

Corporate Social Responsibility: A Way ahead to sustainability of corporate world

Abstract.

Though the concept of corporate social responsibility (CSR) is taken from strategic management, concerned for the philanthropic and charitable work of the company for the betterment of the internal as well as external stakeholders of an organisation. So it would be imperative for the company to set the prime objective, responsibility and accountability to do some charitable and philanthropic work for their psycho-social development. So far sustainability of an organisation is concern, it would be imperative for them to adopt and implement the corporate social responsibility policies in their operations in accordance to the guidance of regulatory bodies. Although we all aware that strategic planning of companies on environmental and organisational appraisal gives the answer of some pertinent questions like: what an organisation 'might and can do', where personal values justified what an organisation 'want to do 'and social responsibility along with business ethics tells what an organisation 'ought to do'. So in this context through CSR an organisation makes the balance among social, economic, and environmental aspect of an organisation i.e. called the "Triple-Bottom-Line- Approach". So that it would be imperative for an organisation to differentiate CSR as a part of strategic business management concept, as well as CSR as a charitable work, in the way to work as poverty alleviation and other social well being for the downtrodden people of the society. Wherein people have no hope for their growth and development. In such circumstances corporate social responsibility works as an effective management tool to overcome the negative impact of a crisis. Through which company achieve and enhances their goodwill among the global business arena. This research study emphasis the rationality of CSR and Sustainability of corporate organisation in the changing landscape of business arena.

Keywords: *Corporate social responsibility, Sustainability. Triple Bottom line approach, strategic planning, Environmental and organisational appraisal*

Sunil Kumar - (Research Scholar) & Dr. Sapna Sugandha - (Associate Professor.)
Department of Management Sciences, Pandit Madan Mohan Malviya School of Commerce
and Management Sciences, Mahatma Gandhi Central University, Motihari.

1 Introduction:

According to Immanuel Kant result of any work could not judge at what extent level of work done in good manner but it is only motivated by the praiseworthiness of the intentions. While Ratan Tata, Chairperson of the Tata groups of the company said that sense of work of welfare activities for the communities should be leave in the DNA of the company. And it would be imperative for the company that they actively participate in the project of the CSR as their personal sense of understanding. In relation to CSR, the stakeholder theory of Freeman (1984) focused on the fulfilment of organisational objectives in terms of profits. It means that the first priority of the organisation is to get the profit from their business to make their business functional. Profit-maximizing CSR perspectives of the organisation always focus on the social and environmental costs of the company and benefits to maximize their value (Bowen 1953; Callens and Tyteca 1999; Drucker 1984; Gladwin et al. 1995; McWilliams and Siegel 2001). While Maignan and Farrell in 2004 define that the CSR is concerned for the satisfaction of stakeholders' demands. Whereas Carroll, (1979; 2008) asserted that at a given point of time CSR must Satisfy the ethical, legal, discretionary and economical perspectives of the organisation. While in the words of (Bowen 1953; Carroll 1999, 2006; Crane and Matten 2007; De Bakker et al. 2005) CSR is type of company voluntary contribution for the sustainable development of the society and organisation at large beyond the litigation. In the words of European Union companies encompass the social and environmental dimensions of the CSR policy by the support of stakeholders of the company on voluntary basis. And again 2001 commission said that meaning of CSR goes beyond the compliance of law by fulfilling the legal expectation of the regulatory bodies and nurturing human capital as well as conserving environment. As per Mallenbaker CSR is all about concerned for the managing ability of the

organisation to make their positive impact among the society and business fraternity. In 1999 the World Business Council for Sustainable Development said that CSR means to operate the business organisation in such a manner that consistently fulfilling the expectation of society on the parameter of ethical, legal, commercial by which society has for the business organisation. The council reasserted that company implement the CSR policy in ethical manner by which employees and their family along with concerned local community get benefited to this. Through which they get better quality of life by improving their economic condition. In the words of Kotler, Philip and Lee, Nancy (2005) CSR is a type of organisational commitment by which applying discretionary practices and by contributions of corporate resources in business operation, community get advantage. A successful strategy of the organisation shows the increased growth and value of the organisation in terms of financial performances as well as non financial performance (Schaltegger et al. 2019). A good governance system in corporate affairs is always essential to apply to decrease the situation of information overload and green washing. (Ortas et al. 2017) for the enhancement of company goodwill. CSR also mitigating along with reducing the happening of social risk by applying financial contribution of the company. (Kytile and Ruggie, 2005).

