Corporate Social Responsibility as Fundamental Duties: Challenges and Issues

*Dr. Smriti Dixit
**Anupriya Sharma

Abstract

Corporate social responsibility (CSR) refers to strategies corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. This article analyses the meaning of CSR based on some theories available in literature. It is argued that three theories namely utilitarian, managerial and relational theories of CSR supported by works of other scholars in the area could be used to suggest that CSR becomes an international concern due to globalized nature of business that knows no border. CSR is evolving in its meaning and practice. The article then discusses the role of CSR in community development because the very logic of CSR is towards seeing its impact in community socially, environmentally and economically. Competencies required by CSR managers are also analysed in order to have a better understanding of the practical aspects of CSR.

The adoption of Corporate Social Responsibility (CSR) policies is no longer a matter of voluntary practice on the part of business. In one sense it was never really voluntary, being in most cases a response to market pressures and reputational risk. But increasingly CSR is also subject to legal pressure and legal enforcement, not necessarily in the form of conventional state regulation but rather through indirect state pressure and through the use of private law by private actors, sometimes through highly innovative uses of law. This paper analyses and critically assesses the market forces pressing for CSR. It then demonstrates the range of mechanisms being used to foster and enforce 'voluntary' CSR through law. However it also shows a two way relationship between CSR and law with market pressures being used to press for a new sense of responsibility in how business approaches legal compliance, with the emphasis on compliance with the spirit, not just the letter of the law. The paper demonstrates a widening range of governance methods being brought into play to form a new corporate accountability.

All community is generally defined as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, who live in close proximity and interact on a regular basis. There are shared expectations for all members of the group and responsibility taken from those expectations. The group is respectful and considerate of the individuality of other persons within the community. In a community there is a sense of community which is defined as the feelings

of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one's self. Most important there exists community leaders who are responsible for the success of any community event, depending on the needs of the community, and the individual's own feelings. The community leaders are individuals who strive to influence others to take responsibility for their actions, their achievements, and the community welfare. Community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities. These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community developers must understand both how to work with individuals and how to affect communities' positions within the context of larger social institutions. CD is the process of developing active and sustainable communities based on social justice and mutual respect. It is about influencing power structures to remove the barriers that prevent people from Participating in the issues that affect their lives. Community workers facilitate the participation of people in this process. They enable linkages to be made between communities and with the development of wider policies and programs. CD expresses values of fairness, equality, accountability, opportunity, choice, participation, mutuality, reciprocity and continuous learning. Educating, enabling and empowering are at the core of CD .1

CSR is the procedure for assessing an organization's impact on society and evaluating their responsibilities. It begins with an assessment of the following aspects of each business:

- Customers;
- Suppliers;
- Environment;
- Communities; and,
- Employees.

The most effective CSR plans ensure that while organizations comply with legislation, their investments also respect the growth and development of marginalized communities and the environment. CSR should also be sustainable – involving activities that an organization can uphold without negatively affecting their business goals.

Organizations in India have been quite sensible in taking up CSR initiatives and integrating them into their business processes.

It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large.

Companies now have specific departments and teams that develop specific policies, strategies, and goals for their CSR programs and set separate budgets to support them.

Most of the time, these programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain.

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Mahindra & Mahindra

Indian automobile manufacturer Mahindra & Mahindra (M&M) established the K. C. Mahindra Education Trust in 1954, followed by Mahindra Foundation in 1969 with the purpose of promoting education. The company primarily focuses on education programs to assist economically and socially disadvantaged communities.

Its CSR programs invest in scholarships and grants, livelihood training, healthcare for remote areas, water conservation, and disaster relief programs. M&M runs programs such as Nanhi Kali focusing on education for girls, Mahindra Pride Schools for industrial training, and Lifeline Express for healthcare services in remote areas.

Ultratech Cement

Ultratech Cement, India's biggest cement company is involved in social work across 407 villages in the country aiming to create sustainability and self-reliance. Its CSR activities focus on healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood.

The company has organized medical camps, immunization programs, sanitization programs, school enrollment, plantation drives, water conservation programs, industrial training, and organic farming programs.

Tata Group

The Tata Group conglomerate in India carries out various CSR projects, most of which are community improvement and poverty alleviation programs. Through self-help groups, it has engaged in women empowerment activities, income generation, rural community development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions.

The group also engages in healthcare projects, such as the facilitation of child education, immunization, and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, providing sports scholarships, and infrastructure development, such as hospitals, research centers, educational institutions, sports academy, and cultural centers.

ITC Group

ITC Group, a conglomerate with business interests across hotels, FMCG, agriculture, IT, and packaging sectors has been focusing on creating sustainable livelihood and environment protection programs. The company has been able to generate sustainable livelihood opportunities for six million people through its CSR activities.

