
ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN SUSTAINABLE DEVELOPMENT

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Abstract

Corporate Social Responsibility (CSR) is an initiative taken by the companies to sustain the environment and welfare of the workers. The objective of CSR is to improve living standards, while sustaining the levels of profit of the corporation. CSR contributes to a number of policies related to social economic upliftment. “Corporate Social Responsibility is very helpful in operating a company in a way which meets the ethical, legal, commercial & public expectations that a society has from the company”. CSR is a vital ailment in attaining sustainable development. Many corporates are focusing on environmental issues for their social responsibility activities for example, putting eye on toxic gases, waste production and water contamination etc.

Keywords: Corporate Social Responsibility, Development, Sustainability

Introduction:

In this era of globalization, effort and energy of the world are being spent on improving the standard of the organizations in terms of wealth (Goryakin, et. al., 2015). Competition among the companies is raising leading to commercial pressure (Barnett, & Carroll, 1987). Regulations are increasing day by day and consumer demand is also enhancing to create a new playing ground for business (Ambec, et. al., 2013). Old concepts of corporates are also changing from their traditional way of business to modern methods of business. The old concepts of business were just to make higher profit and employ people (Carroll, & Shabana, 2010). Thus we can say that in older days the motto of companies was to make higher profits rather than socio-economic and environmental protection. In today's world corporates while making profits should also keep an eye on the sustainable development so that the process of development remains continue (DeSimone, & Popoff, 2000). The corporates must be aware about their obligation and should be responsible towards the society and move towards the higher profits of the organization. Sustainable development is considered to be in social welfare rather than in individual motive thus government who is responsible to preserve the environment must implement certain regulation and instructed the corporates to follow the instruction under the strategy framed by the public authorities (Bansal, 2002; Rondinelli, & Berry, 2000).

Corporate Social Responsibility existed for a long time period in India under the section of 135 of Companies Act 2013 (Dharmapala, & Khanna, 2018). CSR is a broad concept and having various meaning. Generally, CSR means, all those activities taken by the companies/corporate to maximize the welfare of the workers and the society. According to UNIDO, Corporate Social Responsibility (CSR) is a strategy of management under which corporates include into their business operation with other public interests concerns. In general, CSR is a method through which companies achieve equilibrium of socio-economic and environmental imperatives. Social responsibility of corporate is a responsibility towards consumers, employees, distributors and the public (Garriga, & Melé, 2004). The basic objective of CSR is to improve living standards, although sustaining the levels of profit of the corporates. Corporates while making profits must also be aware that they have to manage their operation in such a way that will enhance economic growth and promote competitiveness with an assurance of social and environmental protection together with the consumer interest (Epstein, & Buhovac, 2014).

Sustainable Development was first defined by the Brundtland Commission. Sustainable development means the “development that meets the demand of the present generation without compromising the ability of future generation to fulfill their own needs”. Sustainable development is the balancing concept between ecology and development. Sustainable development is crucial to preserve the socio-economic environment for future generation and thus development and ecosystem must go side by side.

India is rich with abundant natural resources, human resources, environmental awareness, technical personnel and legislations for environmental protection but still is unable to preserve environment on a better scale (Thakur, 1997). This might be due to poor legislation policy and behavior of the consumers who fails to understand the importance of sustainable development. It is true that to be in business a firm or a company/corporate has to make profit and without profit there will be no corporate nor corporate social activity (Graafland, & 2006). Corporate social responsibility is not backed by money or profit and CSR is also not only for the big businessman so that small corporates have to wait till they become a big company (Gugler, & Shi, 2009).

Corporate Social Responsibility:

The World Business Council for Sustainable Development (WBCSD) defines CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families & the local communities”. CSR is an act of serving community on a wider level in which corporate carry out their business in a manner that is fruitful and productive and beneficial to the society (Lantos, 2001). It’s the way of proposing thanks to the locality in which business operate and also a manner of showing a connection to the environment (Nielsen, & Thomsen, 2007). Corporate Social Responsibility can contribute to a number of social objectives (Hoque, et. al., 2018). “Corporate Social Responsibility is very helpful in operating a company in a way which meets the ethical, legal, commercial & public expectations that a society has from the company”.

