

# CORPORATE SOCIAL RESPONSIBILITY THE ROLE OF CORPORATE FOR A SUSTAINABLE TOMORROW

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## ABSTRACT

*Sustainable development and corporate social Responsibility (CSR) as agenda have matured rapidly, and is driven by demand for grater accountability by corporate to society. View on corporate responsibility has contributed to mounting pressure on business to demonstrate its social accountability. The paper is aimed at formulating a conceptual framework on the role of corporate in sustainable tomorrow and also to elaborate the areas of the concerns where the corporate can take numerous initiatives leading it to sustainable development. The paper is based on secondary data. The paper is focused on issues related to effective CSR implementation and sustainable development. Sustainable requires organization to address its responsibility to the community, environment and public, ensures ethical behaviors and practice good citizenship.*

**Keywords:** *CSR; business sustainability; sustainable development*

## INTRODUCTION

The path relative economic and ecological sustainability is guaranteed to be littered with failures of every nature and scale. If we recognize them and learn from them, the transition will proceed faster and in more resources efficient ways. If on the other hand, we prefer the short term comfort of burying our failures or of blaming scapegoat, the transition will be significantly slowed, or could even be derailed completely.

With the rising discussion on the existence of the world and mankind and with making of breath films like “2012”, sustainability has turned out to be a major challenge for all nations. Discussions with action around sustainable development and corporate social Responsibility as an agenda have matured rapidly, driven by demand for greater accountability by corporate to society. View on corporate responsibility has contributed to mounting pressure on business to demonstrate its social accountability. CSR in stakeholders such as stockholders. Workers, the practice of CSR in organizations extends corporate obligations to include multiple stake holders such as stockholders, workers, the community, and the natural environment and the outcomes of polices and programs directed toward those relationships (Clarkon), 1995; Donaldson & Preston, 1195), Hopkins (1998) has expressed CSR concept being concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibility will Increase the human development of stakeholders both within and outside the organization.

Companies report on their social, environmental and economic impact to reach out to and engage with stakeholders groups. Reporting also enhances a companies ability to integrate CSR and sustainability into its business and decision processes through the identification of material issues risks and opportunities. The paper shares a conceptual framework where an attempt has been made to ignite thoughts on the role of organizations o initiate CSR practices for sustainability. The paper aims in discussing the areas of the concerns where the corporate can take numerous initiatives leading it to sustainable development.

## **METHODOLOGY**

The paper shares a conceptual framework based on the previous literature. Secondary information on approaches and practices has been referred from previous published works in reports, journals, magazines and books.

## **OBJECTIVES:**

To elaborate the areas of the concerns where the corporate can take numerous initiatives leading it to sustainable development

To explain the role of organizations for initiating CSR Practices for sustainability.

## **DISCUSSIONS**

### **CSR and sustainable Development**

Numerous approaches have been talked about the Tripe Bottom Line approach has been widely accepted across the world. In situations where there is growing pressure on companies to deliver both shareholder value and Social and environmental value, managers focus their attention on maximizing valued added across the triple bottom line. The triple bottom line focuses on there dimensions of sustainability: economic, environmental, and social.

Business activity has a profound impact on the ability of nature to sustainability provide the services that are committed as business and community leaders to the well being of both economic and ecological systems, of both humans and other living things. Sustainable development ensures passing on to future generations a stock of assets that is at least as big as the well being as the one that our own generations inherited. The stock of assets includes the worlds assets as, money, infrastructure and less tangible assets such as the stoke of skills and social systems as well as natural resources. Corporate responsibility involves a commitment by a company to manage its role in society as producer, employer, marketer, customer and citizen- in a responsible and sustainable manner. To make CSR sustainable, it is necessary to keep the business interests of the company upper most in mind (Gupta 2006). Else the CSR programs will last with the tenure, interest of personally involvement of top officials.

Wagner et al. (2009) has explained that corporate social responsibility (CSR) is often country to their stated standards of social responsibility. Studies that are focused on CSR and sustainability issues, cannot generalize their findings to both large and small firms since they tend to underestimate the differences in the relationships smaller companies have with stakeholders form

those large organizations (Fasion, 2008; Graafland, et al 2003; Jenkins, 2009). Organizations with larger marketing budgets should no focus on CSR to achieve marketing goals (Barone et al., 2000), but only as a means to long run sustainability (Porter and Kramer, 2007). Though, sustainability involves money, Infrastructure, skills social systems and natural resources yet, the contribution to sustainability is strongly based on sustainable business. The existence of business is solely based on profits and without a profit no organizations can contribute to the social development as a whole. Thus the need of business sustainability is as essential as government's role in sustainability as a whole.