Their e-Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. It's social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social

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empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

1. To share the negative consequences as a result of industrialization

This is related to increasing conscience-focused marketplaces necessitating more ethical business processes tax for higher emission vehicles, thus reducing the burden of small vehicle owners in a community.

2. Closer ties between corporations and community

Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and producers of goods and services. By doing so, corporations and community would stay in peace and harmony. This becomes a social capital that is essential in community development.

3. Helping to get talents.

Organizations with a reputation for CSR can take advantage of their status and strengthen their appeal as an attractive employer by making their commitment part of their value proposition for potential candidates. It is also found that when employees view their organization's commitment to socially responsible behaviour more favourably, they also tend to have more positive attitudes in other areas that correlate with better performance. They believe their organizations recognize and reward great customer service, act quickly to address and resolve customer concerns, and are led by people in senior management who act in the best interest of consumer.

4. Role in transfer of technology:

Closer ties help in TOT between MNCs that give concerns on CSR and communities in the host countries. MNC is a corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they co-ordinate global management.

5. CSR helps to protect environment.

 Some of the world's largest companies have made a highly visible commitment to CSR, for example, with initiatives aimed at reducing their environmental footprint. These companies take the view that financial and environmental performance can work together to drive company growth and social reputation.

6. CSR is for human right corporate sustainability.

 The Global Compact is also seen a strategic policy for businesses that are committed to aligning their operations and strategies within the areas of human rights, labor, and environment. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. Never before have had the objectives of the international community and the business world been so aligned. Common goals, such as building markets, combating corruption, safeguarding the environment and ensuring social inclusion, have resulted in unprecedented partnerships and

openness among business, government, civil society, labor and the United Nations. This ever-increasing understanding is reflected in the growth of the Global Compact, which today stands as the largest corporate citizenship and sustainability initiative in the world -- with over 4700 corporate participants and stakeholders from over 130 countries.

7. Inter dependency between a corporation and community.

 The close link between a corporation and community is another aspect of CSR role in CD because in long run it creates sustainable development. The CSR projects give aids to local organization and impoverished communities. This certainly leads to sustainable community development.

8. A CSR program can be seen as an aid to alleviate poverty

 This program help from the local media company for publicity and audience support. This TV program is focused on the life reality of the poor, helpless and misfortune people in their survival. Through this collaboration it may trigger other corporations to help the nation in its effort to alleviate poverty and, hence, in developing community.

9. A CSR program helps in data gathering for other public organization

Intel has also conducted initiatives to educate local communities on how they can use technology to prevent crime or at least to use it to detect who committed the crime .This is an example of technology companies implement CSR initiatives that both benefit community and support business**.**

10. For corporate sustainability goals

These practices represent a continuing commitment by a company to behave ethically and contribute to economic development while improving the quality of life of its workforce and family members, as well as the local community and society at large. specifically covers five areas: awareness and perceived importance among employees, employee sustainable behaviors, social and community performance, environmental performance, and ethical and legal performance.

Conclusion and Research Implications

CSR is about business, government and civil society collaboration with the bottom line is the achievement of win-win situation among the three entities. From the social point of view, CSR should benefit community because the latter has a very complex structure as it consists of individuals with various levels of control of resources physically and intangibly. The analysis on the theories allows the understanding of CSR that goes beyond its traditional meanings; therefore, CSR necessitates a multidisciplinary approach in its perspective and practice. Since the current meaning of CSR is complex, knowing the theories allows scholars to have a better understanding about corporation-society relations, in which theories and practices of CSR are influenced by numerous economic and non-economic as well as internal and external forces.

Roles of CSR in CD refer to the ways the responsible behavior is perceived by community of stakeholders and how impacts are felt by them. The analysis shows that CSR proved to have many roles and the brought impacts to the community as follows: Closer ties and interdependencies between corporations and community, sharing the costs the society has to pay due to environmental

degradation, transfer of technology from international companies to developing countries, environmental protection measures that done together by corporation and the communities, poverty alleviation in the communities, human right advocacy, and helps in data gathering by ICT firms to facilitate public organization functions. For many corporation leaders, it is difficult to know where their responsibilities begin and end in relation to building infrastructure, creating economic opportunities, and access to core services such as health, education and poverty alleviation. Experience has made one thing certain that sustainable CSR solutions at community, provincial and national levels are based on partnerships between government, civil society and business.

It is also concluded that skills needed by CSR managers do vary due to the diverse disciplines involved and also the complexity of the roles and responsibilities of a CSR initiative. There are no specific qualifications required for this field. Because the field is new, transferable skills and knowledge from other related specializations such as environmental management, business ethics, transfer of technology, human resource management and community development, are valued. In short, the skills required by CSR managers are classified as business skills, people skills and technical skills; and the specific skills required are further determined by the mission and vision of the organizations where the CSR managers serve.

*Assistant Professor
Department of Management
**Research Scholar
Maharaj Vinayak Global University
Jaipur (Raj.)

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