Reasons for adopting the CSR policies:

1. Reputation:

Reputation is anything which one cannot earn on a day rather it comes after a long time and quality work. But to ruin reputation one minute is enough. It can be said that reputation is an important asset which can be helpful during the time of financial crisis of the company. Although, a good reputed company can easily build confidence with stake holders and shareholders and which can be very fruitful in the long run. But if the reputation and confidence lost it will ruin everything.

2. Brand Quality Perception:

Numerous studies have shown that product brand attracted consumers and thus brand perception plays an important role. For instance; Coca Cola, TATA, Nokia, Class mate Note books. These are the highest selling products because of brand name.

3. Fair Trade:

Fair trade is the most important corporate plan for the company. Fair trade helps companies to make brand name loyal among the customers. A corporate house without fair trade business will make huge losses in the business.

4. Transparency & Accountability:

Various studies show that transparency and accountability are very crucial pillars of a democracy and thus it is applicable to the corporate also in the same way. Companies can make good name and fame among stakeholders and shareholders through transparency and accountability principles. A company with transparency in its policies will accepted by the public and investors will invest in the company on a larger scale.

Role of CSR in Attaining Sustainable Development:

CSR is a vital ailment in attaining sustainable development. The corporates plays a crucial social and moral responsibility in protecting the environment. In recent times, these social and moral responsibilities are backed by rules and regulation. Many corporates are focusing on environmental issues for their social responsibility activities for example, putting eye on toxic gases, waste production and water contamination etc. (Spence, 2011; Ameer, & Othman, 2012).

Case Study 1: Coca Cola CSR

Coca cola being the largest soft drinks company in India adopted the importance of corporate social responsibility take it as an important part of its corporate policy. According to the Cocoa cola company, a company must be aware about the ecosystem, sociological and economic effects of its business and thus every company must implement various initiatives to improve the living standard of its customers, the labour and the community.

Corporates criticized form activists and environmental experts on the basis of depleting ground water in the locality in which it's plants were functioning thus impacting the farmers economically by effecting the land productivity. Time to time, the coca cola initiated various social initiatives like harvesting rainwater; restoring ground water, sustainable packaging and recycling. Coca cola on its global strategy planned to become water neutral in 2009.

Case Study 2: Adar Poonawalla CSR

Company has taken an initiative to vaccinate tow third of worlds children as part of its CSR. Adar Poonawalla's took up clean city as its CSR he found garbage piling up and dumped all across the city. Setup in 2015 the Adar Poonawalla Clean City Initiative (APCCI) is a first of its kind Public-Private-People (PPP) Partnership towards scientific waste management. APCCI supports the Pune Municipal Corporation (PMC) in the collection of street waste and garbage. Initiative take is to keep the city clean with a team of over 400 workers and a road fleet of over 200 low carbon emission machines like electric Gluttons and BS-IV compliant transportation. For the first time in India, a vehicle mounted road pothole-filling machine is also being used to fill potholes across the city.

Urban Local Bodies, citizens, resident welfare associations and NGOs are important stakeholders in this initiative. This multi stakeholder approach with active collaboration and cooperation has resulted in a successful and unique first-of-its-kind model of Private- Public- Partnership in waste management.

Case Study 3: ITC CSR

Recognizing that economic importance of business enterprises, ITC's accept that a corporate performance should be calculated by companies' contribution to building socio-economic capital towards increasing sustainability in the community. With this agenda, ITC continually opting unique steps to generate employment for the workforce and to keep sustainability. Such Social Responsibility ("CSR") models are far more reliable and sustainable, with an effect on sustainable employment and environmental preservation. These steps are not depended on the usual regulation of ITC's business.

ITC's implement CSR agendas either through its personnel managers or either external agencies like ITC Education Trust, Rural Development Trust, Sangeet Research Academy, Bhadrachalam Education Trust, Tribeni Tissues Education Society and some other trust established by the ITC. ITC or Company must specify the CSR policy that must be adopting by the specific trust in accordance with its objective and financial requirement.

Conclusion:

Corporate social responsibility is a very important tool to maintain the social, economic and environmental sustainability. CSR on one hand increase the profitability of the companies on the other hand improve the environment quality. India is rich with abundant natural resources, human resources, environmental awareness, technical personnel and legislations for environmental

protection but still is unable to preserve environment on a better scale. Thus, CSR CSR is very helpful in the operation of a company in a way which fulfills the socio-economic, commercial that a community has from the company.

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