

CONTRIBUTION OF CORPORATE SOCIAL RESPONSIBILITY TO SUSTAINABLE DEVELOPMENT

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ABSTRACT

Sustainability devised ways of exploring natural resources satisfying human needs and enabling business activity along with its uninterrupted development. With the purpose of achieving sustainable development assumptions origin called corporate social responsibility was proposed. Corporate Social Responsibility is the obligation of business towards society and Sustainable development is becoming a strategy for a modern business. Society and Business are complimentary in achieving the common goal of Sustainable Development. One cannot prosper without the other. The main aim of the Research Paper is to analyze and articulate the role of Corporate Social Responsibility in the state of Sustainable Development. This paper will also analyse the contribution of various Indian organisations for the social upliftment and sustainable development with inclusive growth. Few suggestions have been demarcated to overcome the difficulties in adoption of Corporate Social responsibility.

KEYWORDS: Corporate, Modern Business, Sustainable Development.

1. INTRODUCTION

The emergence of the amended Companies Act passed in 2013 has changed the era of Corporation in India. It highlighted the increasing significance of Corporate Social Responsibility by devising changes in existing CSR norms. CSR is accepted as a means to achieve sustainable development in an organization. Hence it needs to be accepted as an organizational objective. The concept of

CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc. from the society. By performing the task of CSR activities, the companies are giving something back to the society (Gorski, 2018). Business can no longer limit themselves to using resources by indulging in activities that increase their profit only. The Companies have to be socially responsible corporate citizens and also contribute to greater common social good.

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. If Company has crossed the threshold limits, then it has to spend at least 2% of its average net profit for the immediately preceding 3 financial years on CSR activities. Further as per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India.

Sustainable development involves the use of environmentally responsible and efficient operational practices that preserve environmental resources crucial to long-term business success and development. The foundation for sustainability and CSR have been around for along time (Rana, 2015). However, they have taken on new meaning in the early 21st century. Due to prominent business scandals, such as the accounting fraud involving energy giant Enron that contributed to its December 2001 bankruptcy filing, and increased emphasis on environmental preservation, the public pays more attention to company practices. Companies are becoming increasingly aware that operating in a way that benefits society now and in the future can earn favor with core customers, while Ignoring expectations for responsible activities can lead to negative public relations, boycotts and general backlash from communities in which you do business.

2. REVIEW OF LITERATURE

Most of the CSR practices in such a context still fall under philanthropy and few under human development or the business case (Abdelhalim & Eldin, 2019). The lack of the formal institutional framework for organizing the role of the State in CSR promotion leads to missing the opportunity of linking CSR to the Sustainable Development Goals or similar strategies (Gorski, 2018).

The attention toward social and environmental impacts of companies on stakeholders is not new. In the past years, the interest in the companies' impact on stakeholders increased due to pressing global problems like climate change and poverty (Nicoleta, 2015). Companies are regarded as

important players given their activities and global influence where they confront a range of issues, stakeholders, in both home and host countries as well. Companies' potential in being not a part of the problem, but rather a solution where other institutions fail, is increasingly acknowledged and has attracted the researcher's interest in the field of corporate social responsibility (CSR) activities and sustainable development (Rana, 2015). The relation between CSR and SD has been studied just a little and their inclusion in the literature as two concepts as part of the same model has been lacking.

3. RESEARCH METHODOLOGY

It refers to a systematic plan for conducting research. In this article secondary data has been used from various journals, articles, newspapers and websites for collection of data from authenticable sources about Corporate Social Responsibility and its contribution to sustainable development. The research proposes to use qualitative research tools to empirically support the arguments of this research paper that successful companies in India do value social responsibility.

4. OBJECTIVES

- To carry out critical analysis of Corporate Social Responsibility
- To analyse the areas of CSR in which Indian companies are involved.
- To articulate the role of Corporate Social Responsibility in the scenario of Sustainable development through practical examples.
- To study challenges in implementation of CSR and suggest recommendations for effective implementation.

