

Corporate Social Responsibility

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

Definitions and Relationships

- Corporate social responsibility (CSR) is the process by which businesses negotiate their role in society
- In the business world, ethics is the study of morally appropriate behaviors and decisions, examining what "should be done"
- Although the two are linked in most firms, CSR activities are no guarantee of ethical behavior

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.”



Cont...

In India, the term CSR might be new but the concept is not. It has been there since the earliest times,



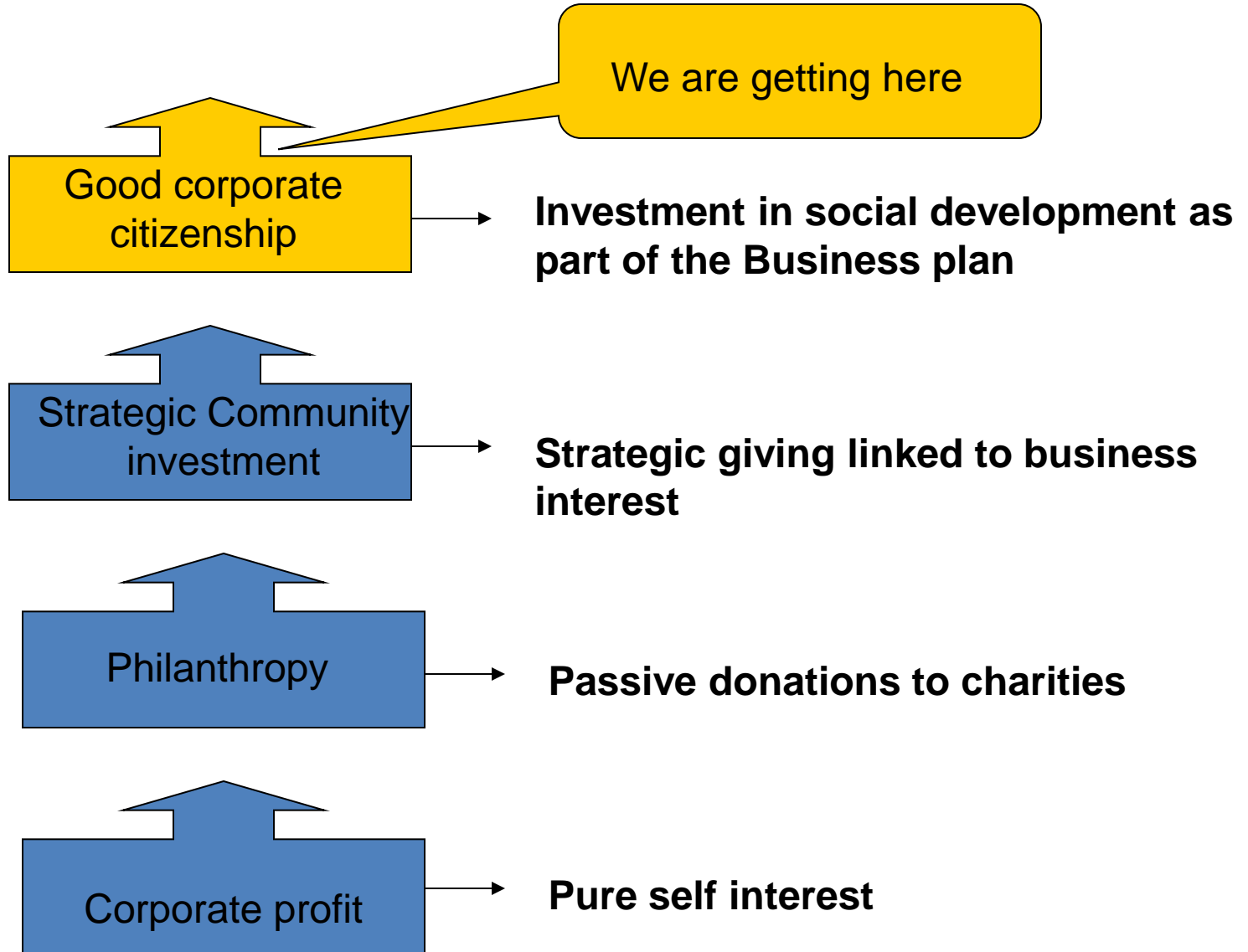
Hindus call it ‘dharmmada’

Muslims call it ‘zakatah’

