



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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### ***ABSTRACT***

*The purpose of paper to study is to study and understand what is 1) sustainable development, 2) corporate social responsibility, 3) stakeholder theory, and 4) corporate accountability theory. The contributions of these four concepts and each concept, and its relationship to corporate sustainability is discussed.*

***Keywords: Corporate social responsibility (CSR), SUSTAINABILITY, Environment.***

Corporate social responsibility (CSR) refers to a business practice that involves participating in initiatives that benefit society. Corporate Social Responsibility is 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. Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society. Corporate responsibility & sustainability (CR&S) is about enabling companies to incorporate creation of social and environmental, as well as economic, value into core strategy and operations. This improves management of business risks and opportunities whilst enhancing long-term social and environmental sustainability. It begins with an assessment of the following aspects of each business:

- Customers;- Focus on the professional development and well being of all our employees, with respect and value for their diversity
- Environment ;- Working to reduce our impact on the natural environment from energy, business travel and waste. try to raise employee awareness on critical issues in sustainable development



- Communities:- Strive to have a positive impact on the communities in which we live and operate. To do so, we work with local, national and international charities, NGOs and authorities on topics such as inclusivity and skills for the future
- Employees:-As a responsible and inclusive employer, to focus on the professional development and well being of all our employees, with respect and value for their diversity.

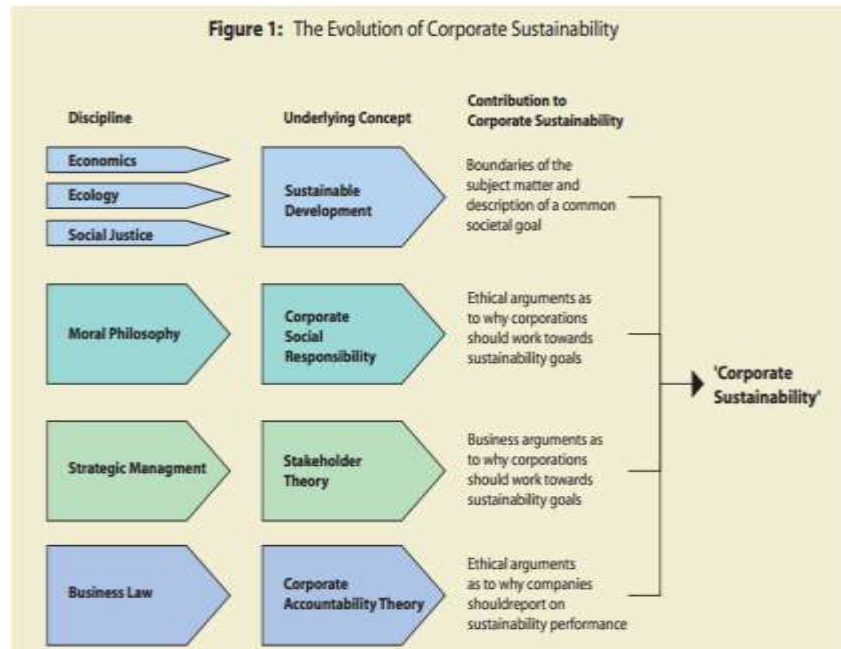
*Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.*

### **WHAT IS CORPORATE SUSTAINABILITY**

- Corporate sustainability can be viewed as a new and evolving corporate management paradigm. The term ‘paradigm’ is used deliberately, in that corporate sustainability is an alternative to the traditional growth and profit-maximization model. While corporate sustainability recognizes that corporate growth and profitability are important, it also requires the corporation to pursue societal goals, specifically those relating to sustainable development — environmental protection, social justice and equity, and economic development.

A review of the literature suggests that the concept of corporate sustainability borrows elements from four more established concepts: 1) sustainable development, 2) corporate social responsibility, 3) stakeholder theory, and 4) corporate accountability theory. The contributions of these four concepts are illustrated in Figure 1. Each concept, and its relationship to corporate sustainability, is discussed below.

1) SUSTAINABLE DEVELOPMENT, it is “a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations.”



