

New Dimensions of Corporate Social Responsibility: Recent Trends

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Introduction

Corporate social responsibility (CSR) is a legitimate responsibility to society, based on the principle that corporations should share some of the benefit that accrues from the control of vast resources. CSR goes beyond the legal, ethical, and financial obligations that create pro

Corporate Social Responsibility or CSR makes for eminent business sense as well when one considers the knock-on effect that social and environmental responsibility brings to the businesses. For instance, corporations exist in a symbiotic relationship with their environments (the term environment refers to all the components of the external environment and not to ecological environment alone) where their exchange with the larger environment determines to a large extent how well they do in their profit seeking endeavours.

While the concept of Corporate Social Responsibility (CSR) has been widely discussed, 1 there is neither general agreement about its definition nor a common way of quantifying CSR at the individual firm level. Moreover, there are varying interpretations in the literature about whether CSR improves firm performance and/or whether improvements in CSR levels are necessary for firm survival at given performance rates 2. One key way of looking at improvements in CSR, which we pursue here, is that they form part of developing a modern enterprise in a competitive environment. If a firm wants to survive, it must 'follow the current' and improve its level of CSR. Not doing so reflects 'managerial slack', and will subsequently result in firm closure.

HISTORICAL BACK GROUND & CONCEPT

corporate social responsibility allows organizations to do their bit for the society, environment, customers or for that matter stake holders. The term corporate social responsibility gives a chance to all the employees of an organization to contribute towards the society, environment, country and so on. We all live for ourselves but trust me living for others and doing something for them is a different feeling altogether. Bringing a smile to people's life just because your organization has pledged to

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educate the poor children of a particular village not only gives a sense of inner satisfaction but also pride and contentment. One should never forget the importance of society and environment in our lives. It is indeed high time when we also start thinking about people around us who are less privileged and fortunate than us. Corporate social responsibility gives an opportunity to organizations to work towards the betterment of the society and make it a better place to live.

Treat your customers as kings and do not think of them only when you have a pressure to meet your targets within the stipulated time frame. There are organizations that do not bother to touch base with their customers the whole month but are active only when they fall short of their targets and they have an appraisal in the coming month. Understand that a customer buys your products or services only when he/she trusts your brand and most importantly believes in you. Understand the needs and requirements of your clients. Find out as to why they need a particular product and how your product would benefit them. You need to build a strong relationship with your customers for them not only to remain your loyal clients but also bring more people along with them. It is the responsibility of the organization to give correct suggestions and feedbacks to customers. Avoid making fake promises and commitments which you yourself know are difficult to fulfill. What is the need of selling a mobile phone with just one day battery backup when the customer has specifically asked you for a handset with at least 3 days backup. Advocacy Groups and Pressure Groups like Greenpeace and Media Lens along with other NGO's (Non-Governmental Organizations) have a prominent role in advocating corporations to follow socially conscious policies and programs. These advocacy groups exist to monitor how well the corporations are adhering to socially conscious norms and the extent to which they are following business practices that do good for society. The way in which Greenpeace champions socially responsible capitalism is a case in point. There are other pressure groups like India Resource Center (formerly Corp Watch) that are actively monitoring the implementation of socially responsible business practices.

CSR is practiced by companies and how the present times with their myriad challenges need companies to be socially and environmentally responsible. In this article, we look at how companies first need to shore up their internal governance mechanisms before turning to the outside world to display their social concern. The focus here is that unless companies set their own house in order, social responsibility cannot be achieved. We need not turn farther than the example of Satyam Computers (now merged with Tech Mahindra) wherein the company was indeed practicing CSR but internally the corporate governance structures were so rotten that the scam once it came to light was mind boggling.

The world is changing before our eyes and whether one actively participates in that or is a bystander, the changes affect all of us. This is true in the business world as well where resource crunch, power outages and labor unrest means that companies have to take extra precautions to survive the present times. When one looks at the worldwide scenario, it is full of economic gloom and forecasts of things getting worse. In this scenario, it is no longer the case that sustainability and corporate responsibility are just catchphrases or things that the companies can do at their leisure. Instead, they have become

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paradigms in their own right which must be followed if the companies and the environment that sustains them have to transition to a new paradigm.

The point here is that corporate behavior must change with the changing times and hence excessive exploitation of resources along with causing environmental damage would be severely punished. In this context, it is worth noting that companies around the world have adopted corporate responsibility into their business strategies.

