and issues looked after to a certain extent by the states.

Among other countries India has one of the richest traditions of CSR much has been done in recent years to make Indian Entrepreneurs aware of social responsibility as an important segment of their business activity but CSR in India has yet to receive widespread recognition. CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and

strategies. Thus CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth.

Social responsibility (is the) responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour and is integrated throughout the organisation.”

THE FOUR PHASES OF CSR DEVELOPMENT IN INDIA

The history of CSR in India has its four phases which run parallel to India's historical development and has resulted in different approaches towards CSR. However the phases are not static and the features of each phase may overlap other phases.

- Corporate Social Stewardship (1950s – 1960s)
- Corporate Social Responsiveness (1960s – 1970s)
- Corporate/ Business Ethics (1980s – 1990s) Corporate/ Global Citizenship (1990s – 2000s)

The First Phase - In the first phase charity and philanthropy were the main drivers of CSR. Culture, religion, family values and tradition and industrialization had an influential effect on CSR.

The Second Phase - In the second phase, during the independence movement, there was increased stress on Indian Industrialists to demonstrate their dedication towards the progress of the society.

The Third Phase - The third phase of CSR (1960–80) had its relation to the element of "mixed economy" emergence of Public Sector Undertakings (PSUs) and laws relating labor and environmental standards.

The Fourth Phase - in the fourth phase (1980 until the present) Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. In 1990s the first initiation towards Globalization and Economic liberalization were undertaken.

RESEARCH OBJECTIVES

- The roles played by business education in the development of key Corporate Social Responsibility skills.
- Policy Framework for Corporate Social Responsibility in India.
- How corporate social responsibility is capable of enhancing corporate reputation .
- The main strategic decisions which are faced by various business organizations in their strive to improve or enhance their performance of Corporate Social Responsibility.

DIMENSIONS OF CSR

- Internal Dimension: This focuses on organisational practices with respect to internal stakeholders that should be aligned to corporate social responsibility standards.
- External Dimension: This focuses on an organisations practices towards external stakeholders which should be in accordance with international standards of business practices.

- **Internal Dimension**



Figure 1 Internal Dimension

- **External Dimension**



Figure 2 External Dimension

Corporate Responsibilities

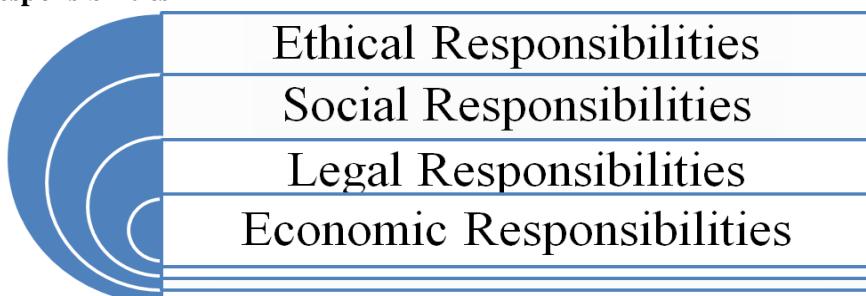


Figure 3 Corporate Responsibilities

Roles played by Business Educations towards the Development CSR

According to CEEMAN, an International management development association, social competencies are building for students in *various business schools* all over the world. These business schools offer relevant educational concepts with an aim of building the trainees' or students social competences. Through the exploration of various issues, which are related, to **academic activities of business** organizations and through the teaching of various socially significant business disciplines, this ensures that these students who will become business leaders or managers are not only equipped with knowledge on improving their managerial culture but also enhances their understanding on the crucial role played by CSR in business enterprises.