### Considering

The requirements of the earth living systems in all design and operating decisions, organizations must work to eliminate waste of all kinds from their operation,. They must find safe, productive uses for any 'non-product that are eliminated. Taking responsibility for the safety of the products/services in their intended use is integral for organizations. Companies are employing a range of different communication channels to inform and interact with stakeholders on their corporate social responsibility (CSR) and sustainability strategies and activities. Over the past years, the importance of online communications as part of an integrated CSR communication strategy has also grown significantly.

The department of public Enterprises (DEP) in India has come up with its latest comprehensive guidelines on corporate social responsibility in March 2010 vide F. NO. 15 (3)/2007-DEP (gm) GL 99 dt: 9<sup>th</sup> April 2010 for the Central Public Sector Enterprises is in India, with respect to the concept, planning, research, documentation, advocacy, promotion, funding aspects, documentation and monitoring the CSR activities. The concept of CSR as Oper the latest guidelines emphasizes on Sustainable development and clearly states that CSR is a company's commitment to operate on an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. This commitment is beyond statutory requirements. Corporate social responsibility it, therefore, closely linked with the practice of sustainable Development.

The world Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. CSR typically includes beyond law commitments and activities pertaining to:

- Corporate governance and ethics
- Health and safety
- Environmental stewardship
- Human rights
- Sustainable development;
- Conditions of work (including safety and health, hours of work, wages)
- COMMUNITY involvement, development and investment;
- Involvement of and respect diverse culture and disadvantaged peoples;
- Corporate philanthropy and employee volunteering;

- Customer satisfaction and adherence to principles of fair competition;
- Anti bribery and anti corruption measures;
- Accountancy, transparency and performance reporting; and
- Supplier relations, for both domestic and international supply chains
- Industrial relations;

United Nation (UN) studies and many others have underlined the fact that humankind is using natural resources at a faster rate than they are being replaced. If this continues, future generations will not have the resources they need for their development is underdevelopment is unsustainable – it can't be continued for both practical and moral reasons. Related issues include the need for greater attention to poverty alleviation and respect for human rights. CSR is an entry point for understanding sustainable development issues and responding to them in a firm's business strategy. Sustainability has taken on new urgency on the global agenda. While CSR and sustainability are not one and the same, it has become increasingly clear that businesses, governments and citizens all have an interconnected stake in the health and well being of the planet as well as its people. Sustainability involves numerous interconnected issues like acquisition and use of energy to fuel productive economics and living conditions, to access to clean and abundant water and other natural resources. CSR flows naturally from the social contract that defines the relationship between business and society derived form social contracts and distinct cultural economic and governance models

## AGENDS

CSR is simply another way of winning favor with government: the cynical view says that corporate social responsibility (CSR) is just the latest lobbying tool. Most organizations view CSR as a part of their existence and involve critically for sustainable tomorrow yet many smaller organizations view XSR as apart of reaching out to governmental favors like Tax rebate. Suggestions from various commentators includes that in countries where tax rebates are not initiated, giving a tax credit to rebate to companies that can show evidence of an effective CSR programme as distance from reliefs for specific forms of CSR (William,2007).

CSR should not be seen as part of a marketing strategy: Kotler and Lee (2005) Marketing benefits are numerous as well as, with the potential of the increasing community goodwill, creating brand preference, building brand positioning, improve product quality and increasing corporate respect. Though organization is aware that CSR is a voluntary act yet the hidden agenda behind CSR activities in many cases is a marketing tool. CSR is sometimes treated as being no different form image building but such an approach is short sighted and therefore not a good part of corporate governance (Oxfam, 2000). An organization should not take up CSR activities with an intension of promoting itself yet we cannot deny that fact that there are numerous benefits to CSR initiatives. Researchers have p[roved that organizations practicing CSR automatically experience a range of bottom line benefits

- a. Increase sales and market share
- b. Strengthened brand positioning

- c. Enhanced corporate Image and clout
- d. Increased ability to attract, motivate and retain employees
- e. Decreased operating costs
- f. Increased appeal to investors and financial analyst.

