

CORPORATE SOCIAL RESPONSIBILITY - THE NEW DIMENSION TOWARDS SUCCESSFUL COMPANY

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Abstract: *“Corporate Companies means Profit or Money minded” - this is the statement comes in everybody’s mind when somebody mentions corporate. For the past three decades the trend has changed , since every company do engage in some social activities according to their ethics framed in the policy. Companies are very much aware that their way of success lies in earning the trust of their customers and this can be done by taking care of the societal needs. When companies take care of the society and the society takes care of the company this had lead to frame a coin of Corporate social Responsibility. Further, the new law under the Indian Companies Act, 2014 makes mandatory for all the companies with net profit of five crores or more shall spend 2% towards social activities. This has made lot of companies to indulge in CSR activities, for most the companies do not know from where to start the activities as the law does not mention the list of activities to be carried on. This paper aims at studying and analyzing the growing trends of Corporate Social Responsibility.*

Keywords : *CSR, Corporate Social Responsibility, CSR in Developing Countries, ASSOCHAM, UNIDO.*

1.. INTRODUCTION TO SOCIAL RESPONSIBILITY

Social Responsibility is an ethical or beliefs theory that an entity, whether it is a government, a corporation, an organization or an individual, has a responsibility towards society. In a corporate world social responsibility implies that business corporations have an implicit obligation to give to society. It has been commonly agreed by all the top company executives that profit making is not only sole objective of business. A real success of an organisation can be built only on the foundation of service to society. It is not only a corporate house or business house only involve in social activities but any responsible citizen/ individual can also actively participate in social activities. According to the International Organisation for Standardization (ISO), this relationship to the society and environment in which they operate is “a critical factor in their ability to continue to operate effectively. It is also increasingly being used as measure of their overall performance.”

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1.2. Introduction on Corporate Social Responsibility

CSR (Corporate Social Responsibility) is a concept that implies that organizations that consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. It is a well known fact that the prime objective of business houses is to earn profit and acquire wealth. Thus the prime objective of making money/ profits is not only for survival but also for growth. Though profit making is an important task of business houses, a company survives, makes money only in the existence of society. A business house is a part of society; it is a community of human beings. After fulfilling the primary objective of making profits, it becomes necessary for the business houses to do good activities towards the society. Since business owes an obligation to the community in which it functions.

2. CONTRIBUTION OF ASSOCIATIONS TOWARDS CSR

2.1. ASSOCHAM and Corporate Social Responsibility

Associated Chambers of Commerce and Industry of India (ASSOCHAM) is a chamber where it has more than 400 trade associations and serving more than 4,50,000 members from all over India. It has contributed significantly an important role in shaping up the trade, commerce and industrial development of the country. ASSOCHAM, in its mission to foster balanced economic, social and industrial development, has formed the ASSOCHAM FOUNDATION FOR CORPORATE SOCIAL RESPONSIBILITY (AFCSR). The foundation aims at taking ahead the objective of CSR to embrace responsibility for the company's actions and to encompass a positive impact on the environment, economical and social aspect of the community at large. The foundation is intended to be the most inclusive and culturally competent centre for the poor and backward society of the country. ASSOCHAM has been organizing the "ASSOCHAM CSR EXCELLENCE AWARDS" since the last seven years. The governance mechanism in organizations process. With the global business market moving towards the concept of Responsible Citizen, by demonstrating its initiatives on sustainability and CSR, also in the light of new development in the form of Companies Act, 2013, apart from creating wealth for the society, ASSOCHAM too feels that in view of the emerging regulatory and market imperatives, it is necessary to change with time and accordingly redefine the category of the awards that would be more appropriate from the present business context to ASSOCHAM CSR AWARDS. The objectives AFCSR are to assist projects, programmes and schemes for the upliftment of poor and backward section of the nation in educational, social and economical aspects. It also assists in the policy making agencies in the formulation