Model of CSR

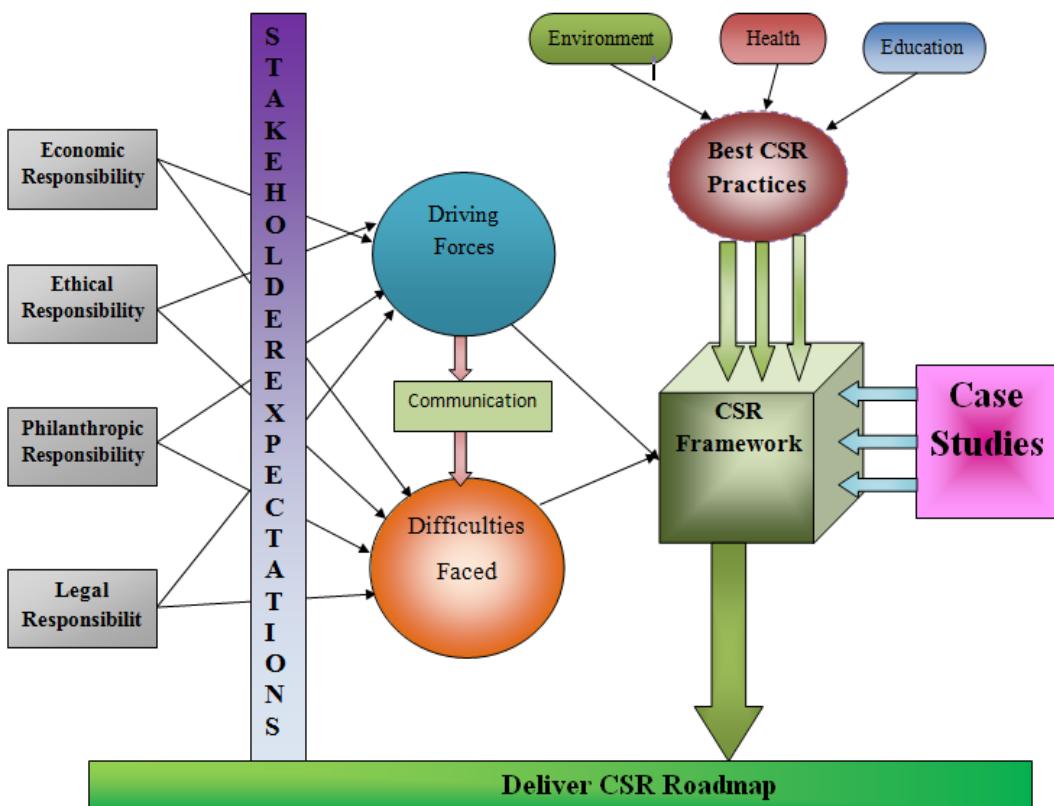


Figure 4 Deliver CSR Roadmap

Policy Framework for Corporate Social Responsibility in India

In the last decade, CSR has rapidly evolved in India with some companies focusing on strategic CSR initiatives to contribute toward nation building. Gradually, the companies in India started focusing on need-based initiatives aligned with the national priorities such as public health, education, livelihoods, water conservation and natural resource management.

FUNDAMENTAL PRINCIPLE OF CSR

Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board.

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the wellbeing of all employees.

Principle 4: Businesses should respect the interests of, and be responsive toward all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

CSR Implementation Guidance

1. The CSR policy of the business entity should provide for an implementation strategy which should include identification of projects/activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/non-government organizations. They may influence the supply chain for CSR initiative and motivate employees for voluntary effort for social development. They may evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area. Independent evaluation may also be undertaken for selected projects/activities from time to time.
2. Companies should allocate specific amount in their budgets for CSR activities. This amount may be related to profits after tax, cost of planned CSR activities or any other suitable parameter.
3. To share experiences and network with other organizations the company should engage with well established and recognized programmes/platforms which encourage responsible business practices and CSR activities. This would help companies to improve on their CSR strategies and effectively project the image of being socially responsible.
4. The companies should disseminate information on CSR policy, activities and progress in a structured manner to all their stakeholders and the public at large through their website, annual reports, and other communication media.

In the last decade, CSR has been a focus of all stakeholders including the government, corporate sector, media, customers, suppliers, employees and communities. The Government of India's initiative to provide a mandate to public sector enterprises to spend a certain percentage of profit after tax for CSR has set the wheels in motion for increased contribution and more socially responsible behavior to lead to inclusive growth.

Framework for effective CSR



Figure 5 Framework for Effective CSR

Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include

1. Company Benefits

- Improved financial performance;
- Lower operating costs;
- Enhanced brand image and reputation;
- Increased sales and customer loyalty;
- Greater productivity and quality;
- More ability to attract and retain employees;
- Reduced regulatory oversight;
- Product safety and decreased liability.

2. Benefits to the Community and the General Public

- Charitable contributions;
- Employee volunteer programmes;
- Corporate involvement in community education, employment and homelessness programmes;
- Product safety and quality.

3. Environmental Benefits

- Greater material recyclability;
- Better product durability and functionality;
- Greater use of renewable resources;
- Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labelling.

A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.

Challenges and Limitations of CSR

- 1) Lack of vision
- 2) Scale of change
- 3) Sub-strategic management
- 4) Risk/opportunity roles
- 5) Selective hearing
- 6) Maintaining old structures
- 7) “One World” approaches

Notable Work by Some Companies in Regard to CSR

Ashok Leyland

Operates a FunBus in Chennai and New Delhi. This bus, equipped with a hydraulic lift, takes differently abled children and those from orphanages and corporation primary schools on a day's picnic. The company also runs AIDS awareness and prevention programmes in its Hosur factories for about 3.5 lakh drivers.

Axis Bank

The Axis Bank Foundation runs Balwadis which are learning places for children living in large urban slum clusters. It also conducts skill development programmes (PREMA and Yuva Parivartan) in motor driving, welding, mobile repairing, tailoring etc, for the youth in backward districts.

Hindalco Industries

Its CSR activities are concentrated in 692 villages and 12 urban slums, where it reaches out to about 26 lakh people. It has constructed check dams, ponds and bore wells to provide safe drinking water. In education, it awards scholarships to students from the rural schools it supports. Its other interests include women's empowerment and health care, in which it treats patients in hospitals, runs medical camps and operates rural mobile medical van services.

Infosys

The Infosys Science Foundation, set up in 2009, gives away the annual Infosys Prize to honour outstanding achievements in the fields of science and engineering. The company supports causes in health

care, culture and rural development. In an interesting initiative undertaken by it, 100 school teachers in Karnataka, who were suffering from arthritis, underwent free surgery as a part of a week-long programme.

Mahindra & Mahindra

Nanhi Kali, a programme run by the KC Mahindra Education Trust, supports education of over 75,000 underprivileged girls. The trust has awarded grants and scholarships to 83,245 students so far. In vocational training, the Mahindra Pride School provides livelihood training to youth from socially and economically disadvantaged communities. M&M also works for causes related to environment, health care, sports and culture.

CONCLUSION

CSR is becoming a leading principle of top management and of entrepreneurs. The number of observations in research in this field clearly delineated models, leadership competencies, accountability, and structure of partnerships as well as organizational challenges and limitations and ethics. Organizations can reexamine their pattern of behaviors in the TBL framework and begin their journey toward a sustainable approach that is integrated into their business strategy.

We believe that the leading global companies of 2020 will be those that provide goods and services and reach new customers in ways that address the world's major challenges – including poverty, climate change, resource depletion, globalization, and demographic shifts.”

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