

# Corporate Social Responsibility and the Society

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## Introduction

Corporate social responsibility (CSR), also known as sustainable responsible business (SRB), or corporate social performance, is a form of corporate self-regulation integrated into a business model. Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards, and

international norms. Business would embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stockholders and all other members of the public sphere Corporate Social Responsibility is a very well known concept in the present day world.

In fact the corporate giants are very conversant with corporate social responsibility or corporate sustainability in today's parlance. The responsibility they have towards the society and the community as a whole cannot be denied. A tremendous surge and then a sustained consistency in the progress of the concept of CSR has been witnessed over a span of quite a number of years, elevating it to the highest pedestal of importance in all aspects of business and production, be it private or public.

In the modern times the concept CSR incorporates and strives to explain and clarify numerous co related and uncorrelated issues peculiarly, particularly or especially pertinent to SOCIAL and environmental interests and welfare, keeping in full view the financial interests and benefits of the shareholders. Responsibility has more or less taken the shape of accountability and obligation. Business ethics has also been brought into the arena of corporate social responsibility. In fact an ethical business performance acts as a positive catalyst in hastening the process of corporate success via motivating the employees and the underlying system. Corporate Social Responsibility (CSR) is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources. However it is not charity but it is a core business strategy of an organization. It is not a common term, in fact many Indian companies talked about responsible business or triple P(People, Planet and Profit).Some others of corporate citizenship or stewardship, responsible entrepreneurship and triple bottom line. Responsible competitiveness is nothing other than CSR.

## Towards developing a rationale for Corporate Social Responsibility-

CSR goes by many names, which include: corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing. It makes no difference what this social commitment of companies is called. It is a NEW way of doing business to cater to the needs of the market and its stakeholders. Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that is consistent with sustainable development and the welfare of the society; takes into account the expectations of stakeholders ; is in compliance with applicable law and consistent with international norms of behavior and is integrated throughout the organization. This is a working definition by ISO 26000 working group on social responsibility (Sydney, February 2007)

CSR is the way in which an organization strikes a balance between economic, social and environmental imperatives on the one hand and the expectations and welfare of the shareholders on the other. This implies that social responsibility or rather its execution involves a well-planned strategy. Assessment of the social environment, formulation of objectives, devising operational plans and programmes, monitoring social progress, assessment of social and economic impact and summary of outcomes and performances are of utmost importance. In other words CSR implies that the profits of corporate houses should be diverted to socially responsible activities for the benefit of the society. Companies can exert an emphatic influence over the quality and credibility of its products in the market through its CSR activities, which has a great impact on society and also provides better synergy returns to their business. In fact CSR is the impact of organizational activity on society. CSR is becoming an increasingly important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe. The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities, which again necessitate all business houses whether private or public to carry out CSR activities. The government has declared it compulsory for industries to be socially responsible. They cannot ignore the society while carrying out production and amassing profit. A vibrant association or a high degree of correlation can be revealed between CSR and good public governance. Earlier this was neither specified nor executed, as the industrial policy resolutions failed to point out the real role of industries in society. In fact the real costs that the society incur, are primarily due to the presence and operation of the industrial houses. Public sector units may have to shell out 2-5% of profit in CSR. CSR for a PSU may no more be a photo opportunity for its chairman but would involve people-centric projects to be funded by 2-5% of the company's net profit.

J.R.D TATA, the founder of TATA STEEL, stated, 'Every company has a special continuing responsibility towards the people of the area in which it is located and in which its employees and their families live.' The aspect of social responsibility of a company is mainly concerned with the role of the company in addressing issues of societal benefit and of reduction in social costs. There have been different instances where businesses originate in social awareness and welfare. Corporate Social Responsibility is a growing movement and to sustain it, it is necessary to improve and promote the interest in investment and the competence of both the society in general and of the governments in the individual countries to adjust to the CSR programme.

As for example the Grameen Bank which started by providing loans to the low income groups has now been able to provide financial returns which are reasonable in nature and helped improve lives of many people. The Grameen Bank and Grameen Foundation USA (GFUSA) have coordinated with big companies or corporate houses to expand their activities. Always there is interdependence between the society and the organization in question or rather a cycle of relationship exists between the two in which the society supports and sustains the organization while the latter is totally committed to the sustenance and development of the former.

A one sided picture distorts the entire concept of CSR - which is conceptually a one way process of social accountability.

One must not forget that a flow in one direction cannot last long until and unless backed by other reciprocating flows. This implies that the role played by society is not a passive one or a neutral one. The growing responsibility of the society and the community in general cannot be denied at all. The awareness level of the society, which in turn is correlated with the literacy level, the standard of living, the preference pattern is a major determinant in this area- which helps individuals to voice their demands and grievances in a systematic manner ensuring that organizations in that locality practice CSR in a way that truly benefits society. The aim of every organization is to produce and distribute goods and services in such a way that income exceeds cost. Society expects the organization to be socially responsible as the economic environment of the society is dependant on the business environment. Socially responsible business is a common term today as business and societies are unthinkable without each other.

