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Corporate Social Responsibility

KEYWORDS

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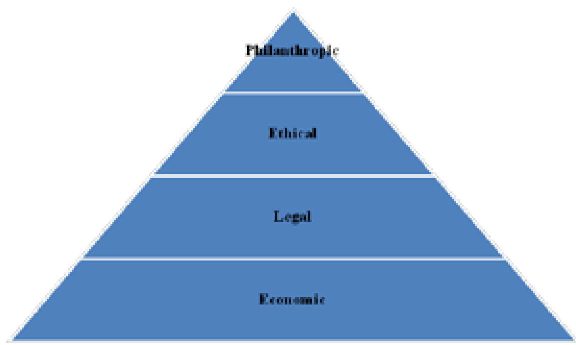
ABSTRACT *Corporate Social Responsibility has transformed a lot from the conventional philanthropic doings by big corporate houses and came a long way from just fulfilling the responsibility restricted to paltry welfare of its immediate employees and their families. Indian businesses have a long tradition of engaging in philanthropic and community programmers and entrepreneurs today are effectively using the principles of social-business. They have imbibed the advantage of ethical behavior of their company towards society. Corporate social responsibility aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others. The Corporate social responsibility is the commitment of the corporate for the equitable growth & sustainable development of the society. Corporate social responsibility is a concept. It is a way of managing a company and making relationships with partners which contributes to improving the reputation and credibility of a company. Under the new Companies Act, 2013, passed by Parliament in August 2013, profitable companies will have to spend at least 2 per cent of their average net profit over the preceding three years on corporate social responsibility activities.*

INTRODUCTION

Corporate social responsibility is a form of corporate self-regulation integrated into a business model. Corporate social responsibility is also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business. The term 'Corporate Social Responsibility' came about in the late 1960's and early 1970's after many multinational corporations used it to describe organizational activities that impacted their responsibility towards the greater environment. Corporate social responsibility originated in philanthropy. Corporate social responsibility policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. Corporate social responsibility aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others. Corporate social responsibility spend must not be confused with marketing spend, which is utilized to promote the profile of the company brand. Currently it supports to the normal business activities of a company that are not directed towards making a profit.

THE PYRAMID OF CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is to be accepted by a conscientious business person, it should be framed in such a way that the entire ranges of business responsibilities are embraced. It is suggested here that four kinds of social responsibilities constitute total corporate social responsibility: economic, legal, ethical and philanthropic. These four categories or components of corporate social responsibility might be depicted as a pyramid. These kinds of responsibilities have always existed to some extent but it has only been in recent years that ethical and philanthropic functions have taken a significant place. Each of these four categories deserves closer consideration.



Economic Responsibilities

Business organizations were created as economic entities designed to provide goods and services to societal members. The profit motive was established as the primary incentive for entrepreneurship. Business organization was the basic economic unit in our society. As such, its principal role was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process. At some point the idea of the profit motive got transformed into a notion of maximum profits. All other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become most considerations.

Legal Responsibilities

Society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with the laws and regulations promulgated by federal, state, and local governments as the ground rules under which business must operate. As a partial fulfillment of the "social contract" between business and society firms are expected to pursue their economic missions within the framework of the law. Legal responsibilities reflect a view of "codified ethics" in the sense that they embody basic notions of fair operations as established by our lawmakers. They are depicted as the next

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layer on the pyramid to portray their historical development, but they are appropriately seen as coexisting with economic responsibilities as fundamental precepts of the free enterprise system.

Ethical Responsibilities
The business ethics movement of the past decade has firmly established an ethical responsibility as a legitimate corporate social responsibility component. Though it is depicted as the next layer of the corporate social responsibility pyramid, it must be constantly recognized that it is in dynamic interplay with the legal responsibility category. That is, it is constantly pushing the legal responsibility category to broaden or expand while at the same time placing ever higher expectations on businesspersons to operate at levels above that required by law.

Philanthropic Responsibilities
Philanthropy encompasses those corporate actions that are in response to society's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business contributions to financial resources or executive time, such as contributions to the arts, education, or the community. Business is expected to be a good corporate citizen. This is captured in the philanthropic responsibility, wherein business is expected to contribute financial and human resources to the community and to improve the quality of life.