We propose that going into the foundations of responsibility and its link with accountability using the legal theory of morality can provide a solid basis for under-scoring the obligatory nature of CSR, and determining the nature of optimal CSR regulation.

Theories of CSR

The group of theories based on a criterion what role the theories confer to the corporation and society. The theories are as follows: 1) The utilitarian theory, 2) The managerial theory 3 Instrumental theories, 4Political theories 5 Integrative theories, 6 Ethical theories.. There is no doubt that some similarities do exist in both conceptualizations of CSR and the discussion will be based on emphases and approaches.

Global Trends:

The United Nations has made several corporations around the world signatories to their Global Compact. This Global Compact is a set of principles that bind companies to social responsibility and encourage them to adopt sustainable business practices. With the Global Compact and the Millennium Development Goals set by the UN, corporate around the world have incentives to participate in creating a better world.

The ongoing global economic crisis has made sustainability a key parameter as the excesses of the capitalist era precipitated the crisis and catalyzed the movement towards sustainability. Hence, the WTO (World Trade Organization) as well as the IMF and World Bank have incorporated sustainability into their mandates and are actively encouraging and goading the corporations around the world to adopt corporate social responsibility. In China and India, the severe power shortages and labor unrest has forced many companies to address social responsibility which along with the cost to the environment because of pollution has led to severe penalties from the regulators.

Taking all these factors into account, there is now a widespread acceptance of the fact that corporate social responsibility is no longer an extra business practice but a necessity. The winds of change are sweeping across the world and it is high time the corporations realized the inevitability of change and transition to a new paradigm. Unless companies learn to do with less and do not cause damage to the environment, there is no way in which humanity is going to survive. This message must be sent loud and clear by bodies like the UN, WTO, IMF and World Bank and it is only when there is a realization of this aspect that effective and deep actions can be taken. We have to realize that change takes time and so there must be patience with the change process., this is a time for visionary

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leadership and sagacious wisdom from the top CEO's and management of corporations. Without the mandate coming from the top, it is difficult to actualize change and create an environment where the future generations have something to look forward to instead of being pessimistic. This is the central challenge of our times and it needs to be seen how far the present leadership of major corporations follows the Global Compact and the Sustainability Principles set out by the UN.

CSR IN EDUCATION

CSR or Corporate Social Responsibility initiatives can extend to the realm of primary and secondary education. This entails close engagement and involvement of corporate in the schools, colleges, and universities where the corporate provide for funds, training, and associated programs with a view to educate the future workforce on how the corporate world works and the expectations from the future employees. It has been found that in many developing countries, there is a disconnect between the education that the students receive during their graduate programs and the expectations from them when they join the workforce. Indeed, it has been estimated that out of the millions of graduates in countries like China and India, only 10-20 percent are employable meaning that the rest do not have language, comprehension, verbal, and aptitude based skills to find gainful and meaningful employment. This is the reason why many industry bodies in these countries have taken it upon themselves to reach out to the colleges and universities and impart skill based training programs so that the students upon graduation can be employed and be employable

The third aspect about CSR initiatives in primary and secondary education is that they help the collaboration between the industry and the academia, which would result in close alignment of what the corporate want and what the universities teach. In other words, in many universities, there is a disconnect between the research undertaken in the universities and the emerging trends that industry and the corporate are handling. This disconnect can be remedied by close engagement and collaboration between the researchers and the faculty in the universities so that there is alignment of objectives between these stakeholders. Further, by instituting chairs and fellowships, the corporate can benefit from increased exposure and involvement with academia. This is the case in most of the leading universities in the west that have dedicated programs that are funded by corporate.

The Modern Approach, New social pressures have changed the objectives of business enterprises. There is growing public demand for corporate involvement in solving many social practices so that social responsibility becomes a standard by which business practices are evaluated. It is opined that business houses should formulate financial goals for the shareholders and social goals like pollution abatement, minority employment and related corporate activities.

VIOLATION OF CSR

- I. Bhopal Gas Tragedy, the Bhopal disaster also known as Bhopal Gas Tragedy was one of the world's worst industrial catastrophes. It occurred on the night of December 2nd 3, 1984 at the Union Carbide India Limited (UCIL) pesticide plant in Bhopal, Madhya Pradesh, India. A leak of methyl isocyanate gas and other chemicals from the plant resulted in the exposure of hundreds

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of thousands of people. Estimates vary on the death toll. The official immediate death toll was 2,259 and the government of Madhya Pradesh has confirmed a total of 3,787 deaths related to the gas release. Others estimate 3,000 died within weeks and another 8,000 have since died from gas-related diseases. A government affidavit in 2006 stated the leak caused 558,125 injuries including 38,478 temporary partial and approximately 3,900 severely and permanently disabling injuries.