Cisco takes an entrepreneurial or venture-capital approach to social investing. They address important social issues through multiyear initiatives that can have an immediate impact, but that also can scale in size and scope, be replicated in other environments, and support a mechanism for achieving sustainability over time. These initiatives generally take the form of public-private partnerships that respond to a broad range of stakeholder perspectives and make the most of Cisco's core competencies, including their technologies, expertise, and collaborative approach.

They apply a four-stage "Cycle of Innovation" model to each of their social investments, remaining engaged through some or all of these cycles:

1. Identify innovative opportunities that address issues in their areas of focus.
2. Develop a framework for action, then test a solution and assess the results.
3. Scale the successful implementation and replicate it to fit similar situations.
4. Operate and maintain the initiative to the point where it can sustain itself, then adjust our engagement and look for another promising opportunity.

They believe that in the long run, education provides the strongest foundation for lasting social and economic progress. By applying effective 21st century educational techniques in schools and other institutions, communities worldwide can prepare students to enter the local talent pool and provide the skills needed to bolster economic growth. Cisco's education initiatives, including what may be the largest e-learning program in the world, help fill our own talent pipeline and those of our business partners, while also helping to close the technical skills gap that exists in many areas of the world.

But beyond that, Cisco's many education-oriented engagements create trusted relationships and seed the workforces of many types of organizations with knowledgeable people who are capable of building and maintaining the infrastructures upon which societies everywhere depend. In this way, we are contributing to a sustainable economic environment that will reward our corporate stakeholders and our fellow citizens alike.

## **Conclusion**

Thus Corporate Social Responsibility (CSR) is about how companies manage the business processes to produce an overall positive impact on society. Thus companies consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees shareholders, communities and other stakeholders, as well as the environment. This is seen to extend beyond the statutory obligation to comply with legislation as organizations are voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. If a company chooses to follow the way of CSR, it will integrate ethical concerns in its activities and in its interaction with all the stakeholders. This implies that the corporate units function in such a way that their CSR activities in all likelihood actually reach out to the beneficiaries –the society in general. The ethical considerations are aimed at preparing the groundwork for expecting the correct reaction or response of their CSR generated activities

It would be useless to even try to initiate action where the response generated would be negative. This is why prior to corporate social responsibility lies the work of preparing the society for the same, which should be the joint efforts of corporates, non-governmental organisations and definitely the monitoring authority, that is the government. Such concerted efforts can expectedly produce the desired results. The groundwork is essential, since an unresponsive, obstructive, unwilling, suspicious recipient, in this case the society, will actually deter all efforts directed towards development and cause unnecessary delay and confusion. Providing employment and spreading literacy will actually see the commencement of CSR. Yes, the question will definitely arise that if transport and communication is grossly undeveloped, how is it possible to spread literacy? The obvious solution would be the involvement of the residents in the construction of roads and other communication networks, which would therefore guarantee them employment.

The monitoring authority or the government has a very important role to execute here. Of course organisations like TSRDS (TATA STEEL'S CSR) are laying their own groundwork for successful implementation of their corporate social responsibility, and in this sphere they are the forerunners and the pathfinders. With its headquarters in Jamshedpur TSRDS has been able to establish its credibility in the society it operates, actually transforming a resistant tribal undeveloped social set up to a group of faithful recipients and respondents who rely wholeheartedly on the CSR development drives of the organization and it did take time. Therefore a valid conclusion would always be directed at a functional relationship between the corporates and the society, where a third entity, the government plays the monitoring role.

## **Reference**

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## **About the Author - Sahali Chakraborty - Faculty in Economics**

Saheli Chakraborty is working as a Faculty (Economics) at IUJNC , Jamshedpur since December 2009. She is SET qualified and is an alumnus of Presidency college ,Kolkata from where she graduated with Economics Hon ours(B.Sc Eco). She post graduated with a 1st class in Economics from Kolkata University,(M.Sc Eco) and has completed B-Ed ,with a 1st class from Kolkata University. She enrolled for M Phil in Jadavpur University and continued for 1 year. She has registered herself for PhD in Economics (which is near completion) from Ranchi University. Saheli is an ex-student of Loreto Convent Asansol.

She has a plethora of experience of fourteen years and more of teaching, examining and supervising in schools and colleges. She started her career as a professor of Economics and English in Ramakrishna Mission Institute of Culture in Golpark, Kolkata. She has also been a lecturer of Economics in South City College (Heramba Chandra) and Eklavya College, JSR. Saheli has the added experience of teaching Economics in eleven and twelve in Little Flower School, Tag ore Academy, and M.N.P.S. She has been a visiting faculty (Economics and Quantitative Methods) in IUJNC; Jamshedpur from August 2008 to November 2009. She has been a I.SC Supervisor and ISC Examiner.

Saheli has attended seminars and workshops connected to Economics at Management Skill Centre, Kolkata, on Lions Quest Skills at Jamshedpur. She has recently presented a paper on CSR and Chemical Industries at Chemcon, organized by All India Institute of Chemical Industries at Vizag from 27th to the 30th of Dec 2009. Her abstracts have been published in scholarsden.org.

She aspires to write many more papers in future and has already received an invitation from Kurukshetra and three international journals to write articles .Her interests range from Economics to English, Mathematics and Psychology.