Profit Vs Sustainability: the daily news in almost all channels are filled with incidents where we hear about the vegetables and fruits been grown with the usage of harmful chemicals, other food products like ghee, butter made out of harmful wastes. The medical contents are no more as prescribed and numerous toxics being a part of drinking water, milk and ice that we as consumer buy from market. Such incidents are a result of organizations focus on a higher profit drive than society. The cultural legacy of ethical business values expressed compactly in the dictum of Fair and just Profit. When organizations make profit honestly supplying goods and services to society gains since the benefits exceeds the costs incurred to produce the good or services precisely by the amount of profit. The fair and just profit in an important corporate social responsibility contracting to sustainability.

Business sustainability contributes to sustainability tomorrow: Profits become a posteriori indicators of business performances rather than all song term goals; they are viewed as the means to keep companies going concerns and not as ends in themselves. Profit leads to continuity and growth of business can only be the one to contribute high to the society but without business sustainability and an intension of contribution, sustainable tomorrow is questionable. Organization reaches its Zenith when they realize that long term business profitability results from business modes that address social problems in a sustainable way. Sustainability is virtuous cycle that constitutes sustainable society, sustainable business and sustainable tomorrow.

CSR is about obeying law; this is actually not true. Obeying the law is necessary but not sufficient condition for practicing. CSR is not be coerced; it is a voluntary decision that the entrepreneurial leadership of every company must make on its own and bring it to practice by involving all its employees.

In case of CPSES India it is mandatory for the profit making Central Public Sector Enterprises(CPSES) is to have their CSR budget as per the stipulates ion the guidelines and their performance on their CSR activities gets assessed in the MoU. In MoU guidelines from 2010-11 onwards, 5 marks have been earmarked out of the non financial parameters for CSR activities and 5 marks for sustainable Development initiatives.

DPE guidelines relating to CSR Funding in case of CPSES in India. The CSR budget will be mandatory creates thorough a board resolution as a percentage of net profit in the following manner.

## **ROLE OF CORPORATE FOR SUSTAINABILITY**

### **Poverty Alleviation**

The organization are required to encourage poor and needy and enhance opportunity for employment. Companies should take up initiatives fir women employment also encouraging

entrepreneurship through partnering and initial funding. Educating mass on population control is a necessary acts as leads to controlled population which supports individuals for opportunity and living standards.

### **Environmental Sustainability**

Over the years awareness of the environmental impacts of human activity has increased significantly. There is growing public exception that companies should recognize their social and environmental responsibilities towards society and adjust their business practices to improve the sustainability of their operations (juholin, 2004; McIntosh Thomas, leipziginger and Coleman, 2003). Unplanned deveo0pment leads to beach erosion. 23% of the India beach has been eroded (NDTV, 2011). Such vital issues are not just the responsibilities of the organizations but of the government too. Well defined infrastructure supports the cause of sustainability. It is not just the story of coast but forests too. Disaster and calamities management is another area which needs high support form industries as research and technology infrastructure requires excessive funding. Corporate can set up or support such bodies to operate for working for disaster and calamities management.

### **Education**

Education for sustainability is a lifelong process that leads to informed and involved citizens having scientific and social literacy, and commitment to engage in responsible individual and cooperative actions. These actions help ensure an environmentally sound and economically prosperous future. The education system should aim at holistic learning.. Corporate now have realized the need for having focused institutions which can build base to a developed society. Social literacy being the main objective companies should focus on building more education infrastructure for primary education and vocational courses.

## **SUSTAINABLE POLICIES AND STRATEGIES**

### **Social Audit**

CSR spending accounts to cores of money being spend in CSR activities hence there a need for monitoring of CSR activities in the form of social audit. The DPE in its CSR guidelines relating to monitoring of CSR activities, clues (8.7 and 8.8) has clearly mentioned that for proper and periodic monitoring of CSR activities, companies may appoint a CSR committee or a social audit committee or suitable credible external agency. This evaluation should be concurrent and final. The SCOPE has also opined the need for a social audit as2% of net profit is a huge public money that is pooled in the form of CSR initiatives.

### **General Concerns for CSR audit Coverage**

CSR programs can operate at different levels according to the policies adoptees by the organizations. At The level; organizations can focus on community awareness, public service, or charitable contributions as part of good corporate citizenship. Examples include scholarships for

students, adoption of parks or highways sponsorship of charity events, and gifts to the arts. Such initiatives are also subject to internal controls and should be considered for periodic review of their accounting and oversight process. CSR practices of organization needs benchmarking with organizations that are walking the talk. Stakeholder

Engagement is another prime role of companies as a part of CSR. Policies regarding relief to victims of natural calamities like earthquake, cyclone, drought and flood situation should also be made to support the mankind.

