Chapter-6

Corporate Social Responsibility
Implications in Indian Business Organisations
6.1 Corporate Social Responsibility Management in India

In India companies have rapidly introduced innovative and diversified ideas in the field of social responsibility in recent years. In India, slowly but steadily, the Indian companies are moving towards fulfillment of their corporate social responsibility. For each business, different measures are taken in consideration to classify a business as "socially responsible". Each business attempts to reach different goals. There are four areas that should be measured regardless of the outcome needed: Economic function, Quality of life, Social investment and Problem solving that is trying to be achieved should be measured to see if it meets with the cost guidelines that the business is willing to contribute.

Social responsibility is an ethical or ideological theory that an entity whether it is a government, corporation, organization or individual has a responsibility to society at large. This responsibility can be "negative", meaning there is exemption from blame or liability, or it can be "positive," meaning there is a responsibility to act beneficently (proactive stance). Businesses can use ethical decision making to secure their businesses by making decisions that allow for government agencies to minimize their involvement with the corporation. For instance if a company is proactive and follows the United States Environmental Protection Agency (EPA) guidelines for emissions on dangerous pollutants and even goes an extra step to get involved in the community and address those concerns that the public might have; they would be less likely to have the EPA investigate them for environmental concerns. "A significant element of current thinking about privacy, however, stresses "self-regulation" rather than market or government mechanisms for protecting personal information". Most rules and regulations are formed due to public outcry, if there is not outcry there often will be limited regulation.

Corporate social responsibility is a much-misunderstood concept. It contradicts the corporate objectives of profit motive. But it is difficult to overlook the prime objective of the business for the purpose of 'do good activity'. Today consumer is not only ready to accept the role of a corporate house only to satisfy their demand to produce the goods according to their requirement. According to Kotler and Lee -it is" a commitment to improve community well being through discretionary business practices and
The world business council on Sustainable Development has defined corporate social responsibility as the "commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life." It is the backbone of today's business sustainability. Kotler cites several benefits of corporate social initiatives on the part of corporates. It includes:

- Increase in sales
- Increase in market share
- Strengthened brand positioning
- Improve corporate image
- Increased appeal for customers, employees and investor
- Reduced operating cost

As "initiative" is necessary to fulfill the unfulfilled business operation and long term profitability as well as sustainability by meeting the ethical, legal, commercial and public expectation that society has from business.

6.2 Core Philosophy Under Corporate Social Responsibility

It is needless to mention that a corporation is framed or exist for the basic purpose of wealth generation, maximizing the stockholder's return and long run sustainability. Profit or economic gain should be the core objectives of any business to survive. But at the same time for the sake of the self-sustainability and enjoy a longevity and growth, the organization cannot or should not forget its responsibility towards the society or the environment in which it operates.

To provide support in the favour of corporate social responsibility the comment of Canadian Center of Philanthropy as —"a set of management practices that ensure the company minimized the negative impacts of its operations on society while maximizing its positive impact". 
6.3 The Economic Aspects of Corporate Social Responsibility

Corporate social responsibility in the broader sense is taken to mean sustaining economic/business activity by co-mingling social responsibility of the enterprise in their external and internal relations with business prospects. Hence, corporate social responsibility is more than charity. It has some underlying economic implication. It is an innovative way to contribute by the firms to spend in towns and villages and to buy products from millions of artisans who are at the bottom of the pyramid. The fortune of the bottom of the pyramid calls for corporations to design products/services for the enormous population at the bottom of the pyramid. The primary assumption is that this population segment has some disposable income and firms can still make profits on large volume. Hence it moves the corporation towards a set of socially committed and aligned work culture.

6.4 Objectives of Corporate Social Responsibility Policy

The vision and objectives of CSR policy of the organizations are varied and diverse and therefore can broadly be categorised in the following manner. CSR policy aims to uphold commitment to complement the efforts of the Government in the nation-building process.

a) The policy aims at providing localised rural employment and livelihood opportunities to empower rural communities.

b) The policy is committed towards raising the quality of life and social well being of community by contributing to basics of life in harmony with nature.

c) The policy aims at creating business leadership ensuring social and environmental sustainability in a responsible manner. This also aims at upliftment of the deprived and creating a sustainable world in which NGOs, Government and other stakeholders would work together to achieve inclusive growth and equity.

d) The policy also aims at improving the lifestyle of rural people, helping in upliftment of the poor, especially scheduled caste and scheduled tribes, and promoting education among slum dwellers.
e) The policy adopts triple bottom line accounting methods expanding the traditional reporting framework to take into account environmental and social performance in addition to financial performance.

f) The policy aims to create sustainable economies and transform stagnant lives into active partnerships through synergies proactive handholding in areas of infrastructure, education, training, health and environment. The policy also aims at fostering innovation by partnering with Indian universities and providing digital inclusion for people who do not have access to Information and Communication Technologies (ICT).

g) The policy pledges to work with international communities towards mitigating global, human and environmental concerns.