Various Responsibilities of Corporate Responsibility towards itself

It is the duty of each corporate entity to do business and stay in the business. It has to work towards growth, expansion and stability and thus earn enough profits. If the corporation is to achieve social and economic ends, it has to give enough importance to the efficiency factor.

Responsibility towards Shareholders

The main responsibility of corporate entity is to secure and safeguard the shareholders' investment and endeavour to provide a reasonable return on their money. At the same time, a careful balance must be maintained between the long term needs of business enterprises and a need to pay current dividends. If the corporation behaves in a manner which is prejudicial to the interest of the shareholders, then the shareholders are free to take action against the corporation.

Responsibility towards State

It has undoubtedly been settled that the business sector is the major source of income in every economy, whether capitalist or socialist. Thus, out of the profit available, the state is entitled to a definite share as per the income tax laws and this commitment has therefore to be performed at priority.

Responsibility towards Consumers

The company should maintain high quality standards at reasonable prices. It is the consumer who decides the fate of every business institution. Therefore it is imperative for every corporate entity to fulfill its contractual obligations to its customers. CSR in the tourism industry: The impact of corporate social responsibility (CSR) in the tourism industry using seasoned equity offerings (SEOs) from 1992 to 2015. We show that tourism SEO issuers engaging in CSR activities experience less negative market reactions to SEO announcements. The findings also reveal that the negative reactions around SEO announcements are significantly lessened for tourism firms with better CSR performance in the context of high information asymmetry, because such activities serve as an ethical commitment to outside investors, and thus align the interests between SEO issuers and outside investors, which eventually mitigates negative market reactions to SEO announcements. Overall, these results indicate that tourism issuers with better CSR performance are able to reduce the agency costs and adverse selection problem for uninformed investors in the process of issuing SEOs. SR In n the tourism industry:

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Human Resource Development Professionals

HRD professionals perceive their roles and challenges in implementing CSR in organizations that claim CSR to be a key focus of their corporate identity and operation? Understandings of CSR vary and are widely contested, but for purposes of this discussion CSR is defined as treating the stakeholders of the firm ethically or in a responsible manner. Drawing from a qualitative study of HRD managers in eight large North American firms declaring explicit commitments to CSR, the evidence shows that their engagement tends to focus on employee learning and promotion, employee ownership of development, and employee safety and respect. Overall however, HRD appeared to be only marginally involved or interested in the firms' CSR activities. The article concludes with an argument for greater engagement of HRD in CSR, and offers suggestions for research and practice toward this end.

Organizational Process

Corporate Social Responsibility (CSR) as an emergent organizational process that places the employee at its centre. Predominantly, research on CSR tends to focus on external pressures and outcomes leading to a neglect of CSR as a dynamic and developing process that relies on the involvement of the employee as a major stakeholder in its co-creation and implementation. Utilizing case study data drawn from a study of a large multinational energy company, we explore how management relies on employees' interaction with CSR as the process of initiation implementation maturation develops. Employee involvement grows from a minor element in the CSR initiation stage to a vital contributory factor in CSR's success in the later stages of the process. The article offers new insights into a procession and interactional approach to CSR that accounts for the actions of different actors involved at each stage. Most unusually, it also recognizes the dual impact this has on broader issues concerning the management and involvement of employees through CSR actions.

Conclusion

CSR is not new to India; companies like TATA and BIRLA have been imbibing the case for social good in their operations for decades long before CSR become a popular cause. In spite of having such life size successful examples, CSR in India is in a very nascent stage. It is still one of the least understood initiatives in the Indian development sector. It is followed by a handful of public companies as dictated by the very basis of their existence, and by a few private companies with international shareholding as this is the practice followed by them in their respective foreign country. Thus the situation is far from perfect as the emphasis is not on social good but rather on a policy that needs to be implemented. Hence it seeks to provide an alternative that is still linked to key business processes but avoids such a tight coupling. A definition of innovative CSR is developed, which is operationalized as the 4Ps of Innovative CSR, a framework that consists of innovation in CSR project content, CSR processes, CSR positioning or CSR paradigm change. This proceeds to outline the benefits that approaching CSR from the innovation angle offers. Finally, areas are highlighted where the study of innovation can lead to a better understanding of both the nature of CSR and the challenges involved in managing it.

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The present-day CSR (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their employees and their families as well as for the local community and society at large.

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