



A New Measures for Csr (Corporate Social Responsibility)

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Corporate Social Responsibility, social problems, environment.

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ABSTRACT *The last half decade has witnessed a remarkable resurgence of attention among practitioners and scholars to understanding the ability of corporate social responsibility (CSR) to address environmental and social problems. While significant advances have been made, assessing the forms, types and impacts on intended objectives is impeded by the conflation of distinct phenomena, which has created misunderstandings about why firms support CSR, and the implications of this support, or lack thereof, for the potential effectiveness of innovative policy options. Corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups. Better accounting for these differences is critical for promoting a research agenda that focuses on the evolutionary nature of CSR innovations including whether specific forms are likely to yield marginal or transformative results.*

Introduction:-

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business) is a form of [corporate self-regulation](#) integrated into a [business model](#). CSR 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](#). With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR 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 term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed. CSR is titled to aid an organization's mission as well as a guide to what the company stands for to its consumers. [Business ethics](#) is the part of [applied ethics](#) that examines ethical principles and moral or ethical problems that can arise in a business environment. [ISO 26000](#) is the recognized international standard for CSR.

Meaning:-

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups.

Companies have a lot of power in the community and in the national economy. They control a lot of assets, and may have billions in cash at their disposal for socially conscious investments and programs. Some companies may engage in "green washing", or feigning interest in corporate responsibility, but many large corporations are devoting real time and money to environmental sustainability programs, alternative energy/clean tech, and various social

welfare initiatives to benefit employees, customers, and the community at large.

CSR (Corporate Social Responsibility) :-

According to the recently passed Companies Bill 2012(replacing 1956 Co. Act) CSR spends and reporting have been made more stringent. Clauses 134 and 135 specifies that companies with net worth more than Rs 500 crores, or turnover more than Rs 1000 crores, or net profit more than Rs 5 crores are required to constitute a CSR committee to formulate CSR policy for the company. Companies now would have to spend a minimum of 2% of average net profit earned during preceding three years before formulation of the policy. Bulk of academic literature suggests that CSR done by organizations is largely self-serving, rather than being useful to society largely.

We note that Section VII of the Companies bill lists the following activities that qualify as CSR initiatives:

- Poverty eradication
- Promotion of education, gender equality, and women empowerment
- Reducing child mortality and improving maternal health
- Combating AIDS/HIV, malaria, and other diseases
- Ensuring environmental sustainability
- Employment-enhancing vocational skills and social business projects.
- Relief and funds for socio-economic development such as for welfare of SC/ST, OBCs, minorities, and women.

Since companies are now mandated to stick to the above list of activities, CSR Impact Index that we propose to measure the effectiveness of firm's CSR should measure if the activities carried out by the firms are not merely done for compliance, but created net positive socio-economic impact.

Potential business benefits:-

A large body of literature exhorts business to adopt measures non-financial measures of success (e.g., Deming's Fourteen Points, balanced scorecards). The business

case for CSR within a company employs one or more of these arguments:

- **Triple bottom line:-**“People, planet and profit”, also known as the triple bottom line form one way to evaluate CSR. “People” refers to fair labour practices, the community and region where the business operates. “Planet” refers to sustainable environmental practices. Profit is the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital (unlike accounting definitions of profit). This measure was claimed to help some companies be more conscious of their social and moral responsibilities.
- **Human resources:-**A CSR program can be an aid to recruitment and retention, particularly within the competitive graduate student market. Potential recruits often consider a firm’s CSR policy. CSR can also help improve the perception of a company among its staff, particularly when staff can become involved through payroll giving, fundraising activities or community volunteering.
- **Risk management:-** Managing risk is an important executive responsibility. Reputations that take decades to build up can be ruined in hours through corruption scandals or environmental accidents. These draw unwanted attention from regulators, courts, governments and media. CSR can limit these risks.
- **Brand differentiation:-** CSR can help build customer loyalty based on distinctive ethical values. Some companies use their commitment to CSR as their primary positioning tool, e.g., The Co-operative Group, The Body Shop and American Apparel. Some companies use CSR methodologies as a strategic tactic to gain public support for their presence in global markets, helping them sustain a competitive advantage by using their social contributions as another form of advertising.
- **Reduced scrutiny:-** Corporations are keen to avoid interference in their business through taxation and/or regulations. A CSR program can persuade governments and the public that a company takes health and safety, diversity and the environment seriously, reducing the likelihood that company practices will be closely monitored.
- **Supplier relations:-** Appropriate CSR programs can increase the attractiveness of supplier firms to potential customer corporations. E.g., a fashion merchandiser may find value in an overseas manufacturer that uses CSR to establish a positive image—and to reduce the risks of bad publicity from uncovered misbehavior.

