



## CSR: Innovative Tools – A Need of Today

### KEYWORDS

Corporate Social Responsibility Introduction, Innovative Tools & there Implementation in Organization, Triple Bottom-line, Social Responsible Investing, Code of Conduct

**Raghvendra Singh Sisodia**

Research Scholar, Mewar University, Chittorgarh

**Dr. Snehal Maheshkar**

Research Supervisor-Mewar University, Chittorgarh

### ABSTRACT

Corporate Social Responsibility has been defined by the World Business Council for Sustainable Development as "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 is seen as having five themes: 1) human rights, 2) worker rights, 3) environmental impact, 4) community involvement, 5) supplier relations and monitoring. Companies are expanding CSR from reactive – "give back" and "do no harm" – to proactive. They are seeking and finding ways to generate both financial return and broader social benefit. Activities in Corporate Social Responsibility (CSR) range from single-issue events to integrative triple-bottom-line approaches. Considering the latter provides a multitude of innovative tools with differing intentions, qualities and application scopes. The present paper is conceptual in nature and focuses on different CSR innovative tools implemented by the organizations.

### Introduction

PM's Word of Advice to Corporates

"IF those who are better off do not act in a more socially responsible manner, our growth process may be at risk, our polity may become anarchic and our society may get further divided...I invite corporate India to be a partner in making ours a more humane and just society". — Prime Minister Dr Manmohan Singh.

Corporate Social Responsibility is a form of corporate self-regulating integrated business model. It is also known by different names such as corporate responsibility, corporate citizenships, responsible business, and Sustainable responsible business and corporate social performance. Under CSR companies are supposed to voluntarily adopt self regulating standards whereby they can monitor and ensure their function according to law, they follow ethical standards and international norms. As the working of the companies has the impact on the environment, consumer, employees, communities, stakeholders and all other members of the public sphere, it is their moral responsibility to take into consideration of their interests. Under the prevailing scenario of ever-degrading environment, health hazards and security scams, Organizations are expected to promote the public interest by encouraging community growth, development and voluntary elimination of practices that harm the public sphere. In short we can say, CSR calls for the care of people, planet and profit by the business.

Corporate Social Responsibility must be seen by the companies as a responsibility not imposed by outside forces but guided by conscience and the best practices of giving return back to the society, people, communities, and environment what they took from them.

Corporate social Responsibility is buzz word now a day. It seems something giving back to the society where an organization exists. Business houses do business ethically while creating favorable conditions to its society and Environment. Because it is the society where business live. Now day each and every organization no matter the size of the organization is engaging in doing some socially. The question arises how and why these organizations are doing such activities. Well it's the business, which depends upon the community. Indian companies have become more aware of their role in CSR initiatives in the last few years. Society will be benefited by environmental consciousness in the form of maintenance of parks and roads, providing primary education and training are the major investment areas of CSR. In this paper I seek to bridge the macro concept of CSR with micro research in

organizations. An article is presented where we can see the innovative tools and the study reveals that how an organization will take initiative to do the CSR activities to regulate the CSR activities in the organization there are various standards or tools on the basis or by getting the certification of that tools will increase the status of organizations. There is Following Certification as follows:

### 1. Forest Stewardship Certificate

It is the standard which is announced during the year 1993, for promote the responsible management of the world's forest because customers around the world adopt the product which is socially and environmentally responsible forestry. It is a voluntary and market based tool that helps how forest are beneficial and managed to meet the social, economic needs for today and tomorrow. People always engage in purchasing of product which is environmentally preferable thus it increases socially responsible business and develop the market for environmentally preferable products.

BILT is the first Indian paper manufacturer based on virgin pulp to got the Forest Stewardship Council Certificate. ITC India's largest paper and paperboard manufacturing company was awarded the FSC Certificate in sept 2009. ITC, India's one of the leading company is the leader in the area of sustainability, Along with being India's first company to be invited as a member of the WWF's Global Forest and Trade Network. South-based recycled paper mill Servalakshmi Paper Ltd, which produces 12% paper of India is an engaged in the business of manufacturing printing and writing paper and newsprint, achieve the Forest Stewardship Council certificate.

### Benefits to the Society

- This Certificate provides a bridge between management of forests and the ethical production, manufacturing and marketing of wood based products.
- It will help the company to build the brand association and reputation world widely.
- FSC certification assures that paper and wood products come from environmentally and socially responsible sources.