5. SIGNIFICANCE OF STUDY

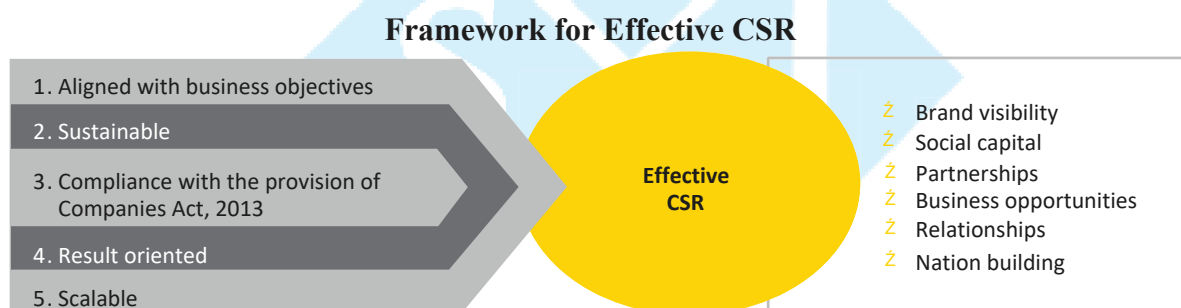
As per Companies Act, 2013 the significance of Corporate Social Responsibility has been highlighted due to increasing awareness and concern among the customers as part of society regarding sustainable development. So there is a need to study the increasing need of using environment friendly practices in business and contribution of CSR activities to sustainable development.

6. ANALYSIS

CSR refers to ensuring the success of the business by inclusion of social and environmental considerations into a company’s operations. It means satisfying your shareholders’ and customers’ demands while also managing the expectation of other stakeholders such as employees, suppliers and the community at large. It also means contributing positively to society and managing your organization’s environmental impact.

Hence, CSR is a contribution to sustainable development, implying the way a company balances its economic, environmental and social objectives while addressing stakeholder expectations and enhancing shareholder value. CSR not only includes the activities that a company undertakes in order to utilize their profit to enable social and economic development, but also includes the methods that a company is following to increase turns on responsible investments, and transparency to various stakeholders among others. Realizing the importance and the long term benefits of these social incentives have incorporated socially responsible business practices. The basic objective of CSR is to maximize the company’s overall impact on the society and stakeholders while considering environment and overall sustainability.

Figure: 1



Source: Global CSR Summit 2013: An agenda for Inclusive Growth

One of the Contribution of CSR initiatives to Society is Sustainable development which involves preserving the environment resources for the next generation with economic development of companies. The idea of relating CSR to Sustainable Development will reap benefits to both companies as well as society at large.

Relevance of CSR within an organisation

CSR is not only relevant because of a changing policy environment but also because of its ability to meet business objectives. Undertaking CSR initiatives and being socially active has many benefits which are as following:

- Strengthening relationships with stakeholders.
- Enabling continuous improvement and encouraging innovation.
- Attracting the best industry talent as a socially responsible company.
- Additional motivation to employees.
- Risk mitigation because of an effective corporate governance framework.
- Enhanced ability to manage stakeholder expectations.

These benefits are important and most of the Indian Companies are involved in revising their strategies and expanding their operations in order to reap benefits and contribute to inclusivity in growth.

7. CONTRIBUTION TO CSR IN INDIA

As per **Sudhir Vasudeva**, CMD of ONGC, “ONGC espouses a brand of CSR that not only spells commitment towards integration of social, economic and environmental considerations into decision making structures and processes but also to enthusing innovation to find creative and value-added solutions to the societal and environmental changes.”

Dr. Bhaskar Chatterjee, CEO of Indian Institute of Corporate Affairs empathetically stated “CSR is a way of conducting business, which makes corporate entities socially responsible citizens, visibly contributing to the social good. Socially responsible companies do not limit themselves to using resources that only increase their profits. They use CSR to integrate economic, environmental and social objectives with the company’s operations and growth.”

