

Corporate Social Responsibility and Sustainability Development

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Abstract— Over the past decade the concept of sustainable development has expanded to include the simultaneous consideration of economic growth, environmental protection, and social equity in business planning and decision-making. Sustainable development means utilization of natural resources for a business or for any means of survival by human being in such a way which should meet the requirement of the present generation as well as requirements of all the coming generations in future. The role of corporate sectors does not end up with contributing in economic growth of a country or to providing employment to the society but it goes beyond that, where corporate sectors must provide benefits to the society at large without harming the natural resources. Hence, the role of the Corporate Social Responsibility (CSR) for Sustainable Development has become vital today. The corporate sectors must design its Corporate Social Responsibility strategies and they must put those strategies into practice in well manner. In recent years, the discussion about sustainability has risen above average and a huge amount of different terms have been established. This leads to a very broad and unspecified discussion about this topic, especially in economic and business management. The aim of this paper is to find out the relationship between SD and CSR is defined to ease further research in SD and CSR, moreover, to enhance the development of new methodologies and instruments towards the implementation of SD / CSR strategies into companies.

Keywords— Corporate Social Responsibility, Sustainable Development, Natural Resources, Economic growth, Social equity

I. INTRODUCTION

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being

asked to apply sustainability principles to the ways in which they conduct their business.

II. EVOLUTION OF SD AND CSR

Sustainable Development

The origin of the term SD lies in the 18th century and was actually used in forestry. In those times, it was only allowed to cut down a certain number of trees so that a long-lasting protection of the tree population was guaranteed. This method ensured a continuous supply of wood without reducing resources for forthcoming generations. The Club of Rome precipitated an international discussion due to its report —Limits to Growth|| (Meadows, 1972). In the course of this discussion, an eco-development approach was created which effected the protection of resources and environment coming to the fore. This development has lead to the mission statement of SD we have today. In 1987, the World Commission on Environment and Development defined SD as an ethical concept and has become the major definition of SD: —Sustainable Development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concepts of —needs|| , in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organisation of the environments ability to meet present and future needs. Thus the goals of economic and social development must be defined in terms of sustainability in all countries developed or developing, market-oriented or centrally planned.|| , cited in —Our Common Future|| (World Commission on Environment and Development, 1987). Elkington goes more

into detail when arguing that companies should not only focus on enhancing its value through maximising profit and outcome but concentrate on environmental and social issues equally (Elkington, 1998). Therefore SD is defined as a model of triple-bottom-line.

Corporate Social Responsibility

Whereas the term SD has mainly started to be used in the 1980's, the framework of CSR has already been established in the 1950's and 60's. Bowen defined CSR in 1953 - as one of the first - as —... an obligation to pursue policies to make decisions and to follow lines of action which are compatible with the objectives and values of society|| (Douglas et al., 2004). In the beginning, however, the term Social Responsibility was rather used than CSR. Social Responsibility assumes that economic and legal duties of the companies should be extended by certain responsibilities to society (McGuire, 1963). Carroll argues that Social Responsibility exists of four components such as economic, legal, ethical and discretionary expectations that society has of a company and that companies have to decide which layer they focus on (Carroll, 1979).

CSR is an integral part of sustainable development. Exactly where it fits in is vigorously debated, mainly because the concept of sustainable development also economic, legal, ethical and discretionary expectations that society has of a company and that companies have to decide which layer they focus on (Carroll, 1979).

On the other hand, Friedman – as most known defender of the neoclassical view of economics – defines Social Responsibility completely differently: —There is one and only one social responsibility of business - to use its resources and engage in activities to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud|| (Friedman, 1962). Until today this neoclassical view has been the primary paradigm of business. Concepts of SD and CSR criticize this point of view. Of course, the economic perspective is important but a company also has a burden of environmental and social responsibilities to handle. As Wood puts it, —the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behaviour and outcomes.

The basic idea to incorporate the sustainability aspect into business management should be grounded in the ethical belief

of give and take to maintain a successful company in the long-term. As the company is embedded in a complex system of interdependences in- and outside the firm, this maintaining character should be fulfilled due to the company's commitment in protecting the environment or reducing its ecological footprint and due to the general acceptance of its corporate behaviour by society in- and outside of the firm.

It is recommended that CSR is to be used as social strand of the SD-concept which is mainly built on a sound stakeholder approach. CSR focus especially on the corporate engagement realizing its responsibilities as a member of society and meeting the expectations of all stakeholders.

III. OBJECTIVES OF STUDY

- To overview of Corporate Social Responsibility and Sustainability Development .
- To know the government rules and regulation on present topic.
- To study the current corporate social responsibility implementation in selected companies.

IV. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) refers to operating a business in a manner that accounts for the social and environmental impact created by the business. CSR means a commitment to developing policies that integrate responsible practices into daily business operations, and to reporting on progress made toward implementing these practices.

CSR means organizations should make some policies and that should be integrated into daily business functions which will help to increase overall positive impact on the society. The CSR may have different meaning to different people. An employee may be happy to work with an organization which provides fair wages, equal opportunity for career growth and giving acceptable working conditions. The shareholders may feel better when the capital is being utilized in proper way and he is getting dividend or profit time to time. Suppliers may be satisfied to get payment on time. The customers may be happy to get the delivery on time and good quality of the products or services. Local communities and authorities may measure the protection provided by the organizations to save the environment from pollution. Non-governmental organization may mean CSR by conservation of energy, issues related to

global warming, human rights, etc. The CSR may include the following points:

- . Sound corporate governance
- . Providing equal job opportunities
- . Workers Participation in Management
- . Use of natural resources in very productive and efficient manner
- . Being responsible for conditions under which goods are produced
- . Being responsible for production of products which may be recycled naturally
- . Avoiding mal practices such as bribery and corruptions
- . Considering consumer protection

Organizations have started forming departments which are solely responsible for addressing the issues related to CSR. Organization may focus either on one activity related to CSR or on all. It totally depends on organization to organization.