Business houses and corporate have been taking up social welfare activities from time to time. Recently, priority of business is getting widened from 1P to 3P's by inclusion of People and Planet with Profit. Long-term, empowerment-based Corporate Social Responsibility (CSR) is replacing short-term, charity-based welfare interventions. Based on the realization, "Business cannot succeed in a society that fails", CSR is being considered as an imperative for carrying on business in the society rather than as a charity. While CSR is relevant for business in all societies, it is particularly significant for developing countries like India, where limited resources for meeting the ever-growing aspirations and diversity of a pluralistic society, make the process of sustainable development more challenging. CSR interventions – based on commitment, mobilization of employees-voluntarism, innovative approaches, appropriate technology and continuing partnership – have been making lasting differences in the life of the disadvantaged. Further, synergy of corporate action with the government and the civil society are making the CSR interventions more effective and facilitating the corporate carrying on business in the society.

6.5 Trends in CSR: From Charity to Responsibility

An insight into the history of CSR reveals that till 1990s it was solely dominated by the idea of philanthropy. Considering CSR as an act of philanthropy, businesses often
restricted themselves to one time financial grant and did not commit their resources for such projects. Moreover, businesses never kept the stakeholder in mind while planning for such initiatives, thereby reducing the efficacy and efficiency of CSR initiatives. However, over the last few years, the concept of CSR has been changing. There has been an apparent transition from giving as an obligation or charity to giving as a strategy or responsibility. Review of the case studies and work done on CSR by companies in India suggests that the CSR is slowly moving away from charity and dependence and starting to build on empowerment and partnership.

6.5.1 Conceptualization

Nowadays corporates are treating CSR as a separate entity and devote attention to it. Most of the corporates have a vision and mission statements often at the corporate level or sometimes at the CSR level that drive their CSR initiative. Deliberations are made to choose specific issues and initiatives. It has been observed that the areas they choose somewhere relate to their core values. Companies today are increasingly sensitive about their social role. The companies not only concentrate on how they will position their product or how they will sell it but also they have a social strategy because they have started feeling that brands are built not only around good quality of the product; but also around emotions and values that people ascribe to those products.

Today, CSR has been understood in terms of accountability where corporates are feeling that they are responsible for the impact their actions have on several stakeholders. They feel that the basic motive of CSR today is to increase the company’s overall impact on the society and stakeholders.

6.5.2 Implementation

Moving away from the traditional approach, corporates rather than following top to bottom mechanism are increasingly bearing stakeholders’ perspectives in mind, thereby considering CSR as a comprehensive set of policies, practices and programmes that are integrated throughout the business operations. It can thus be deduced that radical transformation is happening with CSR practices across India. The changes happened at conceptual level where charity oriented approach is now being seen as a stakeholder
oriented approach and at implementation level where other important resources except finance are being dedicated. Several innovative programmes in thematic areas of public health, education, environment, micro finance and related areas are being developed. These programmes are developed bearing in mind the local cultural context and the needs of people. Apart from devoting funds, expertise in terms of knowledge and human resource is also allocated for successful implementation of these programmes. In a growing number of companies these processes are encouraged and rewarded by top management. The implementation of programmes through a trained resource makes a real difference in the community that has been chosen for implementation.

6.5.3 Evaluation

Along with innovation at conceptualization and implementation, corporates are now undertaking greater evaluation and stricter accountability and transparency norms. Evaluating the programme essentially answers the question “what good did we do?” Evaluating programmes, based on internationally accepted formats provide feedback for correction and based on that public disclosure is done.

6.5.4 Reporting

A very important aspect of CSR is the reporting practices that corporates adhere to inform their key internal and external stakeholders of social responsibility practices. In the recent past, several indicators such as the Global Reporting Initiatives guidelines and sustainability reporting have been developed. Sustainability Reporting (SR) frameworks help the companies conform to the global standards of disclosures for maintaining transparency with regard to its operations and value chain and ensuring accountability towards its internal and external stakeholders.