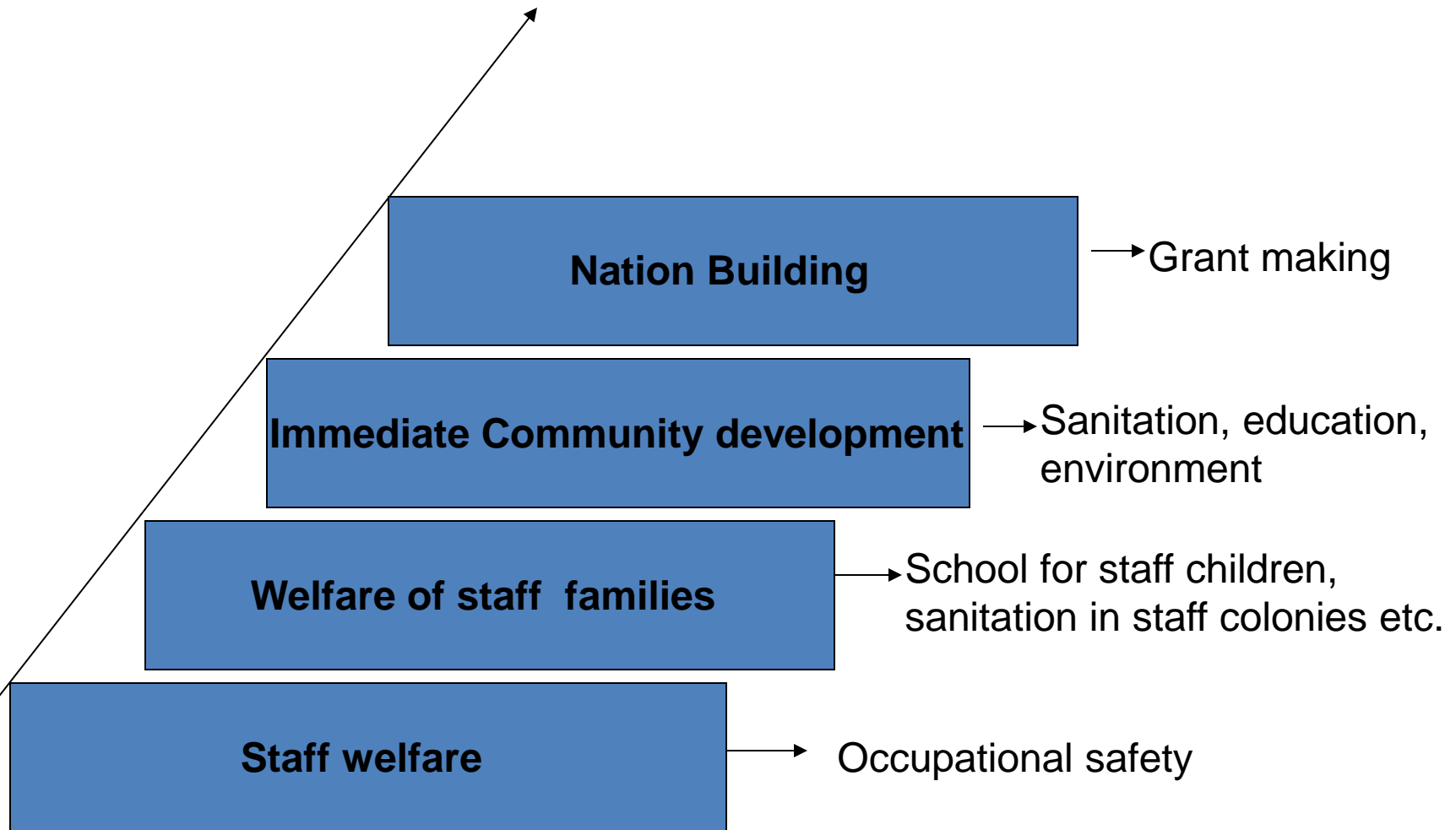
Sikhs call it ‘dashaant’

As individuals joined hands to form organizations, the same concept became embedded in the organizations.

The evolution of CSR



Levels of Social responsibility



Cont...

Today the Corporate social responsibility goes far beyond the old philanthropy of the past – donating money to good cause at the end of the financial year– and is instead an all year round responsibility that companies accept for the environment around them, for the best working practices, for the engagement of local communities.



- 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.

Forces reinforcing corporate social responsibility program are :

Government

Globalization

Ethical consumerism

Changing market structure

Many business organizations have voluntarily accepted it.



- 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

Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include

Company benefits	Benefits to the community	Environmental benefits
Product safety	Product safety and quality	Greater material recyclability
Improved financial performance	Corporate involvement in community education and employment	Better product durability and functionality
Greater productivity and quality	Employee volunteer programmes	Greater use of renewable resources
Enhanced brand image and reputation	Charitable contributions	Integration of environmental management tools into business plans
Increased sales and customer loyalty	Happy society	Healthy pollution free environment

Reasons for CSR Activities

- CSR activities are important to and even expected by the public
 - And they are easily monitored worldwide
- CSR activities help organizations hire and retain the people they want
- CSR activities contribute to business performance

Is industry voluntarily giving back something to the society?

Are these actions inspired by a sense of guilt to the society, earning good name in market, philanthropy, etc.?

Is it part of core business strategy?

Is it adopted by the board?

Company Project: Balco Hospital



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.