THREE FUNDAMENTAL PRINCIPLES OF CSR
Corporate social responsibility is based on three fundamental principles. They are economic, social and environmental. Each part of corporate social responsibility contains a lot of different activities depending on the type of enterprise and the requirements of stakeholders.

Economic area
Transparent enterprise is expected from the company. A positive relationship with investors, customers, suppliers and others business partners is also expected. The impacts of the company on the economy at local, national and global levels are monitored.

Social area
In the social area, behavior is focused on the attitude to employees and on supporting the local community. The company influences the standard of living, health, safety, education and cultural development of citizens.

Environmental area
The company is aware of its impact on the living and inanimate nature in the environment. This includes the ecosystem, land, air and water. There is an assumption that the company will protect nature and natural resources.

DIFFERENT TYPES OF CSR
Environmental CSR: focuses on eco-issues such as climate change.

Community based CSR: businesses work with other organizations to improve the quality of life of the people in the local community.

HR based CSR: projects that improve the wellbeing of the staff.

Philanthropy:businesses donate money to a good cause, usually through a charity partner.

MAIN FEATURES OF CSR
Main features of CSR are:

Triple-bottom-line – economic, social and environmental.

Voluntary – all activities are done voluntarily.

Stakeholders dialogue – integration of all participants.

Long-term period – all activities are done over a long-term period.

Credibility – increasing company credibility.

ADVANTAGES OF CSR
Responsible behavior is advantageous, brings a lot of benefits, especially non-financial, which are also very important for successful enterprise.

Higher reputation of company better company image.

Higher attraction for investors.

Good reputation and strong position in market.

Distinguish from rivals.

Increasing employees´ productivity and loyalty.

Attraction for quality and talented potential employees.

Decreasing expenses on risk management.

Direct financial saving – ecological behavior.

Better relationships with local society and public institutions.

BENEFITS OF CSR
Corporate Social Responsibility has many benefits that can be applied to any business, in any region, and at a minimal cost.

Improved financial performance: A recent longitudinal Harvard University study has found that "stakeholder balanced" companies showed four times the growth rate and eight times employment growth when compared to companies that focused only on shareholders and profit maximization.

Enhanced brand image & reputation: A company considered socially responsible can benefit -both by its enhanced reputation with the public, as well as its reputation within the business community, increasing a company's ability to attract capital and trading partners. For example, a 1997 study by two Boston College management professors found that excellent employee, customer and community relations are more important than strong shareholder returns in earning corporations a place and Fortune magazine's annual "Most Admired Companies" list.

Increased sales and customer loyalty: number of studies have suggested a large and growing market for the products and services of companies perceived to be socially responsible. While businesses must first satisfy customers' key buying criteria – such as price, quality, appearance, taste, availability, safety and convenience. Studies also show a growing desire to buy based on other value-based

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criteria, such as " sweatshop-free" and "child labor-free" clothing, products with smaller environmental impact, and absence of genetically modified materials or ingredients.

Increased ability to attract and retain employees:
Companies perceived to have strong corporate social responsibility commitments often find it easier to recruit employees, particularly in tight labor markets. Retention levels may be higher too, resulting in a reduction in turnover and associated recruitment and training costs. Tight labor markets as well the trend toward multiple jobs for shorter periods of time are challenging companies to develop ways to generate a return on the consideration resources invested in recruiting, hiring, and training.

Reduced regulatory oversight: Companies that demonstrate that they are engaging in practices that satisfy and go beyond regulatory compliance requirements are being given less scrutiny and freer reign by both national and local government entities. In many cases, such companies are subject to fewer inspections and paperwork, and may be given preference or "fast-track" treatment when applying for operating permits, zoning variances or other forms of governmental permission.

Easier access to capital: The Social Investment Forum reports that, in the U.S. in 1999, there is more than $2 trillion in assets under management in portfolios that use screens linked to ethics, the environment, and corporate social responsibility. It is clear that companies addressing ethical, social, and environmental responsibilities have rapidly growing access to capital that might not otherwise have been available.

CONCLUSION
Corporate social responsibility has become one of the most important issues facing the exploration and mining industry. Exploration and mining companies are expected to adhere to the tenets of corporate social responsibility and to recognize that they have a duty to care to all their stakeholders, including employees, customers, local communities and shareholders. Corporate social responsibility is concerned with social and environmental effects of organization.

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