### **Executive Coaching and Training**

It is important that the organizations focus on employee leadership development, team and individual coaching. Leadership employees can contribute to higher socially responsible behavior wherein they can integrate their individual behavior to the organizational CSR objectives. Sustainable leadership is the most important requirement for sustainable CSR activities. Most organizations should encourage and involve their people in CSR activities as well as initiate CSR practices at working premises like waste management, energy conservation. The organization can constitute an award for best employee socially responsible behavior for encourage individual responsibility in CSR. The organization must encourage and involve stakeholder by inviting suggestions for innovation in CSR practices. The stake holder can be continuously involved through regular sharing of periodic review and CSR reports.

### **Training employees for Responsible Business**

Employees training and learning in the area of CSR essential as it leads to higher involvement of employees.

Reports produced in 2009, Singapore Government emphasizes business to focus on CSR activities by awarding 30 pts as a part of Business Excellence Framework.

### **Health and Food**

Health facilities in many rural parts of India are not fulfilling the basic needs. Organization as a part of CSR initiatives are required to build primary medical facilities, advance, medical infrastructure and sanitation facilities. These initiatives supported by health education to the masses enhance the basic health and hygiene of people. Agricultural upliftment by encouraging more organized farming and provisions of irrigation facilities. Educating farmers Government should come up with strict implementation of laws for prevention of encroachment on agricultural land. Agricultural land and organized farming solves the initial issues of availability of food, yet the challenge lies of availability of quality food at affordable rates.

### **Infrastructure**

There is a rising concern of connectivity across the various parts of our nation. Though we have developed in the last few decades yet there is a rising need for organizations to contribute to the society by building roadways, bridges, developing irrigation facility and power generation

facilities. Companies should invest more on power generation through renewable sources like wind, water, nuclear, tide, solar. Establishing power plants with required infrastructure not only will contribute to the society through solving power issues but will also ensure smooth operation for organization too. Organizations should invest on technology advancement in operation which reduce wastes and conserve energy with higher production and less pollution. Corporate can also contribute to society development through infrastructure like community centres, old homes, hospitals and schools.

World Bank (2003) report focuses on certain suggestions for the government for provide functioning legal and regulatory structure, and effective delivery mechanisms for public services.

Setting up a special 'board' or agency with a remit of encouraging CSR and monitoring the CSR activities of both the public and private sectors, and to ensure that CSR is not 'tokenistic'

Clarifying expectations of business with regard to CSR, and developing ways of measuring their responses to these expectations.

Leading by examples,. E.g. through procurement and raising investors awareness.

Eliminating bribery and corruption and encouraging transparency in relations between government and business, particularly related to payments made in return for access to natural resources such as oil and minerals. Promoting transparency at local government level, and tackling the corporate lobbying of government.

Providing tax benefits other mechanisms so CSR is seen by companies as a benefit rather than a cost. For example, this could include tax exemptions for companies that build social capital by working with local communities as part of their core business.

Creating a vision and strategy for CSR, and allowing businesses to work with the government towards that strategy.

Focusing particularly on the gaps in the current CSR agenda particularly how to work with small and medium-sized enterprises and how CSR can be made to work in countries with poor information and a lack of capital.

## CONCLUSION

Sustainable development is the ability of the current generation to meet its needs without compromising the ability of future generations to meet theirs. The problem is that the sustainability of an enterprise is not always the same as the 'sustainability' of society as expressed in the concept of sustainable development. CSR information about companies will reinterpret or redefine the social responsibilities of business to conform to the need of society. For the community environment and public, ensures ethical behaviors and practices good citizenship.

- a) The organizations policy and goals should establish a relation to its contribution to the community and the environment in which it operates.

- b) The organization should communicate its CSR policy and goals to employees and external parties and establish partnership in achieving the goals
- c) The organizations should not only achieve its CSR goals and objectives but also continuously monitor, evaluate and improve the practices for higher contribution to the community. Culture, society and the environment in which it operates.
- d) The organization should meet human needs in the most efficient and economical means possible, in order to include the greatest percentage of humanity.

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