1.2 Purpose of the Research

The purpose of this research is to state that how provision of corporate social responsibility pertaining their significant role to maintain the philanthropic approaches status quo of the organisation .Which is a charitable initiatives not only for the promotion of company goodwill else to protecting the measure of social welfare parameters for the growth and development of the civic society, as well as environment at large by the :(1) Compliance of law and (2) Integrating the issues of socio-

economical, politico-legal, as well as functional strategy .

1.3 Growing importance of corporate social responsibility.

In 2004 European Union Commission published a document which entitled on “Green Paper on Corporate Social Responsibility”. This document presents the facts and figures about to European Organisation where management bodies of the organisation like owners and managers of the organisations treating the CSR as the integral part of their day to day work function of the organisation. Adopting such practices in the organisation play the very pivotal and significant role for the change management of the employees of the organisation. Which bring the radical change in the mindset of the employees as well as management body of the organisation towards the adoption and learning of new kind of managerial skill and competency. Corporate social responsibility playing their significant role in the following manner:

(1) **In the way to accustom with the interest of enterprises** – Corporate Social Responsibility making the margin of safety of the company’s management bodies for their managerial practices towards the adoption of new ideas and concept for the sake of betterment of the organisation as well as the society and environment at large. Through which an organisation enhancing their goodwill among the business arena.

(2) **In the fulfilment of economy interest of the organisation** – Corporate Social Responsibility makes the companies more sustainable and innovative and ethical. This leads to creation of more sustainable economy.

(3) **In the protection of environment and society** – Corporate Social Responsibility makes their ethical values and norms for the betterment and welfare of society and making the balance between the organisation and environment at large. Keeping in view of the Green Paper on CSR of the EU it would be imperative to all the institutions of

the society that they adopt the police of CSR for the Sustainability of society

1.4 Corporate Sustainability at a glance:

The term corporate sustainability is concerned for the policy research about to what public policies ought to achieve. At the cost of ecological health and social equity, economic development of any organisation or institution or society did not bring the long-lasting prosperity of that institution or society. So it will be essential and imperatives for the manufacturing and services proving unit of the society is that they shall minimise and reduce the level of social, economical and environmental risk from the society by doing the some good deed for the peoples of the society as well as for the environment and society at large. Through which people feel safe and blessed by applying those wellness and betterment program in their daily life with new experiences and exposure. Because after passage of decade of efforts to reduction of poverty and hunger from the society many number of countries are still trying hard to come out from the situation of poverty and their malefic effect by applying poverty alleviation program. But they all are still striving for it and endeavouring very hard to cope the situation and circumstances that are prevalent in the society. On the name of Norwegian prime minister Gro Harlem Brundland, in 1983 the United Nation Organisations established a commission as named “*World Commission on Environment and Development*”. And after passage of four year in 1987 commission released its final report as “*Our Common Future*”. Through which the principal inspiration of corporate sustainability taken from Brundtland Commission Report of 1987. This is stated as “*Our Common Future*” that indicate the means of development is not to exploit the resources available in the nature .Which means that development of humanity in present situation and circumstance does not hamper the future demand need of the humanity. It would not be the matter of