6.6 The Way Forward

The World Business Council for Sustainable Development has noted that a coherent CSR strategy based on integrity, sound values and a long-term approach offers
clear business benefits to companies and contributes to the well being of society. As companies move forward to design a CSR strategy that provides the intended leverage point as intended, key success factors that need to be borne in mind are

### 6.6.1 Corporate Social Responsibility is not charity

The originally defined concept of CSR needs to be interpreted and dimensionalised in the broader conceptual framework of how the corporate embed their corporate values as a new strategic asset, to build a basis for trust and cooperation within the wider stakeholder community. Though there have been evidences that record a paradigm shift from charity to a long-term strategy, yet the concept still is believed to be strongly linked to philanthropy. There is a need to bring about an attitudinal change in people about the concept. By having more coherent and ethically driven discourses on CSR, it has to be understood that CSR is about how corporates place their business ethics and behaviors to balance business growth and commercial success with a positive change in the stakeholder community.

Several corporates today have specific departments to operationalise CSR. There are either foundations or trusts or a separate department within an organization that looks into implementation of practices. Being treated as a separate entity, there is always a flexibility and independence to carry out the tasks. But often these entities work in isolation without creating a synergy with the other departments of the corporate. There is a need to understand that CSR is not only a pure management directive but it is something that is central to the company and has to be embedded in the core values and principles of the corporate. Whatever corporates do within the purview of CSR has to be related to core business. It has to utilise things at which corporates are good; it has to be something that takes advantage of the core skills and competencies of the companies. It has to be a mandate of the entire organization and its scope does not simply begin and end with one department in the organization.

While conceptualization and implementation seem firmly underway, evaluation is still taking a back seat. There is a need to incorporate an evaluation plan, which along with presenting a scope of improvement in terms of fund utilisation and methodology adopted for the project, measures the short and long term impact of the practices. While there have been success stories of short-term interventions, their impact has been limited
and have faded over a period of time. It is essential for corporates to adopt a long term approach rather than sticking to short term interventions, involving the companies and employees in the long-term process of positive social transition. A clearly defined mission and a vision statement combined with a sound implementation strategy and a plan of action firmly rooted in ground realities and developed in close collaboration with implementation partners, is what it takes for a successful execution of CSR.

An area that can be looked upon is the sharing of best practices by corporates. A possible framework for this could be benchmarking. While benchmarking will help corporates evaluate their initiatives and rank them, it will also provide an impetus to others to develop similar kind of practices. Credibility Alliance, a consortium of voluntary organizations follows a mechanism of accreditation for voluntary sector. Efforts have to be directed towards building a similar kind of mechanism for CSR as well.

Sustainable development, like building a successful business, requires taking the long-term view. The KPMG International Survey of Corporate Responsibility Reporting 2005 showed that voluntary reporting on sustainability is on the increase across all the countries. Sustainability Reporting is emerging as a key vehicle to implement CSR and measure its progress in organizations. As we move forward, increasing numbers of companies are expected to issue Sustainability Reports, with the scope of issues broadening from purely environmental reporting to a more comprehensive coverage of the environmental, social and economic dimensions. There is a strong corporate initiative on joining the Global Compact Society in India, as well, with 43 Indian companies having already joined Global Compact as of January 2008.

6.7 Corporate Citizenship: A new way to market CSR?

A new terminology that has been gaining grounds in the business community today is Corporate Citizenship. So what is corporate citizenship and is this fundamentally different from corporate social responsibility? The Boston College Centre defines corporate citizenship for Corporate Citizenship, as the business strategy that shapes the values underpinning a company’s mission and the choices made each day by its executives, managers and employees as they engage with society. According to this
definition, the four key principles that define the essence of corporate citizenship are: (i) Minimise harm (ii) Maximise benefit (iii) Be accountable and responsive to key stakeholders (iv) Support strong financial results. Thus, corporate citizenship, similar to its CSR concept, is focusing on the membership of the corporation in the political, social and cultural community, with a focus on enhancing social capital. Notwithstanding the different terminologies and nomenclature used, the focus for companies today should be to focus on delivering to the basic essence and promise of the message that embodies these key concepts – CSR and Corporate Citizenship.

Corporate Social Responsibility is not a fad or a passing trend; it is a business imperative that many Indian companies are either beginning to think about or are engaging with in one way or another. While some of these initiatives may be labeled as corporate citizenship by some organizations, there basic message and purpose is the same. A successfully implemented CSR strategy calls for aligning these initiatives with business objectives and corporate values thereby integrating corporate responsibility across the business functions and enhancing business reputation. The challenge for us is to apply fundamental business principles to make CSR sharper, smarter, and focused on what really matters. This can be done by:

a. Focusing on priorities
b. Allocating finance for treating CSR as an investment from which returns are expected
c. Optimising available resources by ensuring that efforts are not duplicated and existing services are strengthened and supplemented
d. Monitoring activities and liaising closely with implementation partners such as NGOs to ensure that initiatives really deliver the desired outcomes
e. Reporting performance in an open and transparent way so that all can celebrate progress and identify areas for further action. A long-term perspective by organizations, which encompasses their commitment to both internal and external stakeholders, will be critical to the success of CSR and the ability of companies to deliver on the goals of their CSR strategy.
6.8 Corporate Social Responsibility: Global Opportunities and Social Trends