CSR from a Business Perspective:-

It is apparent that in today’s business practice, CSR is entwined in many multinational organizations strategic planning process. The reasons or drive behind social responsibility towards human and environmental responsibility is still questionable whether based on genuine interest or have underlining ulterior motives. Corporations are fundamentally entities that are responsible for generating a product and or service to gain profits to satisfy shareholders (Prof Malloy, 59). As Milton Friedman believes, there is no place for social responsibility as a business function. However a business still comprises people those possess both the humanistic and naturalistic view points. The humanistic view is that a deteriorating environment and planet is of no relevance in sustaining human life let alone a business. The naturalistic view is where we draw the line

between exploiting our natural resources and destroying our fauna and flora for the sake of profiteering and sustainability (Grace and Cohen 2005,144). The need to create an ideal scenario that is “pareto efficient” may be the main reasons such mediators are there to adjudicate. Influence from the population, government and competitors are possible forces that can destabilize an organization should its motives or unethical processes become clear. Legal structures in place are created to ensure international borders are not left exposed to multimillion dollar organizations self interest. Stringent laws and penalties are governed by legal bodies such as the International Court of Justice that are capable of sanctioning non abiding organizations (ICJ 2007).

CSR has been an issue of some debate. There are some people who claim that Corporate Social Responsibility cherry-picks the good activities a company is involved with and ignores the others, thus ‘green washing’ their image as a socially or environmentally responsible company. There are some other people who argue that it inhibits free markets.

Society benefits from corporate social responsibility:-

The voluntary corporate commitment of companies has been increasingly moving for over a decade both nationally and internationally into the spotlight of politicians. All over the world, governments and societies are facing major economic, social and environmental challenges. Climate change, demographic trends, the scarcity of resources and an increasingly globalised economy and labour market are changes which need to be addressed within the context of sustainable development. Neither politics nor business or any other social group can overcome these challenges alone.

Owing to the looming financial limits of state action, politicians, the public, consumers and investors are expecting companies to take an active and responsible role in shaping social progress. Entrepreneurial CSR activities cannot, however, simply replace the responsibility of the lawmaker. The first objective of a company is to be successful in its core business. This success is the basis for the social activities of a company and therefore also the prosperity and employment of national economies.

In Germany, the political debate on CSR found its expression in the “National Strategy of the Federal Government on the Social Responsibility of Companies”, which was adopted in October 2010. This followed an intensive consultation process in a multi-stakeholder forum from business, trade unions, civil society, science and politics. The core element of the German plan of action is the creation of favorable framework conditions for the voluntary assumption of social responsibility. The European Commission also stresses the importance of CSR in its current publication of 2011 on the “new strategy for the social responsibility of companies.” However, in its selection of the means of doing so, the Commission places the emphasis not on individual entrepreneurial freedom, but increasingly in recent times on regulation - in particular through legal disclosure and reporting requirements relating to social and environmental information.

In Europe, there are approximately 23 million small and medium-sized enterprises (SMEs) and around 42,000 large companies operating which would be affected by the impact of such regulation. For this reason, the German Chamber of Industry and Commerce (DIHK) has surveyed

nearly 2,000 companies concerning to what extent they already practice CSR, in which areas they want to participate more intensively in the future, how they see the planned political measures of the EU and how the potential statutory reporting requirements would affect the company.

Conclusion:-

Thus Corporate Social Responsibility (CSR) is about how companies manage the business processes to produce an overall positive impact on society. Thus the primary objective of the firm, dictated by the objective of the economy, is to serve for the subsistence of the mankind and sustenance of the earth containing the mankind at the same time. Thus companies consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employee's shareholders, communities and other stakeholders, as well as the environment.

REFERENCE

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