



Corporate Social Responsibility: an Essential Need to Survive for Today's Corporate

JAGDISH M. MULCHANDANI

Assistant Professor, Department of B.B.A. Gyanyagna College of Science & Management (Atmiya Group) RAJKOT.

ABSTRACT

The concept of CSR (Corporate Social Responsibility) is not the innovative concept for the corporate world working in INDIA or at the WORLD level. Today, the CSR has become an inevitable concept it a business world has to develop, grow or has to survive even in this cut throat competition. The CSR concept has not remain the moral responsibilities but has become an integral part of any business to sustain in this cut throat competition and of course, even companies enjoy several benefits like improved financial performance, lower operation costs, enhanced brand image and reputation, increased sales and customer loyalty etc. Business of Business is Business' was the motto of businesspersons in early times but it is changed now for sure. So, if a business has to earn to survive today the concept of CSR has become inevitable for it.

KEYWORDS

CSR, Philanthropy, Moral responsibility, Service, Responsibility, Profit

INTRODUCTION:

Since the business life of any nation closely concerns & increasingly determines the happiness & welfare of its people & in addition to that making fair & adequate returns on capital, every enterprise has manifold responsibilities viz, to itself, to its customers, workers, shareholders & community & it is the task of management to reconcile these separate & sometimes conflicting responsibilities. How it is to be done, depends upon the circumstances, which must be examined as fully & impartial as possible before one can say what particular solution will best ensure that business does in fact accept & discharge these responsibilities by business. We mean the total enterprise of the country in manufacturing, industrial, finances,

We live in an age in which companies have grown so large that they control much of the earth's resources, and intervene in so many areas of social life, that they must be held responsible towards society and the environment. In India, as in the rest of the world there is a growing awareness that capital markets and corporations are, after all, created by society and must therefore serve it, not merely profit from it. In the age of globalization, corporations and other business enterprises are no longer confined to the traditional boundaries of the Nation-State. One of the key characteristics of globalization is the spread of the market and the change in the mode of production—the centralized mode has given way to a highly decentralized one that has spread across the world. In the last 20 years, multinational corporations have played a key role in defining markets and influencing the behavior of a large number of consumers. Globalization and liberalization have provided a great opportunity for corporations to be globally competitive by expanding their production-base and market share.

Economist Milton Friedman, says:

"There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it engages in open and free competition, without deception or fraud".

CSR: History – At World Level:

It has always been a fact that a business enterprise derives several benefits from the society itself, its existence is due to the easy acceptance of that business by the society which must, therefore, require the enterprise to provide returns to the society as well. This therefore, clearly establishes the stake of a business organization in the good health and well being of the society of which it is a part.

The concept of CSR includes the openness or transparency of

companies as well as taking into consideration the will and expectations of their stakeholders. In the early 1950's and 60's the literature was not heavily represented in CSR disclosure. However, this decade marked a significant growth in attempts to formalize or more accurately, state what CSR means?

In 1960's Keith Davies argued that CSR refers to the firms considerations of and response to issues beyond the narrow economic, technical and legal requirements of the firm. Thus, the definitions in 60's were an attempt to link society and businesses, defining society in broadest terms.

In 1970's there was one and only one social responsibility of business and that was to use its resources and earn profit but don't be engaged in those activities which are deceptive or fraudulent and engage in open and fair as well as free competition. In 1971, Harold D. Johnson stated that 'A socially responsible firm is whose management staff balances a multiplicity of interests instead of striving only for larger profits for its stockholders. European Commission described CSR as 'A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stock holders on a voluntary basis.

In 1980's and 90's there were fewer definitions but more efforts to measure the effect of CSR. Now the concepts of business ethics, corporate governance and corporate citizens are given large importance. In 1997, Mr. Lee stated that, "CSR refers to a company's commitment to operate in an economically and environmentally sustainable manner, while acknowledging the interests of a variety of stake holders and maximizing economic, social and environmental values.

In 2000, WILSON stated that, 'any approach to CSR must begin with the practical recognition that the corporation must be profitable enough to provide shareholders a return that will encourage continuation of investment.' In 2004, KINGSTON & WAGNER suggested that leadership on sustainability and CSR are important to set priorities and to ensure that commitments are achieved. In 2008, BEBBINGTON ET AL use the term CSR reporting, which highlights the link between the reporting function and the organizational functions and operations that are concerned with and impacted by activities associated with CSR.

CSR: In INDIA:

The evolution of CSR in INDIA refers to changes over time in INDIA of the cultural norms of corporation's engagement of CSR, with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities and socie-

ty. The organizations should not concentrate only on their profits and benefits but they should also focus on social issues too.

Among other countries, INDIA has one of the richest traditions of CSR. Much has been done to make Indian entrepreneurs aware about the concept of CSR but yet it has to receive widespread recognition. If this concept has to be developed then the entrepreneurs have to change their attitude towards business of earning profit only. As INDIA has very rich historical background of business but the only missing concept in that is the perfect implementation of the concept of CSR.