Times Foundation, in partnership with TNS India, has performed a great service for India in launching the first nationwide survey on corporate social responsibility (CSR) practices. The survey results provide an important initial baseline from which a collective vision can be created and progress measured. The corporates and other organizations that responded to the survey are to be congratulated as pioneers in establishing CSR practices in India. In contemplating the future, there are three topics to consider

a. Current opportunities for the improvement of CSR within India
b. Current global trends in CSR and
c. Future social trends in India

6.8.1 Current Opportunities

At one end of the spectrum, CSR can be viewed simply as a collection of good citizenship activities being engaged by various organizations. At the other end, it can be a way of doing business that has significant impact on society. For this latter vision to be enacted in India, it will be necessary to build CSR into a movement. That is to say, public and private organizations will need to come together to set standards, share best practices, jointly promote CSR, and pool resources where useful. An alliance of interested stakeholders will be able to take collective action to establish CSR as an integral part of doing business – this is not a passing fad. Some might say that it is easy for corporate houses to support CSR when the economy is growing at 8 per cent and profits are doing well. The real test is what happens to CSR budgets during an economic downturn. That is why it is so important over the next two to three years to embed CSR into the public consciousness, as well as into the executive suite.

6.8.2 Current Global Trends

Because of the growing size and power of multinational corporate houses, bond rating agencies and investment funds are exerting increasing influence. In particular, they are demanding an accounting for non-financial measures of value creation as they seek to determine risk premiums. These include an assessment of CSR activities, as well as governance practices, management of intellectual capital, and transparency in reporting. There are now multiple CSR rating agencies in North America and Europe. Socially
Responsible Investment Funds (SRFs) now consider CSR activity when deciding whether to invest in public traded companies. The Principles for Responsible Investing (PRI) Group was started in conjunction with the UN in 2005. This now includes over 170 institutions representing 15 trillion US dollars in assets. The member institutions take into account six key principles in the area of environmental, social, and corporate governance when making investment decisions. The United Nations Global Compact was launched in 2000 by the then Secretary General Kofi Annan to create a voluntary alliance of companies throughout the world committed to upholding specific principles of human rights, labour rights, environmental stewardship and anti-corruption. To date, 168 Indian multinational corporates, Small and Medium Enterprises (SMEs) and associations have joined the Compact. A growing trend in large multinational corporations is the establishment of special committees within the board of directors to oversee CSR and sustainable business practices. More and more, executive compensation is tied to specific outcomes in these areas. Groups of corporates are being encouraged to come together to promote CSR. In 2006, Europe created the European Alliance for CSR. It currently consists of 70 multinational corporate houses and 25 national partner organizations and has become a unique resource for building capability in CSR.

6.8.3 Future Social Trends in India

The CSR survey revealed, not surprisingly, that organizations targeted most of their activities close to home — providing services for people who live in villages, towns, and districts near where the organization operates. Education, health, and the environment are the top priorities. More than likely, these priorities will continue. There is one social trend in India that looms larger than all others — the population tsunami. The current population of India is now over 1.1 billion. Demographers now tell us that India will overtake China by 2026 as the world’s most populous nation with almost 1.5 billion people. Let us put this into perspective. At the time of Independence in 1947, India’s population was approximately 350 million. Between now and 2026, India will add almost as many people as there were in the entire nation in 1947. The implications of this are staggering. Will the additional demands for food, water, housing, education, and health care overwhelm the existing infrastructure? Or can all stakeholders work together
to build a literate, healthy, capable society with enough jobs to meaningfully employ all those seeking work? The greater the challenges, the greater the ingenuity required. For CSR in India to have a meaningful impact on society in the coming decade, a 'national-local' approach may be best. National in the sense that there will need to be nationwide alliances and databases in order to quickly learn best practices, share innovations, and 'scale-up' pilot programmes. Local in the sense that it will require organizations to efficiently implement programmes at the grassroots level, as well as mobilize volunteers to serve their local communities. CSR is here to stay and its future is bright. There is much to learn about building world-class CSR programmes in the Indian context, and this survey is a very good place to start.