## 2) CORPORATE SOCIAL RESPONSIBILITY

The arguments in favour of corporate managers having an ethical responsibility to society draw from four philosophical theories:

- Social contract theory. The central tenet of social contract theory is that society consists of a series of explicit and implicit contracts between individuals, organizations, and institutions. These contracts evolved so that exchanges could be made between parties in an environment of trust and harmony. According to social contract theory, corporations, as organizations, enter into these contracts with other members of society, and receive resources, goods, and societal approval to operate in exchange for good behaviour.
- Social justice theory. Social justice theory, which is a variation (and sometimes a contrasting view) of social contract theory, focuses on fairness and distributive justice— how, and according to what principles, society's goods (here meaning wealth, power, and other intangibles) are distributed amongst the members of society. Proponents of social justice theory argue that a fair society is one in which the needs of all members of society are considered, not just those with power and wealth. As a result, corporate managers need to consider how these goods can be most appropriately distributed in society.
- Rights theory. Rights theory, not surprisingly, is concerned with the meaning of rights, including basic human rights and property rights. One argument in rights theory is that property rights should not override human rights. From a CSR perspective, this would mean that while



shareholders of a corporation have certain property rights, this does not give them licence to override the basic human rights of employees, local community members, and other stakeholders.

- Deontological theory. Deontological theory deals with the belief that everyone, including corporate managers, has a moral duty to treat everyone else with respect, including listening and considering their needs. This is sometimes referred to as the “Golden Rule.”

3) **STAKEHOLDER THEORY**:- The basic premise of stakeholder theory is that the stronger your relationships are with other external parties, the easier it will be to meet your corporate business objectives; the worse your relationships, the harder it will be. Strong relationships with stakeholders are those based on trust, respect, and cooperation. Unlike CSR, which is largely a philosophical concept, stakeholder theory was originally, and is still primarily, a strategic management concept. One of the first challenges for companies is to identify their stakeholders. There appears to be general agreement among companies that certain groups are stakeholders — shareholders and investors, employees, customers, and suppliers.

4) **CORPORATE ACCOUNTABILITY** The fourth and final concept underlying corporate sustainability is corporate accountability. Accountability is the legal or ethical responsibility to provide an account or reckoning of the actions for which one is held responsible. Accountability differs from responsibility in that the latter refers to one’s duty to act in a certain way, whereas accountability refers to one’s duty to explain, justify, or report on his or her actions. Corporate accountability need not be restricted to the traditional fiduciary model, nor only to the relationship between corporate management and shareholders. Companies enter into contracts (both explicit and implicit) with other stakeholder groups as a matter of everyday business, and these contractual arrangements can serve as the basis for accountability relationships. For example, companies that receive environmental permits and approvals from regulators to operate facilities are often held accountable by the regulators for whether the terms of the approval are being met. Proponents of social contract theory often argue that corporations are given a ‘licence to operate’ by society in exchange for good behaviour, and as such the corporations should be accountable to society for their performance

Corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management. CSR provides the starting point that businesses need to begin moving toward sustainability. For CSR to achieve its potential, companies must push to seek something other than the lowest short-term cost for the



highest short-term gain. The author identifies the following challenges facing a company that wants to operate under the principles of CSR:

- How to balance its social and environmental responsibilities with its clearly defined economic responsibility to earn a profit
- How evolving norms and rules determine what constitutes acceptable corporate behavior
- How CSR's glass ceiling is merely a reflection of society's expectations
- How corporations are beginning to see a strategic value in CSR beyond improved public relations or the short-term bottom line

Companies are now expected to do the following:

- Safeguard the environment
- Support human rights
- Eliminate child labor
- Adopt codes of ethics
- Enter into partnerships with NGOs
- Display openness and transparency in relationships with customers, employees, community groups, and governmental organizations
- Promote diversity in the workplace
- Help communities solve their social problems
- Consult with community residents on business plans and strategies

Governance

1. Every year, the CSR and Sustainability Committee will place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.
2. The Corporate Management Committee (CMC) will assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons or bodies as it may deem fit.
3. The persons/bodies to which the implementation is assigned will carry out such CSR Programmes as determined by the CMC within the specified budgets and timeframes and report back to the CMC on the progress thereon at such frequency as the CMC may direct.





