

CORPORATE SOCIAL RESPONSIBILITY: A STRATEGIC TOOL FOR CORPORATE HOUSES

Dr. Varsha Tiwari Vyas*

ABSTRACT

The paper deals with one of an important aspect in today's corporate world that is corporate social responsibility. Corporate social responsibility or corporate conscience or corporate citizenship or social performance or sustainable responsible business is a form of corporate self-regulation integrated into a business model. It aims to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Further, the paper explains the business importance of CSR in the business through various points like companies following high CSR standards have comparatively higher credibility. They tend to have a little bit more of their investors' faith and trust. Such companies can also avoid costly disputes, litigations and negative publicity by high profile investors. In the end the paper discusses CSR activities done by various big corporate houses of India like Tata, Reliance, Birla, Titan, Otis, Bajaj, etc. these and certain other corporate houses have displayed an excellent example in the area of CSR. They have performed a lot of socially useful work for uplifting the society from time to time.

Keywords: CSR, Corporate Houses, Corporate Citizenship, Stakeholders, Consumers.

Introduction

Corporate social responsibility (CSR) is an evolving concept which is yet not given a standard definition. Corporate social responsibility is generally understood to be the way an organization achieves a balance between economic and social objectives while they deal with the expectations of the shareholders and stakeholders.

Corporate social responsibility is seen as the business contribution to sustainable development which can be defined as "developments that meet the present needs without compromising the ability of future generations to meet their own needs". Corporate social responsibility is understood as focusing on how to achieve the integration of economic, environmental and social objectives.

Today, it is well accepted that business firms have special responsibilities that goes beyond what in the past was called 'business economic function'. Today, managers must also consider and weigh the legal, ethical, moral and social impact and repercussions of each of their decisions.

Many look at the outer rectangles as what the company has actually done whether good or bad, in terms of- its products and services, or its impact on the environment and on local communities, or in how it treats and develops its workforce.

Features showing the importance of corporate social responsibility in business are as follows:

- **Improved Financial Performance**

Many studies suggest that there is a direct casual relationship between increased accountability and financial performance. For example- according to 2002 Global Investor Opinion Survey released by McKinsey & Company, a majority of investors are prepared to pay a premium for companies exhibiting high corporate social responsibility standards. The study also found that more than 60% of investors state that governance considerations might lead them to avoid individual companies with poor corporate social responsibility for investment purposes.

* Assistant Professor I, Faculty of Management, JECRC University, Jaipur, Rajasthan, India.

- **Heightened Public Credibility**

Companies that demonstrate a willingness to provide credible, verifiable and accessible information can gather increased trust among stakeholders. Direct, straight forward and truthful reporting about company achievement as well as failures helps companies create a public reputation for honesty. Also the companies that make a public commitment to increase accountability and transparency need to ensure that they have strong systems for implementation.

- **Reduced Costs**

Today, the enhanced communication has become a part of corporate accountability, effort can help build trust between companies and stakeholders, which can reduce costly conflicts and improve decision making. In addition, social and environmental reporting efforts can help identify the effectiveness of various programmes and policies, causing operational efficiencies and cost reductions.

- **Increased Attractiveness to Investors**

Investors whether individual shareholders or large institutions welcome the increased disclosure that comes with corporate accountability. A number of investors, now-a-days, include non financial aspects in the analysis of their investments. Such aspects usually cover labour and environmental practices and various other social and environmental criteria. Research suggests that investors may be willing to pay higher prices for the stock of companies considered to be accountable. It is also found that 75% of stakeholders consider board practices as important as financial performance while evaluating companies for investment. In addition, it is also found that about more than 80% of investors would be willing to pay more for the shares of a well governed company than for a poorly governed company.

- **Improved Relationships with Stakeholders**

Companies which are transparent and accountable or follow high standards of CSR for their actions and decisions are better to gain trust among their stakeholders. This helps companies understand how community groups and other stakeholders perceive them. This again helps companies to better define priorities and ensure business activities to be in line with business principles or ethical codes. Investors look favorably at companies that self identify and publicly disclose accountability challenges and demonstrate that they are working to solve them.