The last decade of the twentieth century witnessed a swing away from charity and traditional philanthropy to more direct concentration and engagement in the concepts of concrete development of society and benefits to the disadvantaged groups in the society. This was evident from a sample survey conducted in 1984 reporting that of the amount companies spent on social development, the largest portion 47% was spent for outside organizations as aid & 14% was spent through company trusts (WORKING DOCUMENT OF EU INDIA CSR, 2001)

An ideal CSR has both ethical and philosophical dimensions, particularly in INDIA where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status. According to Infosys founder NARAYAN MURTHY, 'Social responsibility is to create maximum shareholders value working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.' According to Commission of the European Communities 2001, 'Being socially responsible means not only fulfilling the legal expectations, but also going beyond compliance and investing 'MORE' into human capital, the environment and the relation with stakeholders.'

Why Social Responsibility?

Business in both creditor & debtor to the society because (1) It satisfies the desire of consumers for innovating things. (2) It provides strength to the economic development of the nation but it is not only a creditor of the society in fact it is more debtor than a creditor to the society. The reasons being (1) The society creates his personality & (2) The society provides all the enterprise. Thus, the society provides all the facilities right from the creation of his personality to establishing identity, so it becomes its moral duty to pay its debts to the society.

"THE SOCIAL RESPONSIBILITY OF A BUSINESS MEANS WHATEVER IT RECEIVES SUCH AS DIFFERENT KINDS OF FACILITIES, BENEFITS AND ASSISTANCE FROM THE SOCIETY AND AS RETURNING ABOVE FAVORS, WHATEVER HE HAS TO GIVE MORALLY".

Business of Business is Business' was the motto of businesspersons in early times. Narrowly interpreted, aid means that corporations have only one responsibility, the single-minded pursuit of profit. To economists Adam Smith and Milton Friedman, in a capitalist society profit maximization by the continued increase of efficiency is the most socially responsible way of conducting business.

CSR - Research Data on the Issue of Corporate Trust

Sunday, March 06, 2011



Industry-wise Segregation of Major CSR Activities Undertaken by Firms in 2012-13.

| Industry | Health | Educ-ation | Community Development/Rural Development | Environ-ment | Total |
|------------------------------|--------|------------|---|--------------|-------|
| Oil & Gas | 23.50% | 35.29% | 29.41% | 11.76% | 100% |
| Automobile | 40.00% | 10.00% | 40% | 10% | 100% |
| Consumer Durables | 24.76% | 21.34% | 15.25% | 28.75% | 100% |
| Iron & Steel | 35.29% | 23.53% | 35.29% | 5.88% | 100% |
| Banking & Financial Services | 8.57% | 20.00% | 48.57% | 35% | 100% |
| Power | 10.00% | 10.00% | 45% | 35% | 100% |
| Infrastructure | 8.35% | 30.55% | 44.44% | 16.66% | 100% |
| Cement | 22.20% | 25.00% | 29% | 23.8% | 100% |
| Paper & Pulp | 19.90% | 24.10% | 18% | 38% | 100% |
| Pharmaceutical | 30.00% | 28.00% | 22.00% | 20.00% | 100% |

Source: Calculated by the author from the annual reports of the top 200 firms for the year 2012-13

Conclusion

Thus, it is inevitable for the corporate sector today, to follow the concept of CSR in a very sincere manner in order to grow and survive the business in this global business world. Companies not only in INDIA but across the world today have realized the importance to the concept of CSR. They have realized that only making profits from the society will not work today but along with that they have to serve society. They even have to take care of the different classes of the society. Basically an entrepreneur is considered a creditor of the society but in reality he is a debtor of the society because the society has accepted the very existence of the business so to fulfill his debts towards the society an entrepreneur has to perform certain functions and has to serve the society morally.

REFERENCES

- Books, Journals & Magazines: | 1. Social Responsibility of Business – C.D. Deshmukh – Sachin Publications - Jaipur (1980) | 2. P. Mohana Rao – Corporate Social Accounting and Reporting – Deep & Deep Publication Pvt. Ltd. | 3. The Responsible Business : Remaining Sustainability & Success – Carol Sanford – John Wiley & Sons Ltd. | 4. The Age of Responsibility : CSR 2.0 & the new DNA of business – Wayne Vissor – John Wiley & Sons Ltd. | 5. CSR for HR : A necessary partnership for Advancing Responsible Business Practices - Elaine Cohen | 6. Corporate Social Responsibility – Philip Kotler & Nancy Lee | 7. Corporate Social Responsibility – S.B. Benerjee | 8. Corporate Social Responsibility – David E. Hawkins | • Web Links: | 1. www.indiacsr.in/en/?tag=corporate-social-responsibility | 2. www.developmentexpeditions.com/?page-id=129 | 3. www.genesisbm.in/what-we-do/services/corporate-social-responsibility | 4. www.csr2013.serd.org.in | 5. www.dpemou.nic.in/MOUfiles/Revised_CSR_guidelines.pdf | • Web Sites: | 1. www.indiacsr.in | 2. www.iccsr.org