4. The CMC shall review the implementation of the CSR Programmes once a quarter and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
5. Once every six months the CMC will provide a status update to the CSR and Sustainability Committee on the progress of implementation of the approved CSR Programmes carried out during the six month period. It shall be the responsibility of the CSR and Sustainability Committee to review such reports and keep the Board apprised of the status of implementation of the same.
6. At the end of every financial year, the CSR and Sustainability Committee will submit its report to the Board.

CSR expenditure :- CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the approved CSR Plan. Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

7. Methodology of Corporate Social Responsibility CSR is the procedure of assessing an organization's impact on society and evaluating their responsibilities. It begins with an assessment of the following aspects of each business:
  8. Customers
  9. Suppliers
  10. Environment
  11. Communities
  12. Employees

CSR plans take organizations ahead of compliance with legislation and lead them to respect moral values and respect people, communities and the natural environment. Corporate social responsibility is sustainable – involving activities that an organization can uphold without negatively affecting the business goals. CSR is not only about ecological accountability or having a recycling policy. It is about considering the whole representation of the company, from internal processes to your clients, taking in every step that a business takes during day-to-day operations. Rising economies such as India have also observed a number of companies enthusiastically engaged in CSR activities. Organizations in India have been quite sensible in taking up CSR initiatives and integrating them in their business processes. It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their



businesses, it is also important to shape responsible and supportable relationships with the community at large. Companies now have specific departments and teams that develop specific policies, strategies and goals for their CSR programs and set separate budgets to support them. Most of the time, these programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain.

#### EXAMPLES OF CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

##### Anand Corporate Services Limited

Anand has a longstanding commitment to addressing the needs of the society, in view of its belief that for any economic development to be meaningful, the benefits from the business must trickle down to the society at large. Anand is of the firm view that the corporate goals must be aligned with the larger societal goals. 25 years ago, the SNS Foundation, an expression of Anand's corporate social responsibility, was born. The objective of SNS foundation was comprehensive community development. The Foundation has created programs in the fields of health, education, natural resource management and life skills training, only to make sure that fellow humans could breathe easy.

The long term goal of Anand CSR is to implement concepts like 'Zero Tolerance Zone for Child Labour', 'Zero Waste Zone' using strategies like Reduce, Recycle and Reuse not only at Anand/SNSF locations but extend to Anand residential areas.

##### Aptech Limited

Aptech Limited, a leading education player with a global presence, has played an extensive and sustained role in encouraging and fostering education throughout the country since inception. As a global player with complete solutions-providing capability, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the underprivileged and conducted training and awareness-camps.

Aptech students donated part of the proceeds from the sale of their art work to NGOs. To propagate education among all sections of the society throughout the country, especially the underprivileged, Aptech fosters tie-ups with leading NGOs throughout the country, including the Barrackpur-based NGO, Udayan, a residential school for children of leprosy patients in Barrackpur, established in 1970. The company strongly believes that education is an integral part of the country's social fabric and works towards supporting basic education and basic computer literacy amongst the underprivileged children in India.



#### Avon Cycle Limited

The poor and ignorant of India's rural population turn to nearest towns and cities for healthcare. They face indifference and exploitation. Hope gives way to despair. This gave inspiration to AVON for locating MATAKAUSHALYA DEVI, PAHWA CHARITABLE HOSPITAL. Mr. Sohan Lal Pahwa, AVON's Chairman and Principal Trustee of the hospital, spent a good part of his working life devoted to philanthropy. The hospital, in its 5th year of inception, has risen to serve a model healthcare facility boasting of some bold experiments in its very early years of existence. Its support since inception has been of the order of Rs. 3 crore to date and it continues uninterrupted. Reaching out to the needy farther afield, the hospital holds regular camps in surrounding villages to propagate scientific approach to healthcare. Recently the hospital took the social responsibility concept a step further and formulated a scheme titled 'Celebrated Female Child' to enable and inspire positive and enduring environment for society's all-consuming passion for 'sons only' to end.