compromise in future time of action. So optimum application of available resource would be essential for the each and every stakeholders of the society. In the statement of “our common future” the commission integrated all the stakeholders of society to work in unison mode that not to hamper the existence of future need generation. Corporate Sustainability is considered as holistic approach that encompasses the ecological, social and economic dimensions of any institutions or organisation. Corporate Sustainability based on three pivotal pillar like- Economic sustainability, social sustainability and environmental sustainability. Freeman in 1984 in his stakeholder’s theory stated that the prime objectives of the organisation are to fulfil the organisational objectives in terms of profits. Wherein Economic sustainability entails the economic stability of the firm neither on the cost of poor health of environment nor on the community and another stakeholder of the organisation. Whereas environment Sustainability explain the ecological integrity among all the available resources of the earth ecosystem to replenish and make the balance in human-environment interface. In the Words of famous Greek philosopher Aristotle- *“man is by nature a social animal; an individual who is unsocial naturally and not accidentally is either beneath our notice or more than human. Society is something that precedes the individuals”*. Man cannot sustain their life on the earth alone because they are the part of nature ecosystem. They must follow certain basic and universal practices for the fulfilment of basic need of their family, as well as their own and to keep himself, their family and community healthy, safe and secure and protected from any kind of discrimination the society. In 2010 University of Alberta established an academic advisory committee to define the meaning of sustainability. This commission put forth the literal meaning of sustainability that is based on the concept of optimal application of available physical, natural and social resources by which human being embedding them and thriving in perpetuity.

1.5 Relating CSR and CS

Gro Harlem Brundland (1987) landmark report of World Commission on Environment and Development “Our Common Future” Stated the environment issues and their relationship with social and economic development of the organisation. The brundland report (1987) of world commission on “environment and development” put forth the rational notion of sustainable development. Which indicate that development means optimal usage of available natural resources that could not exploit the future generation need. “Whereas ‘sustainability’ encompasses the social, economical, and environmental aspects of the society. Whereas PricewaterhouseCoopers stated that by adding social, economical and environmental value to organisational product and service satisfaction of stakeholders’ expectations is considered as sustainability. Gro Brundland approach aligning CSR as a process to achieve the corporate sustainability as a goal to move towards the sustainable development of the society.

1.6 Benefits of Implementing Corporate Social Responsibility:

There are several organisational factors which stimulate the organisation to adopt CSR policy framework work for their organisational sustainability. According to Haigh and Jones (2005) there are six vital factors that are principally stimulating the organisation to implement the CSR policy for the wellbeing of the social demographic dividend, which are as follows: Institutional investors, Competitive dynamism, intra-organisational factors, end-users, Regulatory body and NGOs. These six factors playing their very significant and critical role for the adoption and application of CSR project by the organisation .While Michel Hopkins (2003) suggested that Companies should not have expectation of any kind of reward or

benefit, when they are adopting and implementing the CSR policy for the betterment and wellness of peoples of the society. While literature survey in international context explaining some generic benefits like as:

1) Improvement in the financial performance of the companies (Schiebel and Pöchtrager, 2003)

(5) Access to capital (Epstein and Roy, 200). Whereas Arlow and Gannon, in 1982 stated that Corporate Social Responsibility means different things for the different parties or stakeholders. While in the words of “Palazzi and Starcher, 2001; Secchi, 2004; Gianakopoulou *et al.*, 2016, companies integrating the CSR provision in their organisation in unique manner to establish their role that they are to contributing their role for the betterment of the peoples of the society. And stakeholders of the company never ever totally understood about to capability of cooperation of the organisation, competitive positioning of the organisation in the competitive business world or any kind of tradeoffs organisation must make. (Porter and Kramer, 2006), thus companies become more responsible towards the stakeholders expectations and dedicated to devote more resource for the betterment of stakeholders of the organisation (McWilliams and Siegel, 2001).

2 Review of literature:

According to Vethirajan.C, Ramu.C (2019), FMCG companies should have customer knowledge on legal, ethical, and economic responsibility as an integral part for the corporate sustainability. Again Vethirajan.C, Ramu.C (2019), reasserted that CSR focus on production of goods and services in sustainable manner by ensuring stakeholders equality. Whereas Ashish Baghla (2018), stated about to make the reliable and best Indian economy, organisations shall focus on to support the various social dimensions of the society towards the economic, environmental and social parameter. While Kumar, Sachin in 2015, describe that CSR

2) (2)Increased ability of the organisations (Schiebel and Pöchtrager, 2003)

3) Reduced operating costs of the organisations (Schiebel and Pöchtrager, 2003);