Ratan Tata emphatically stated in favor of CSR as part of Corporate Strategy: “We do not do it for propaganda, we do not do it for publicity.”

According to Narayana Murthy, the Infosys Chief, social responsibility is to create maximum shareholders working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.

Subrata Mukherjee, the President of ICICI foundation declared: “CSR needs to be embedded into the core of the business strategy.”

There are various companies in India engaged in CSR activities. Companies engaged in CSR mainly focus on the following areas:

Upliftment of Society: Various organisation in India are raising funds, joining and supporting NGO'S for upliftment of society like HDFC, ICICI, and Jet Airways.

Concern for Health & Society: Awareness has to be generated in the society for positive and good health among the individuals. Various epidemic diseases like HIV/AIDS and improving access to medicine for poor and people in rural areas. Various organisation like NTPC, AMWAY, NOVARTIS, MODICARE and OXFAM are generating awareness successfully.

Child & Women Welfare: Children are the backbone of any nation. Various organisation are helping schools in slums and supporting socially backward women and also sponsoring various women & children upliftment projects. Organizations like WIPRO, NIIT, HINDUSTAN PENCILS LTD. are few among them.

Green Ecology: Environment plays an important role in society. It is the duty of every citizen to protect the environment. Various kinds of toxic gases, waste production, and water contamination are some of the issues on which the organisation like Sony Panasonic, Orchard hotels are focusing.

Development of Rural areas: Various organisations are focusing on the overall development of adjoining villages around their plants. Various facilities like good educational infrastructure, hospitals etc. in villages have been developed by various organisation like Bajaj Auto, ONGC. etc.

Employee's Welfare: Employees are the backbone of every organisation. Every organisation wants their employees to be fully satisfied to enjoy the environment in which they work and live. Various international human rights and employees' welfare programmes are a handful of examples of CSR.

8. CONTRIBUTION OF INDIAN COMPANIES TO SUSTAINABLE DEVELOPMENT

The Economic Times had partnered with Futurescape and IIM Udaipur to conduct the first 'The Best Companies for CSR' study in 2019 in which 216 companies had participated. There's more competition, and as a result several new companies have risen to find a place in the top 10 rankings of the Best Companies for CSR 2019 study. The first three top ranking companies which are contributing to sustainable development with their CSR initiatives along with their Key CSR areas and programmes initiated by them are as follows:

A. MAHINDRA AND MAHINDRA

Key CSR Areas: Focus on the girl child, youth and farmers through programmes in the domains of education, public health and environment. Mahindra Pride Schools provide livelihood training to youth from socially and economically disadvantaged communities and have trained over 13,000 youth in Pune, Chennai, Patna, Chandigarh and Srinagar. M&M sponsors the Lifeline Express trains that take medical treatment to far flung communities. Then there's Project Hariyali, which has planted 7.9 million trees till date, including four million trees in the tribal belt of Araku Valley. M&M has constructed 4,340 toilets in 1,171 locations across 11 states and 104 districts specifically for girls in government schools as part of Swachh Bharat Swachh Vidyalaya. Expenditure on CSR in the last fiscal was Rs 83.24 crore — 2% of Profit after tax.

Flagship Programme: Set up by Anand Mahindra in 1996, Project Nanhi Kali supports the education of over 11 lakh underprivileged girls in ten states, providing material support (uniforms, bags, notebooks, shoes and socks) and academic support (workbooks, study classes). The key outcomes of the project include an increase in both enrolment of girls in schools and curtailing dropouts to less than 10%.

B. TATA POWER

Key CSR Areas: Education, environment, community development, health, safety, security, resource and energy conservation, women empowerment, skill development and livelihood generation. Its total CSR spending in FY15 stood at Rs 31.1 crore as against the 2% of PAT requirement of Rs 29.8 crore. Further, the CSR spending of subsidiaries and joint ventures of the company was Rs 18.2 crore as against the requirement of Rs 17.2 crore.