#### CISCO System Inc.

Philanthropy at Cisco is about building strong and productive global communities - communities in which every individual has the means to live, the opportunity to learn, and the chance to give back. The company pursues a strong "triple bottom line" which is described as profits, people and presence. The company promotes a culture of charitable giving and connects employees to nonprofit organizations serving the communities where they live. Cisco invests its best-in-class networking equipment to those nonprofit organizations that best put it to work for their communities, eventuating in positive global impact. It takes its responsibility seriously as a global citizen. Education is a top corporate priority for Cisco, as it is the key to prosperity and opportunity.

#### ICICI Bank Ltd

The Social Initiatives Group (SIG) of ICICI Bank Ltd works with a mission to build the capacities of the poorest of the poor to participate in the larger economy. The group identifies and supports initiatives designed to break the intergenerational cycle of poor health and nutrition, ensure essential early childhood education and schooling as well as access to basic financial services. Thus, by promoting early child health, catalyzing universal elementary education and maximizing access to micro financial services, ICICI Bank believes that it can build the capacities of India's poor to participate in larger socio-economic processes and thereby spur the overall development of the country. The SIG works by understanding the status of existing systems of service delivery and identifying critical knowledge and practice gaps in their functioning. It locates cost effective and scalable initiatives and approaches that have the





potential to address these gaps and supports research to understand their impact. This is undertaken in collaboration with research agencies, nongovernmental organisations (NGOs), companies, government departments, local stakeholders and international organisations.

#### Infosys Technologies Limited

Infosys is actively involved in various community development programs. Infosys promoted, in 1996, the Infosys Foundation as a not-for-profit trust to which it contributes up to 1% PAT every year. Additionally, the Education and Research Department (E&R) at Infosys also works with employee volunteers on community development projects. Infosys leadership has set examples in the area of corporate citizenship and has involved itself actively in key national bodies. They have taken initiatives to work in the areas of Research and Education, Community Service, Rural Reach Programme, Employment, Welfare activities undertaken by the Infosys Foundation, Healthcare for the poor, Education and Arts & Culture.

#### ITC Limited

ITC partnered the Indian farmer for close to a century. ITC is now engaged in elevating this partnership to a new paradigm by leveraging information technology through its trailblazing 'e-Choupal' initiative. ITC is significantly widening its farmer partnerships to embrace a host of value-adding activities: creating livelihoods by helping poor tribals make their wastelands productive; investing in rainwater harvesting to bring much-needed irrigation to parched drylands; empowering rural women by helping them evolve into entrepreneurs; and providing infrastructural support to make schools exciting for village children. Through these rural partnerships, ITC touches the lives of nearly 3 million villagers across India.

#### Mahindra & Mahindra

The K. C. Mahindra Education Trust was established in 1953 by late Mr. K. C. Mahindra with an objective to promote education. Its vision is to transform the lives of people in India through education, financial assistance and recognition to them, across age groups and across income strata. The K. C. Mahindra Education Trust undertakes a number of education initiatives, which make a difference to the lives of deserving students. The Trust has provided more than Rs. 7.5 Crore in the form of grants, scholarships and loans. It promotes education mainly by the way of scholarships. The Nanhi Kali project has over 3,300 children under it. We aim to increase the number of Nanhi Kalis (children) to 10,000 in the next 2 years, by reaching out to the underprivileged children especially in rural areas.



#### Satyam Computer Services Limited

Alambana (support) is the corporate social responsibility arm of Satyam Computer Services Limited, formed to support and strengthen the vulnerable and underprivileged sections in urban India. Registered as Satyam Alambana Trust in 2000, Alambana aims at transforming the quality of life among urban population. Alambana's services are directed primarily at the disadvantaged sections in all the cities that Satyam has offices in. Volunteers from among Satyam associates and their family members lead the services and perform the required tasks.

#### Tata Consultancy Services

The Adult Literacy Program (ALP) was conceived and set up by Dr. F C Kohli along with Prof. P N Murthy and Prof. Kesav Nori of Tata Consultancy Services in May 2000 to address the problem of illiteracy. ALP believes illiteracy is a major social concern affecting a third of the Indian population comprising old and young adults. To accelerate the rate of learning, it uses a TCS-designed Computer-Based Functional Literacy Method (CBFL), an innovative teaching strategy that uses multimedia software to teach adults to read within about 40 learning hours.