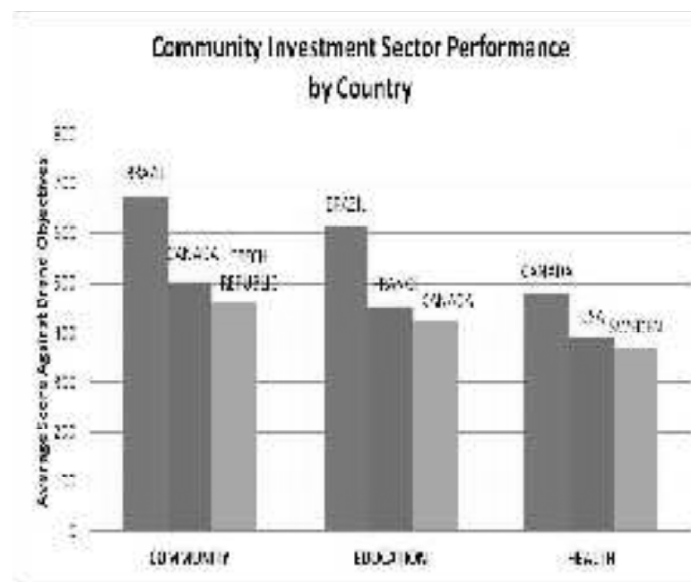
of constructive policies for the development of corporate social responsibility initiatives and programmes.

2.2. United Nations Industrial Development Organisation (UNIDO)

UNIDO is the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. UNIDO the organization's programmatic focus is accordingly structured in three thematic priorities, each of which represents different aspects of inclusive and sustainable industrial development (ISID) :

- **Creating Shared Prosperity:** The international community is committed to achieving the Millennium Development Goals (MDGs) by 2015 and, in particular, to halving the proportion of the world's poor whose income is less than one dollar a day. The reduction of poverty through productive activities supports the efforts of developing countries in addressing this challenge. It also addresses the closely related MDG of promoting gender equality and empowering women as effective ways to combat poverty, hunger and disease.
 - **Advanced Economic Competitiveness:-** Ensuring that CSR supports, and does not undermine the development of small and medium sized enterprises (SMEs) in developing countries is crucial to meeting the goal of improving the impact of business on society.
 - **Safeguarding the Environment :-** UNIDO play a vital role in safeguarding the environment by improving the environmental performance of existing industry and fostering new industries delivering environmental goods and services. This helps countries achieve sustained economic growth and human development within planetary boundaries.
- 3. The Indian Companies Act, 2014:** After lot of commotions and Confusions, finally the Indian Companies Act 2013, was passed by the parliament to promote the long pending demand of various activists ie, Corporate Social Responsibility. Every company having net worth of rupees five hundred crores or more turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a corporate social responsibility committee of the board consisting of three or more directors, out of which at least one director shall be an independent director. The CSR committee shall formulate and recommend to the board , the activities to be undertaken by the company, recommend the amount of expenditure to be incurred on the activities and also monitor the corporate social responsibility policy of the company from time to time.

4. **Corporate Social Responsibility and the Developed Countries:** An important part of CSR is to take care of the society where it prevails. The positive impact should be more rather than the negative impact on environment factors such as polluting the air, land, water, noise and light. In reality this is just the opposite, but now a days corporate are much very much aware of these disasters they are causing and in turn they are reducing them. Many advanced countries are shifting their polluted business to other parts of the world where there are less stringent environmental and social standards prevail. For example, ship breaking yards which is banned in many developed countries still exists in Bangladesh, Turkey and Pakistan because of the high toxic materials there by causing serious health hazards.