- **Improved Overall Management**

Many companies that have developed clear Corporate social responsibility performance and accountability systems within the organization report experiencing the improved management practices overall. Increased companies have found that such system is just not limited to corporate social responsibility but can also affect performances in other areas.

- **Improved Organizational Effectiveness**

Self assessment and evaluation being the part of increasing accountability can have beneficial impacts on company operations. Dialogue and partnerships with stakeholder groups can help companies build skills and competencies, or align company operations with overarching mission and values.

- **Decreased Risk of Adverse Publicity**

Accountable companies may be better prepared to solve problems of customers or other stakeholders who might otherwise take negative actions on social issues. Such companies can also reduce risk of adverse publicity coming from high profile shareholders disputes.

Corporate Social Responsibility and Companies in India

In India also a large number of companies like TISCO, DCM, Mafatlal Group, Hindustan Steel Ltd., Escorts Ltd., Godrej, Kirloskars, etc., occupy an important place in social action programmes. Corporate social responsibility is seen as a relevant and strict control to business and a large number of managers hold a high place for social responsibility with that of profit. However, the process of social commitment in India is different i.e. like- starting social trusts, anti pollution measures, adopting villages, all round progress and development, starting family planning clinics, training to unemployed engineers, technicians and community development activities like provision of drinking water facilities, conducting social audit on a voluntary basis, providing medical and recreational facilities, conducting tournaments to promote sports talent, undertaking consumer education campaigns, avoiding unethical, misleading advertising and so on.

Here is a brief company- wise discussion on their work towards corporate social responsibility:

- **Bajaj Auto**

The company has been running a Samaj Seva Kendra since 1975 with 900 families as members near Pune. The Kendra aims at improving the quality of life of its members by providing education, health care, vocational training, etc. Their other rural development activities include:

- Distribution of solar-lantern & solar cookers
- Installation of bio-gas plants
- Deepening and widening of wells and drinking water scheme
- Tree Plantation/ Horticulture / Kitchen Gardens
- Lift irrigation
- Veterinary services like insemination, vaccination and distribution of cattle feed
- Watershed development / model village
- Distribution of agricultural implements
- Centre of Child Labour Welfare

- **Larson and Toubro**

The company spends about Rupees 5 crore annually on social projects.

- **Shriram Investments**

Company formed a trust in 1992 to carry out its social projects. It runs five schools for over 2000 children, a home for orphans. The group offers work sheds, capital and management support to women in Tanjaur, who make incense sticks and candles.

- **Tata Steel**

The company adopted several welfare measures for the employees even before they were incorporated in the law such as- an eight hour working day, leave with pay, maternity benefits and leave, workers' provident fund, gratuity on retirement, etc. the company has been involved in social projects that include environmental conservation activities, education, vocational training and healthcare for the underprivileged, revival of traditional arts and crafts and sports development. The company established a tribal cultural centre to preserve tribal customs, arts and habits. It organizes an annual fair at Jamshedpur serving marketing platform for traditional handicrafts. It has also set up link roads, irrigation facilities, and sports centers for the benefit of society at large.

- **Otis Elevator Company India**

The focus of Otis' socially responsive activities is improving the condition of lot of mentally challenged or 'special people'. Worldwide, Otis has been involved in promoting sports events for these special people. Otis India sponsored 350 special athletes from Maharashtra for the World Special Olympics in 1995. Otis has already completed 140 special events till date since then

- **Titan Industries**

Company has been involved in providing education and vocational training to the underprivileged by sponsoring scholarships for deserving students from Tamil Nadu. These scholarships have helped them to pursue further studies in medicine, engineering, natural sciences and management studies. So far, 281 students have been benefited from such schemes.

- **The Associated Cement Company**

The company has been in the areas like medical care, rural development activities and environmental conservation for long. The company installed pollution control equipments 15 years before it became a legal necessity in the country. It also takes special care to see that there is no ecological imbalance or degradation during the process of mining limestone that is required to make cement. So, it undertakes restoration and rehabilitation of used up mining areas.