4) Increased goodwill of the organisations (Schiebel and Pöchtrager, 2003)

will be the matters of execution of green marketing concept through which it is associated with. Singh anupam and Verma priyanka in 2014 focus on the Mandatory payment of 2% Net worth contribution for the companies in CSR policy to support the society wellbeing. Dhingra Deepika and Mittal Rama in 2014 said that, working behaviour of Banks shall be in the way of triple bottom line path, for the betterment of social circumstances. In the meanwhile Prakash Jagdeesh and Naresh Suparna in 2014 highlighted their research outcome on various issues such as (1) whether CSR is genuinely done or used to establish the company goodwill? (2) And at what extent level it helps the company to become different from another. Benjamin James Inyang in 2013, emphasis that SMES shall focus on the wellbeing of the society as well as they shall take initiatives for the betterment of employees, protection of environment and customer satisfaction. In 2013 Wesley, A. et.al, emphasis that CSR need to be re-conceptualized due to the range of forces like political, institutional, economic and social. Krishna Kumar Shah in 2012 emphasized that how corporate organisation working for the development of society and helping the government and other social institutions to tackle the environmental, unemployment, and poverty, like problems . According to Kim, Jong-Keun (2011), CSR very pertinently works to manage the different stakeholders group.

3 Method of Research Study: The method that is justifying this study is based upon concept basis and the data that are presented in this paper is secondary in nature by which research outcome concluded.

3.1 Objective of the study:

- (1) To accustom with the implication of CSR in relation to industrial sustainability.
- (2) To understand whether there is conceptual or logical relationship existing between them or not.

4. Corporate Social Responsibility in India.

The company act 2013 is the governing act of the CSR in India. That control and govern the CSR affairs of the company. According to clause 35 and schedule 7 of the company act 2013 all those companies whose annual turnover is Rs-1,000 crore and more or whose net worth of Rs- 500 crore or more or having annual net profit of Rs – 5crore and more, shall necessarily and mandatorily contribute 2% of the above mentioned parameter to CSR fund for the minimisation of social problem of the society as well as to maintain the company goodwill in context to stakeholders, environment and society. They also set-up the committee for the implementation of CSR policy among the organisational groups in which one independent Directors mandatorily playing their role in that committee. According to Survey Report of KPMG, India's CSR contribution is 27% in 2015, which is maximum among 45 countries.

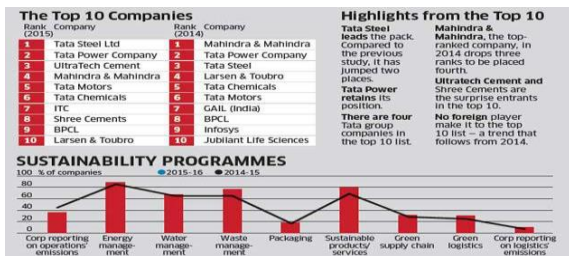


Figure. 1 (Source: India CSR News, September 2016)

Figure 1: depicting the CSR Expenditure data of 173 companies on year 2014-15, was RS

5752/- crore. It was Rs 33.25/- crore average expenditure of per company. This reflects the average CSR spending as 1.4% of the profit after tax of the company. This is much lower than the government provision of 2% allocation of the CSR. of the company annual net worth. Wherein more than 39% of company focused on Swachh Bharat Mission project and 59% of companies focusing on solar energy project. While merely top 36% of 200 Indian companies disclosed their data on Green House Gases emissions as well as 54% of the companies participated in the Carbon Disclosure Project (CDP). While education and healthcare projects have largest contribution 54% of total CSR expenditure in that year. Whereas no CSR contribution on women empowerment, support of senior citizens and armed forces. (India CSR News, September, 2016). Figure number 2. Illustrating the CSR expenditure of Indian PSU companies.

CSR expenditure for the Financial Years 2014-15 to 2018-19

Nature of Companies	Year of Filing									
	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19	
	No. of Companies	Total Amount Spent (in Cr.)	No. of Companies	Total Amount Spent (in Cr.)	No. of Companies	Total Amount Spent (in Cr.)	No. of Companies	Total Amount Spent (in Cr.)	No. of Companies	Total Amount Spent (in Cr.)
PSU	493	2,816.82	532	4,214.67	546	3,295.98	527	2,553.36	609	3,835.87
NON PSU	16,055	7,249.11	17,758	10,302.52	18,993	11,033.55	20,870	11,067.15	24,293	14,817.44
Total	16,548	10,065.93	18,290	14,517.19	19,539	14,329.53	21,397	13,620.51	24,902	18,653.31

* Number of companies in the Table include companies which are eligible for CSR. The figures are as per the filings made by the Companies upto 31st March, 2020.