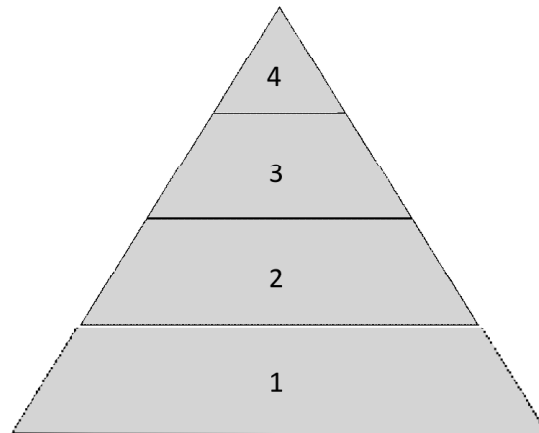


**Source:<http://3blmedia.com/News/CSR/Countries-Where-CSR-Activities-Rank-Highest-Against-Brand-Objectives>

5. **Sponsorium Report:** It is a report which shares the actual data from the cloud based PerforMind management software, which brands from around the world used to manage, evaluate, and report on their activities. The data and insights are presented through two interactive editions, one for sponsorship, and one community investment. In a further analysis of Score against brand objectives and Geography within CSR, the SPONSORIUM Report show the countries score highest based on the largest grouping of Community Investment sectors: Community (Environment, Disaster Relief, etc), Education/Youth, and Health.

Canada is the only country that scored in the top three for all of these sectors, but the United States had the highest volume of activities.

6. **Carroll's Pyramid on Corporate Social Responsibility** : Although the concept of corporate social responsibility is there for the past few decades, the modern CSR has its origin in Archie Carroll's "Pyramid of Corporate Social Responsibility". The Pyramid has four main responsibilities to be undertaken by the corporates. They are, 1. Economic Responsibilities, Legal Responsibilities, Ethical Responsibilities, Philanthropic Responsibilities. These four responsibilities can be explained as follows. 1. Economic Responsibilities are the primary objective of the company ie to make profit, 2. Legal Responsibilities is to obey the law prevailing in the society/country etc. 3. Ethical Responsibilities mentions the ethics to be followed in business, providing quality goods at correct price, 4. Philanthropic Responsibilities includes the amount spent for or activities undertaken for the upliftment of the society.



Source: Carroll's Pyramid of CSR(1996)

1. Economic Responsibilities

2. Legal Responsibilities

3. Ethical Responsibilities

4. Philanthropic Responsibilities

7. **Various Corporate Responsibilities of Corporate**: As the saying goes, "Charity Begins at Home" the same is for Corporate Social Responsibility should start from within the organization.

7.1. Responsibility towards Shareholders: Corporate get their main funding from shareholders. It is the duty of the corporate to utilize their money in proper manner. So ensuring fair return and safety of investment of

shareholders and steady appreciation of their investment itself is the responsibility.

- 7.2. Responsibility towards Employees: Employees are the back bone of any organisation, giving right wages and salaries, safe and good working conditions, proper training and promotion to employees becomes the part of social responsibility.
- 7.3. Responsibility towards Customers: Customers are the key players in any company, they have the power to raise the company and the same time they can bring down the company too. Supplying quality goods at right price and right time keeps the company image and profit at the top. False advertising, adulteration, hoarding of goods should be totally avoided.
- 7.4. Responsibility towards Government: When a normal citizen itself has the responsibility to pay the taxes regularly to the government, it becomes more responsibility of the corporate to pay their taxes honestly and in time. Bribing, Undervaluing and Corruption should be totally avoided.

8. CONCLUSION

The era of twenty first century is of Corporate Social Responsibility, as companies those want to survive will have to realize the importance of CSR and thus implement the same. The governing body or the committee members of CSR should be have the list of activities to be taken by the corporate, the funds allotted for the activities, separate department for monitoring the activities, awareness camps about CSR activities. A separate audit to be conducted periodically to check the activities done and the impact on the sales there upon. This enables the corporate to balance the primary activities and also responsible to the society. To conclude corporate social responsibility should trigger from within themselves rather than forcing or implementing strictly by the government.

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