### 2. Fair Trade Certification

Fairtrade Certification is new term in India it is also know as Fair-trade. It is the tool on the basis one can identify that the product is met the environmental, labour and developmental standards. Fair trading is different from the ethical trading, because ethical trading mainly focuses on how to manage the social condition of the production and in Fair trade the

main Focus is given to trading relations, continuity of income and working conditions through sustainable development. It is a social movement who's objective to help community by increasing their sustainability. Fair Trade is a win-win for all corporate, producers and consumers. This tool is beneficial for corporates to get brand respectability, for producers to get their return on investment and for the consumer the satisfaction of buying ethical product.

In India companies like Himalaya Drug Company are in the race for getting fair trade certification .Fair-trade labeling organization international (FLO), is the certifying body for Fair Trade products. Now a days a consumer is not only looked about the brand and quality of the product but also shows their interest in the ethical aspect of the product such as the human appeal like that is company is engaging in some socially welfare work while earning profits, They will prefer the products of that company. Some of the organizations are engage in dealing Fair Trade movements like Fair-trade Labeling Organization, Max Havelaar Foundation, International Federation of Organic Agriculture Movements that guarantees small farmers for providing fair price for their produce etc. Indian Companies like ITC, Fair & Lovely and many more has got the Fair Trade Certification.

**Benefits to the Society**

- Fair Pricing and Living Wages
- Fair Trade Premium
- Community Empowerment
- Quality Assurance & Standards
- To create profitable, sustainable jobs.

**3. UN Global Compact**

It is the tools which initiated by the United Nations to encourage business houses to implement sustainable and social responsible life. Global Compact is set of principles and It was first introduced by the UN Secretary General Kofi Annan .As per this standard of Global Compact, A organization should support and respect the protection of internationally announced human rights and make sure that they are not complicit in human right abuses Global Compact encourage the development and diffusion of eco-friendly technologies. The Ten Principles of the UN Global Compact as follows:

HUMAN RIGHTS	1. Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence. 2. Make sure that they are not complicit in human rights abuses.
LABOUR RELATIONS	3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining. 4. Encouraging and eliminating of all forms of forced and compulsory labour 5. Elimination of discrimination in respect of employment and occupation. 6. Effective elimination of child labour.
ENVIRONMENT	7. Business should support a precautionary approach to environmental challenges. 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage development and diffusion environmentally friendly technologies.
COMBATING CORRUPTION	10. Business should work against all forms of corruption including extortion and bribery.

**4. Social Accountability 8000**

It is one of the tools for implementing the social initiative in the business. This international adopted standard for social accountability formulated by council on economic priority accreditation agency. SA 8000, It is being used for ethical practices in the organization and to make sure that quality of standards for the technical manufacturing of goods and services. Helping Children, against child labour, Health and safety, collective bargaining working hours and disciplinary rights, these are some of the focus area of SA 8000. These standards are regulated on the recommendation of International Labor Organization. To remain in the competitive era

an organizations have to must adopt the quality standards there for SMS (Social Management System) assure continuous improvement in social aspects. This standard gives a certification to the business houses of ethical production as well as it aware the employees about their basic labour rights as per the international labour organization. It is also attract the youth for a job opportunity and increases the performance of the organization. Although the certification is expensive but an ISO 9000/14000 with SA 8000 communicate the consumers about the status of there organization.

**Benefits to Society**

- It will reduce the cost of monitoring and provide product in ethical and fair way.
- SA 8000 standard is implemented by organizations there for it directly reflects that the supplied products and services are produced in a working environment that is fair and safe. It will helpful to make strong corporate citizenship.
- In a business environment where social issues are increasingly important SA 8000 is a way to gain a competition and attract new customers or new markets.
- SA 8000 is a one stop shopping place which reduces the cost of managing different social standards :-

SA 8000 sets basic standards	
1.	Child labour
2.	Forced labour
3.	Health and Safety
4.	Freedom of association and the right to collective bargaining
5.	Discrimination
6.	Disciplinary practices
7.	Working hours
8.	Compensation

**5. Accountability 1000**

Accountability 1000 is a network of leading business, public and civil institutions. Working to build and demonstrate the possibilities for tomorrow's world. This tool basically improves the quality of social and ethical accounting, auditing and reporting. Accountability means transparency with stakeholders and responsible to the business. Accountability 1000 is a series of standards and it is more promising to help business become more accountable, sustainable and responsible. AA1000 standards are the set of principles, guidelines and professional qualification for accountability. By implementing this standard we can understand that how an organization should structure its reporting system as per the organizations vision, mission and objectives. For an effective business AA1000 can be used with some other frameworks to make sure the flow of quality of social, environmental and financial reports.AA1000 believes in the continuous improvement and provides verification assurance on the quality and accuracy of an organizations report. This tool should be used by any of the organization. These standards identify priorities and respond to its sustainability challenges.

