

Corporate Social Responsibility

***Business of business is to do
business***

Introduction to CSR

CSR stands for corporate social responsibility which is a broad term that covers concepts used by companies to maintain their socially good or responsible image in relationships with customers, shareholders, stakeholders.

“Corporate Social Responsibility (CSR) is a powerful way of making sustainable competitive profit and achieving lasting value for the shareholder as well as for stakeholders. CSR and the reporting thereof is a win-win opportunity, not just for companies and for financial investors but for society also.”



- The traditional way of organizing business, based on capitalist view of economy, basic goal of business is profit maximization without moral and social constraints.
- Robert Owen in 1971 raised the voice for social responsibility and social control of business.
- **He proposed the first factory act:** according to which children should not work in a factory till the age of ten years.

- Many social philosophers opposed the bill in the starting. With the passage of time social responsibility of business organizations gained momentum.
- Government played the major role in safeguarding the interests of workers, consumers and society.
- Thus finally business corporate realized their social and moral responsibilities in addition to economic one.

- India's oldest steel producer TISCO, has voluntarily undertaken many measures for employee welfare and social and community development.
- Employee welfare programs
- Community development programs
- Corporate philanthropy
- Corporate citizenship
- Trusteeship concept

Employee welfare programs

- A socially responsible company is responsive to the various needs of its employees
- Provide housing, health-care facilities
- Open up schools, parks and playgrounds
- Provide safe and hygienic work conditions
- Counseling sessions

Community development programs

- Increasing no. of companies are realizing that they need to be a good neighbor for the community.
- IFFCO fertilizer company helps rural communities to create their own irrigation system
- Conduct programs like adult literacy, primary education, health care etc.
- Cause related marketing: to support some social cause, natural disaster etc.

Corporate philanthropy

- Many of the activities mentioned above are also part of philanthropy. (donations)

Corporate citizenship

- It means sense of belongingness, with an obligation to work for the common good.
- Consciously promoting the economic growth of the country.
- Paying taxes, obeying laws, preserving environment, non renewable resources

Trusteeship concept

- The common attitude of owners of businesses is that it's their private property.
- According to this theory business should consider themselves as trustees of business and should take care of all the parties:
 - shareholders
 - employees
 - Suppliers
 - local community

Possible CSR Activities (Schedule VII)

- ❖ Schedule VII of The Companies Bill draws attention to an illustrative list of activities that can be carried out under the CSR Agenda;
- ❖ It could be worthwhile to concentrate our energies on some aspects of development where tangible results can be achieved within a relatively short period of time;
- ❖ Some of these areas could be:
 - Toilet and Sanitation Facilities in rural schools, particularly for girls;
 - Education Projects;
 - Provision of Health Facilities;
 - Combating Malnutrition;
 - Skill Development.