Figure number 2 (Data source: Ministry of corporate affairs).

Figure 3: CSR expenditure of Govt. and Other than Govt. Companies for the financial 2016-2017 to 2020-2021

Companies	CSR expenditure in Crore				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Govt. company	3296 (23%)	3650 (21%)	4206 (21%)	5242 (21%)	561 (6%)
Other than Govt. Company	11048 (77%)	13447 (79%)	15943 (79%)	19447 (79%)	8267 (94%)
Total expenditure	14344/-	17098/-	20150/-	24689/-	8828/-
Listed Company	1968 (10%)	2113 (10%)	2326 (9%)	2808 (12%)	527 (33%)
Non-Listed Company	17584 (90%)	19404 (90%)	22773 (91%)	19723 (88%)	1092 (67%)

Total number of company	19552	21517	25099	22531	1619
-------------------------	-------	-------	-------	-------	------

5 Global Guidelines on CSR

In 2011 Human Right council of United Nations adopted the Guiding Principles on Business and Human Rights which is rest on three guiding principle:

- (1) It is the duty of the state to protect the interest of shareholders, environment and society at large
- (2) Corporate institutions respect the principle and policy of regulatory body that they framed.
- (3) Corporate institutions shall also work for the remedial measure of triple bottom line parameter.

In the area of environment protection and conservation Organisation for Economic Cooperation and Development (OECD) proposed the code of conduct for the multinational enterprises as well as trade union to work against the corruption as well as to work for the customer satisfaction. This guideline recommends the foreign supplier and investment of overseas parties. ILO (1919) introduced the minimum social standards for the companies around the world to prevent the gaining competitive advantages by violating workers' rights. This is based on these basic principles:

- (1) It is the workers/employees freedom to associate against the work of malpractices and corruption and rightfully bargain their behaviour collectively.
- (2) Forced labour shall be the matter of elimination from the institutional work. No forced labour shall render their duty within the organisation premises. To do so is matter of legal apprehension and litigation.
- (3) Child labour shall be the matter of abolition from the work place. No any organisational set up shall prefer the child labour to their any kind of working function. If any company is doing so, that will be the matter of cognizable offence and company shall be solely

liable for the any kind of punishable offences.

- (4) Organisational work shall be based upon the principle of right to equality. It means that no company shall make any discrimination against the work behaviour of female and male at the same level of work position.

6 Findings

Key finding to research study based upon through study of survey. This is based upon the outcomes/findings researcher had obtained in their research paper. Some researcher stated that corporate social responsibility pertaining very significant role for the growth and development of organisation, society and environment at large while some researcher asserted that the prime objective of corporate social responsibility is obtain the firms profit. In many of the researched outcome of the researcher reveals that the provision of philanthropic and charitable work by the organisation like –corporate social responsibility always proven beneficial for the overall growth and development of society in many facets like health, education, infrastructure building, and so on and so forth. This research paper exhibiting that some Indian company like TATA, Ultratech, Mahindra, Infosys, GAIL, and many more company are very actively engaging in the CSR project activities. Besides this India's contribution in the world CSR contribution scenario is just like considered as emerging market economy and his contribution is first rungs of the CSR and European and USA based companies are considered as on apex.

7 Discussions

In this research study almost every one researcher and academician stated that company shall implement the provision of CSR for the betterment of environment, society and shareholders at large. Vethirajan.C, Ramu.C (2019), suggested some parameters for the FMCG companies

that they should build-ups the knowledge on legal, ethical, and economic aspect of an organisation to adopt it as a integral part for the corporate sustainability. Again Vethirajan.C, Ramu.C (2019), they asserted that CSR should focus on production of goods and services in sustainable manner by ensuring stakeholders equality. While Kumar, Sachin in 2015, describe that CSR is a matters of green marketing concept through which it is associated with. whereas Singh anupam and Verma priyanka in 2014 emphasis on the Mandatory payment of 2% Net worth contribution for the companies in CSR policy to support the society wellbeing. While Krishna Kumar Shah in 2012 suggested for the company to work for the development of the society in collaboration with government for the tackling of environmental, unemployment, and poverty, like problems. And Kim, Jong- Keun (2011), asserted that company shall very pertinently works to manage the different stakeholders group by implementing CSR provision in the institutions. So all the researcher shall asserted that company shall make provision for the implementation of CSR allocation for the well being of all the wings of triple bottom line.