**6. Codes of Conduct**

A code of conduct is a rule and regulation or guidelines with reference to the employees to support them in the decision making process. A code of conduct is set of rules, policies and provides guidelines and act as mediator between management and employees. The focuses area of this tool is Child labour, working conditions, working hours and wages, health and safety. Its main emphasis is on doing work ethically and helps Society. We can see company's vision, mission through the language of the code of conduct. These codes of conduct are designed by the company's top managers and stakeholders may be short mission statement on the basis we can measure the performance of the companies. Codes may be time to time reviewed, and make changes if it is necessary. It is a two way process where organization is engage with stakeholders in effective participation about corporate social responsibility it increases the company's reputation.

**7. Social Responsible Investigating**

It is also known as sustainable, socially conscious, and de-

scribes an investment strategy which looks to maximize both financial return and goodwill. An investment that is considered socially responsible because of the nature of the business the company conducts. Common themes for socially responsible investments means avoiding investment in companies that produce or sell addictive substances (alcohol and tobacco) and seeking out organizations involved in environmental sustainability. Socially responsible investments can be made in individual companies.

In general, socially responsible investors favor corporate practices that promote environmental, consumer protection, and human rights. Businesses involved in alcohol, tobacco, gambling, weapons, and the military. The areas of concern recognized by the SRI based on environment, social justice, and corporate governance (ESG). Most companies in India have not yet passed the ESG standards that are basic, essential and may even be a part of many a company's corporate responsibility.

### 8. OECD Guidelines for Multinational Companies

Organization for Economic Co-operation and Development (OECD) Guidelines are voluntary, recommendations made by government for companies. OECD provides voluntary principles and some set of standards for responsible business conduct with applicable laws. The focus are of OECD cover a range human rights, labor, environment, taxation and bribery to ensure that the operation of enterprises is in harmony with government policies. The Guidelines are applicable to all MNC's and all their entities, regardless of where they do business, including in countries that do not adhere to the Guidelines.

### Benefits to Society

1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.
2. Respect the human rights of those affected by their activities consistent with the host government international obligations and commitments.
3. Encourage local capacity building through close cooperation with the local community, including business interests.
4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.
5. Support and uphold good corporate governance principles and develop and apply good Corporate governance practices.

### 9. International Right to Know Initiative

The International Right to Know legislation proposed by a diverse coalition of organizations is an effort to create a standard for transparency and community right to know for business operating abroad. Companies must provide their details like pollution discharges, chemicals they are using, and the number and cause of workplace injuries etc. IRTK is an advanced tool that focuses that requires public disclosure of security arrangements, human rights practices, labor standards, and environmental policies of locations they are operating.

### 10. Conventions of the International Labor Organization

The International Labor Organization is a part of United Nations agency that focuses social justice and internationally recognized and respected human and labor welfare rights. It is the unique feature of ILO that has a unique tripartite structure incorporates with workers and employers participation as equal partners with governments. One of the important functions of the ILO is to formulate international labour standards in the form of Conventions and Recommendations. These standards of basic labour rights covers; freedom of association, the right to organize, collective bargaining, elimination of forced labour, equal opportunity and treatment, and other standards regulating working conditions across a wide spectrum of work-related issues.

### Conclusion

CSR has become a buzz word in current scenario, but most of the companies are performing these duties only for the sake of image building. A very little purpose is being solved by such activities. The above discussed tools and their benefits gives us the food for thought .A globally adopted standard offers many advantages in the form of Social Accountability, General Guidelines to the Public, Annual CSR Reports, and CSR Practices performing by NGO's and Companies. The significance of this study is that the if business actions are directly or indirectly damages the environment it will be not accepted by the public, therefore these universally accepted standards are important to monitoring the companies function and earn public confidence or get social support on a large. In short this certification provides a win-win situation for both organization and society by adopting these powerful standards. This certification attracts the skilled and trained employees as well as it increases their loyalty and commitment to the company. It increases the organizations productivity and customers become more loyal to the organization.

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