Organization also gets benefit of CSR in the following form:

- . To achieve long term objectives
- . Brand building
- . Minimize ecological damage
- . Increase in sales and customer loyalty

Common CSR policies include:

- Adoption of internal controls reform ;
- Commitment to diversity in hiring employees and barring discrimination;
- Management teams that view employees as assets rather than costs;
- High performance workplaces that integrate the views of line employees into decision-making processes;
- Adoption of operating policies that exceed compliance with social and environmental laws;
- Advanced resource productivity, focused on the use of natural resources in a more productive, efficient

and profitable fashion (such as recycled content and product recycling); and

Taking responsibility for conditions under which goods are produced directly or by contract employees domestically or abroad.

Sustainability

Refers to an organization’s activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.

To understand and enhance current efforts, the most socially responsible organizations continue to revise their short and long-term agendas, to stay ahead of rapidly changing challenges. The quality of relationships that a company has with its employees and other key stakeholders—such as customers, investors, suppliers, public and governmental officials, activists, and communities—is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility (CSR).

These major transformations require national and global companies to approach their business in terms of sustainable development, and both individual and organizational leadership plays a major role in this change.

Corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management.

Sustainability and CSR

Emphasis on social environmental and economic sustainability has become a focus of many CSR efforts. Sustainability was originally viewed in terms of preserving the earth's resources. In 1987, the World Commission on Environment and Development published a landmark action plan for environmental sustainability. The commission, named after former Norwegian Prime Minister Gro Harlen Brundlandt, defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their needs." Companies are now challenged by stakeholders including customers, employees, investors and activists to develop a blueprint for how they will sustain economic prosperity while taking care of their employees and the environment.

At the same time, mainstream investors are being challenged to ensure that they review CSR issues when analyzing companies. The United Nations Environment Program Financial Initiative asked one of the world's largest law firms to research whether institutional investors such as pension funds and insurance companies are legally permitted to integrate environmental, social and governance issues into their investment decision-making and ownership practices. The resulting report, released in October 2005, concluded that investors were not only permitted to but also sometimes required to take such factors into account.

Corporate Social Responsibility (CSR) is closely related with Sustainable Development. We, human beings have lots of wants and these wants should not be fulfilled at the cost of the needs of the future generations. The organizations should not only talk about the profits or dividends but it should also talk about the long-term social and environmental requirements. Though, each one of us is responsible for saving this planet for our survival and for the survival of our successors. But here we are going to discuss the activities taken into the consideration by the business tycoon to save environment. Corporate Social Responsibility (CSR) makes the business people accountable for the impact they have made on environment and society as whole.

Corporate Social Responsibility (CSR) strategy, based on sound ethics and core values, offers clear business benefits. Sustainable development rests on three fundamental pillars: economic growth, ecological balance, and social progress. Business is not divorced from the rest of society. It is but one constituent part of society. The two are interdependent and it must be ensured, through mutual understanding and responsible behavior, that business's role in building a better future is recognized and encouraged by society.

As an engine for social progress, CSR helps companies live up to their responsibilities as global citizens and local neighbors in a fast-changing world. And acting in a socially responsible manner is more than just an ethical duty for a company, but is something that actually has a bottom line pay-off.

CSR, in broad summary, is the ethical behavior of a company towards society. In particular, this means management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business – not just the shareholders.

The Companies Act, 2013

In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director.

The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

CONCLUSION

According to the emergent literature, there is a growing awareness that business needs to manage its relationship with the wider society. Corporate leaders are responsible for their corporations' impact on society and the natural environment beyond legal compliance and the liability of individuals. More experienced leaders can gain new perspectives on how to grow in their approach to sustainability and how to develop innovative business models. CSR is becoming a leading principle of top management and of entrepreneurs.

CEOs have long been accountable to a varied group of stakeholders – employees and communities, as well as investors. The nature of these relationships is now changing in ways that significantly affect corporate performance. In part due to the emergence of the Internet and continuing globalization, companies are becoming accountable for labor issues and working conditions in their partners' operations as well as their own.

Organizations can reexamine their behaviors and begin their journey toward a sustainable approach that is integrated into their business strategy. And thus for CSR and sustainable development, companies must:

1. Align and incorporate CSR with business strategy and integrate it across all operational functions. Thus, making it easy to invest (not spend) the funds necessary to achieve its objectives.
2. Implement an open information strategy for more transparent information-sharing with multiple stakeholders.
3. Leverage transparency to increase the level of engagement of key constituents and customers.

When these activities are done in combination, CSR can become a dimension of a company’s successful competitive strategy. Done right, it offers a company improved relationships with all of its key constituents, more loyal customers, lower costs, higher revenues and an overall improvement of the business’ standing in society.

Corporate Social Responsibility (CSR) plays a vital role in Sustainable Development. An industry should adopt CSR mechanism to serve the society as a whole. It is true that industry has to spend some amount to fulfill its responsibility towards society but they should feel happy about it that they are not only running their business for the profits but they are doing welfare also and they are not only doing welfare but they contributing to save the future of their own SUCCESSOR. CSR may help to achieve Sustainable development.

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