- **Aditya Birla Group**

Corporate social responsibility is an integral part of the Aditya Birla Group's value systems. Today, the footprint of the Group's social work spans 2,500 villages in India, reaching out to seven million people annually. The major focuses of the group's corporate social responsibility programmes include:

- **Education**
 - Balwadis (pre-school)
 - Adult education

- Non-formal education
- Scholarships for girls, merit and technical education
- **Health and Family Welfare**
- Mobile clinics
- Medical camps
- Health training and awareness
- Sanitation- toilets, training, smokeless chullhas, biogas
- Safe drinking water
- Mother and child care/ health
- Reproductive health
- Awareness building
- **Infrastructural Development**
- Roads
- Dams
- Community centers
- Houses
- Culverts
- Electricity
- Health centers

- **Wipro**

Wipro is based on a strong foundation of values that incorporate humane views on 'Good Citizenship'. For us, good citizenship stands for Business with integrity, ecological sustainability and social and community initiatives. The initiatives we undertake as a responsible corporation cover ecology, education and sustainability. A humane approach has helped us connect with the public and as we move forward with these initiatives, our partnerships grow with the communities at large.

Future of Corporate Social Responsibility

As for the future of corporate social responsibility one thing can be easily said that there are two categories of persons when it comes to the future of corporate social responsibility. There is one category of persons who are not very positive in their views regarding corporate social responsibility whereas there is another group of people who are quite optimistic about the role of corporate social responsibility in building the image of the company.

Corporate social responsibility pessimists predict:

- CSR will be a technical fit
- Real and substantive issues will not be addressed by CSR
- The business case will not be clear enough for the companies, unless it is legislated or there are other incentives
- CSR will not be on the public's notice and there won't be clarity about what CSR is and why is it important
- CSR will become too prescriptive and get labeled as needless rule increasing the cost of business
- Companies that once achieved CSR will lose interest in it and pursue other objectives
- Those engaged in CSR will shift to minimal CSR, never moving beyond baseline CSR.
- Corporate social responsibility optimists believe that-
- In the future a significant number of companies will be convinced that its in their strategic interest to incorporate CSR into their operations
- There is a crisis in industrial capitalism, resulting in lack of trust and social responsibility. Therefore a rethinking should be done to decide the role companies in society and that of CSR in companies
- The crisis in global markets is broadening the discussion of accountability and transparency.

Conclusion

“Unless we think of others and do something for them, we miss one of the greatest sources of happiness” – Ray Lyman Wilbur

Corporate social responsibility (CSR) is the focused actions of a company/corporation that desires to do well while simultaneously doing well for the community, the society, the environment and/or all other aspects with respect to general human upliftment and well-being. Other terms for social responsibility include sustainability, corporate citizenship, community relations, business ethics, and cause marketing – though each focuses on a slightly different part of the business model. Industry leaders, pundits, policy makers and consumers each may have their own definition - and opinion - but one thing is for certain; CSR is here to stay and it should! CSR should be more than just doing something good, it should rather be about making a sustainable social impact.

There are plenty of reasons involved if one asks. Peace, for instance is one of them as it is generally dependant on the level of poverty. Peace is an indicator of national prosperity and stability which affects all. Reduced Corruption, reversal of vote-bank politics, increase in government accountability and more similar affects are all natural outcomes that evolve out of a wholesome society and CSR plays an important role in achieving this minimum social status for all.

References

1. Corporate Social Responsibility in India by Sanjay Agarwal
2. Corporate Social Responsibility in India: Putting Social-Economic Development on a Fast Track by Ramya Sathish
3. Introduction to Corporate Social Responsibility by David Crowther
4. Corporate Social Responsibility in India: Past, Present and Future by Sanjay Kumar Panda
5. IGNOU study material
6. www.karmyog.org
7. www.adityabirla.com/social_projects
8. www.freeonlineresearchpapers.com
9. www.wipro.org
10. www.mallenbaker.net.