#### Dalmia Cement (Bharat) Limited

The water source for the villages in and around the Dalmia Cement factory is dependent on rains. During summer months, the villagers, particularly women folk, travel long distances to fetch water for drinking and other purposes. Considering the difficulties and hardship faced by the people, the company, after discussing with the village elders and concerned Government authorities, took the initiative of making water available by: Providing deep bore wells. So far, 45 bore wells have been provided in various villages, namely Kallakudi, Palanganathan, Malvoi, Elakkurichi, Muthuvathur, Pullabmadi, Edayathankudi etc. Approximately, 300 to 400 people get adequate drinking water from each bore well. Water tanks to store the water. Rain and seepage water is harvested in the quarries of the company is pumped into a tank and supplied to inhabitants. 44,000 trees were planted and nurtured over a period of eight years. The presence of large trees and vast greenery has considerably improved the ecology in the area.

#### DCM Shriram Consolidated Limited

Shriram Fertilisers and Chemicals, is a unit of DSCL, located at Kota, 475 kms. Over the last 3 decades, various initiatives have been undertaken by the unit, in the Hadoti region (Kota, Bundi, Jhalawar districts) in ICU, ambulances, family planning, medical assistance, schools, scholarships, emphasis on girl child education; water to people and infrastructure.



#### Goodearth Education Foundation (GEF)

Work of GEF was initiated in 1996 with a project in the Rai Bareilly district in Uttar Pradesh. The four-year project covered 63 government schools and benefited 15,000 children. GEF is currently implementing projects in Thane district, Maharashtra (in 56 schools & balwadis), Alwar District, Rajasthan (this Project is being implemented in partnership with the NGO Bodh Shiksha Samiti, covering 71 schools & balwadis) and Solan district, Himachal Pradesh (10 Balwadis). GEF Objectives include providing equal opportunities in pre-primary & primary education to all children, and quality of education by ensuring that it is relevant, effective and activity based.

#### Hindustan Construction Company (HCC)

HCC plays an active role in CSR initiatives in the fields of Health, Education, Disaster Management, and Environment. Disaster Resource Network DRN is a worldwide initiative, promoted by the World Economic Forum (WEF). Trained volunteers and equipment resources from Engineering Construction & Logistics companies will complement the existing efforts of Government, NGO's and International Organizations in disaster management. It was during the WEF annual meet that the massive earthquake struck Gujarat in January 2001. The need for a trained and effective participation from industry was first felt there. The members of Engineering and Logistics segment of WEF came together to establish this network. The idea was further strengthened during the 9/11 incident where again the industry participated in the relief operations. DRN Worldwide was formally launched in New York in January 2002. And shortly thereafter, DRN - India Initiative was launched.

#### India Aluminium Company Limited

The Women's Empowerment project was initiated by Indal-Muri in Jharkhand where the Company operates an alumina refining plant. It was implemented in collaboration with an NGO, CARE-Jharkhand. The central problem this project has attempted to address is the very low socio-economic condition of the rural and tribal population of Silli block caused by low agricultural productivity, lack of or low cash income, unresponsive health/ Integrated Child Development Services (ICDS) schemes. The Project has helped set up around 100 Self Help Groups so far, which are running successfully with members trained in various vocational income-generating skills, agricultural methods for better yields and health care initiatives. About 2000 women have been brought into the fold of this activity helping to improve not just their own lives but the quality of life of their children and families as well.



The Indal Women's Empowerment & Child Care project employed integrated package of strategies and interventions, such as: Establishment and Strengthening of Self Help Groups (SHG) in 30 strategically selected villages; Promotion of Nutrition Gardens and improved land / agricultural and natural resource management practices; and Creation of demand for improved ICDS/ health services through Self Help Groups and strengthening ICDS/ Health Department's service delivery

JCB India Ltd.

JCB India adopted a Government school, in the vicinity of the company premises as its social responsibility. They strongly believe that children are the foundation of our nation and they could be helped, we could build a better community and society tomorrow. The reason for adopting this particular school was the poor management of the school in terms of infrastructure, resources and quality of education. The company's commitment to the school goes much beyond just providing monetary support towards infrastructure and maintenance of school building.

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