Flagship Programme: 'Act for Mahseer', a conservation initiative started in 1975 for saving endangered species. Tata Power set up a breeding center in Lonavala as part of its eco-restoration and eco-development project for the lakes. The programme has produced and distributed in various water bodies seeds of Mahseer in excess of 10 million in India and internationally.

C. TATA POWER

Key CSR Areas: Education, healthcare, facilitation of empowerment and sustainable livelihood opportunities, preservation of ethnicity and culture of indigenous communities and sports. Initiatives run across ten districts in Jharkhand, Odisha and Chhattisgarh, covering nearly 500 core villages. Total spending in 2014-15 on CSR was Rs 171.46 crore, which is 2.04% of the average net profit of the last three fiscals.

Flagship Programme: Maternal and Newborn Survival Initiative (MANSI), a public-private initiative, has been implemented in 167 villages of the Seraikela block of Jharkhand's Seraikela-Kharsawan district since 2009. The project goals are to reduce child and infant mortality. MANSI has achieved improvement in all process and outcome indicators, such as reduction in neonatal mortality by 32.7%, reduction in infant mortality (up to the age of one year) rate by 26.5%, increase in institutional delivery from 58% to 81%. Based on the early evidence of success and learnings from the MANSI project, Tata Steel is scaling up the project to cover 1,500 villages.

9. CHALLENGES TO IMPLEMENT CSR

- The biggest challenge of CSR is that the corporate should have a holistic approach and are more concerned towards maximizing profits.
- Due to lack of awareness, various organisations have accepted CSR activities in a narrow perspective
- There exists a general attitude in companies regarding performing CSR activities due to lack of consideration in expending funds in CSR initiatives.
- Lack of specific areas of focus and affiliated rules is a major challenge to implement CSR most effectively.

10. CHALLENGES TO IMPLEMENT CSR

- Every organisation should decide minimum annual expenditure for the CSR initiatives every year for their inclusive growth and sustainable development.
- In order to ensure Inclusive growth, envisaged in our Plan Vision document, rural areas should get priority over urban areas in the matter of getting returns from CSR activities.

- Companies should be involved in using natural resources without sheer wastage for carrying on their activities
- Public & private partnership can also be a better tool for effective implementation of CSR activities.
- Government should give recognition to the companies contributing maximum to CSR and sustainable development.

11. CONCLUSION

The concepts of Corporate Social Responsibility and Sustainable Development have been progressing for a long time. After reviewing the development process of Sustainable Development, it can be concluded that CSR is a business model which promotes business contributions to sustainable development i.e. it creates a balance between economic interests, environmental needs and social expectations by integrating the spirit of Sustainable Development into the business strategy.

The interaction between the conceptions of CSR and sustainable development has been reinforced in recent years; CSR is considered to be an integral part of sustainable development (World Business Council for Sustainable Development, 2000). Corporate sustainability is the company version of sustainable development, while CSR is a voluntary managerial approach to sustainable development (Steurer et al., 2005). Corporate responsibility and corporate sustainability can be used as synonyms (United Nations Global Compact, 2013).

Governments, international organizations, the business sector and other non-State actors and individuals must contribute to changing unsustainable consumption and production patterns and move towards more sustainable patterns of consumption and production. Private business activity plays a key role to solve sustainable development challenges with its creativity, investment and innovation. A dynamic and well-functioning business sector, while protecting labour rights and environmental and health standards in accordance with relevant international standards and agreements can be an essential driving force of sustainable development (United Nations General Assembly, 2015)

Sustainable development has become a need of hour due to depleting natural resources due to which CSR activities need to be initiated by companies. The relationship between sustainable development and CSR does not remain on a theoretical level but more and more practical CSR

initiatives indicate that companies are contributing more towards sustainable development. Our study forms the basis of our further research, the aim of which is to examine the way the largest companies contribute to gaining sustainable development through their CSR activities.

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