8 Conclusions:

After through study of several numbers of researcher contributions in this area of research it has been concluded that for the holistic development of society, institutions and environment at large business house should implement the provision of CSR as the integral part of their business operations including the all stakeholders of the business environment. Because organisations must realise and ensure that policy making body might not be capable enough to cope up the social, environmental and economical challenges of the society, especially for the people of the downtrodden segment of the society where peoples are sustaining their life not on the cost of bread and butter wherein companies makes their operations functional and profitable. For that their

contribution as a CSR fund absolutely helps them to overcome the existing situation and circumstance of people of such segment of society. According to Michael Porter Company will not sustain in the long run unless and until they not do the good deeds for the betterment and welfare of the peoples of the under privileged section of the society even though they contributing lot of money and just doing good not make them successful and their shareholders lose the trust for them. So it would be imperative for the company to work in tandem with the regulatory body that they generically work for the philanthropic and charitable work for the betterment of the environment, shareholders and society at large

9 Limitations:

This research study is conceptual in nature. And the data, information, and Knowledge presented in this paper may not sufficient to reveal the actual result. So in this context further more extensive empirical based study is requiring to find out the actual result. Hence other research area is open for the better experiences and finding.

References:

1. Bojar, E.; Bojar, M.; Z' elazna, A.; Blicharz, P. (2012). Eco-Management in Polish Companies. Problem of Sustainable. Development, vol. 7, Pp107-113.
2. Carroll, A.B. (1979). A Three Dimensional Model of Corporate Social Performance. Academic Management Review, Pp 497-505.
3. Donaldson, T.; Preston, L.E; (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. Academy of Management Review, vol. 20, Pp 65-91
4. Glavas, A. (2016) Corporate Social Responsibility and Organizational Psychology: An Integrative Review. Front. Psychology. vol.7.

5. Gossling, T.; Vocht, C; (2007) Social role conceptions and CSR policy success. *Journal of Business Ethics*, Vol. 74, Pp363-372.
6. Hawken, P; (1993). *The Ecology of Commerce*; Harper Collins: New York, NY, USA.
7. Hopkins, Michael; (2010) *A Planetary Bargain: Corporate Social Responsibility Comes of Age* (Macmillan, UK, 1998; updated and re-printed by Earthscan, 2003 and again reprinted by Routledge, UK.
8. Lee, M.D.P. (2008) A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International Journal of Management Review*, Vol.10, Pp 53-73.
9. Lawrence, A.T. Weber, J; (2008). *Business and Society. Stakeholders, Ethics, Public Policy*; Mc-Graw-Hill Irwin: New York, NY, USA.
10. Miles, M.P.; Munilla, L.S.; Darroch, J; (2008). Sustainable corporate entrepreneurship, *International Entrepreneurship Management Journal*, Vol.5, Pp-65-76.
11. Porter, M.E.; Kramer, R.K; (2006) *Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility*. *Harvard Business Review*, Pp 78–93. Available online: <https://hbr.org/2006/12/strateg-and-society-the-link-between-competitive-advantage-and-corporate-social-responsibility> (accessed on 15 January 2020).
12. Strand, R; (2013). *The Chief Officer of Corporate Social Responsibility: A Study of Its Presence in Top Management Teams*. *Journal of Business Ethics*, vol.112, Pp721-734
13. Wood, D.J ;(2010) .Measuring corporate social performance: A review. *International Journal of Management Review*, vol. 12, Pp 50-84
14. Zelazna Anna, et.all (2020) *Corporate Social Responsibility towards the Environment in Lublin Region, Poland: A Comparative Study of 2009 and 2019; sustainability; MDPI*.