6.9 CSR : The Indian Scenario

With the retreat of the state in economic activity in India, the imperative for business to take up wider social responsibilities is growing. The situation is complex and India is facing a compounded set of corporate responsibility challenges. At all levels, there is a felt need for companies to graduate to strategic interventions in CSR, which at present in many cases remain ad hoc. There are many companies that may spend for long-term development. A sense of strategic direction is a vital component in an effective approach to corporate responsibility. Yet, for all these signs of progress, CSR in India has yet to realise its full potential. Individual and collaborative initiatives continue to be dominated by self-assertion rather than accountability. There is certainly no lack of CSR programmes and projects in India: what is absent, however, are clear metrics for evaluating their actual impact in improving social conditions.

Many Indian business houses, private sector and public sector companies have undertaken major initiatives till date and have adopted several modes of practice related to CSR in India. Several innovative measures have also been adopted by companies towards the institutionalisation of CSR that includes CSR initiatives by Lupin, Cipla, Ranbaxy, NIIT, TCS, BPCL, and Ion Exchange.
To understand the current status of CSR in India, it is important first to map out the landscape and identify the main families of corporate responsibility. For long-established industrial dynasties, such as the Birlas and the Tatas, concepts of nation-building and trusteeship have been alive in their operations long before CSR become a popular cause. Alongside these are the leading Indian companies with strong international shareholdings, such as Hero Honda, HLL (Hindustan Lever Ltd), ITC, and Maruti Udyog, where local dynamics fuse with the business standards of the parent or partner. Another tradition emerges from the public sector enterprises, such as BHEL (Bharat Heavy Electricals Ltd), HDFC (Housing Development Finance Corporation), NTPC (National Thermal Power Corporation), and ONGC (Oil and Natural Gas Corporation), where social obligations remain an integral part of their business despite the march of privatisation. And then there is the new generation of enterprises that has surged on the back of knowledge based globalisation, such as Dr Reddy’s, Infosys, Ranbaxy, and Wipro, where less emphasis is on minimising negative impacts and more on maximising the positive spill-over effects of corporate development.

6.10 Making Corporatism accountable to CSR: Towards a Credible Image-building

In recent years, intangible assets—company values, human and intellectual capital, reputation and brand equity—have become increasingly important to organisations. Companies that exhibit good corporate citizenship are likely to gain a competitive edge. Given below are just a few factors that are fast becoming the primary measures of an organisation’s credibility.

A) Reputation and Brand Enhancement

Company reputation and brand are greatly influenced by public perception. For example, in the largest global survey of the public’s expectations, the Millennium Poll on Corporate Social Responsibility documented that over 25,000 individuals across 23 countries on six continents revealed they form their impressions of companies by focusing on corporate citizenship and two out of three people want companies to go
beyond making money and contribute to the broader societal goals. Increasingly, there are success stories that show companies are listening to the public.

Today, companies are also seeking avenues of public acknowledgment of their employer brand. For example, Business Ethics Corporate Social Responsibility Report publishes a list of the 100 best corporate citizens. Social scores regarding environment, community and customer relations, employee relationships, and diversity rank companies.

Another critical aspect of reputation and brand, as a CSR success factor, is the impact on a company's sustainability—that is, the conditions or characteristics that support an organisation to continue its business, including environmental, social and economic aspects of the company. Ultimately, the environmental, social and economic health of a company transfers into dollars that either directly or indirectly affect reputation and brand, and thus the bottom line. For example, the public will likely favourably view a company whose product contributes to the safety of the environment. This may yield additional applications for employment or employee referrals, thus potentially lowering the time and cost per hire. The final CSR report card is directly linked to the company’s sustainability and consequently influences critical success factors such as reputation and brand.

B) Accountability and Transparency

Open, reliable and regular reporting of a company’s performance—known as accountability and transparency in CSR terminology—is quickly becoming a public issue and one that will need to be kept in the forefront. As a sign of the times, large companies are beginning to publish company information, once deemed as too sensitive to release, with expectations for their suppliers and their internal human resources practices. However, few companies give robust performance measures, with fewer yet being independently verified. The clothing industry, for example, has been criticised for how workers are treated in factories in their supply chain.
C) Risk Management

Managing investor confidence is another factor supporting the business case for CSR. Today, the financial community is examining the organisations’ CSR report cards and their risk profile. The rapid rise of socially responsible investment illustrates that corporate citizenship is becoming a key measure that investors consider when aligning ethical concerns with publicly held corporations. For example, the Dow Jones Sustainability Indexes track the financial performance of the leading sustainability-driven companies worldwide, and the Domini Social Investments screen companies for corporate citizenship, diversity, employee relations, non-US impact, environmental responsibility and safe and useful products. In view of the increasing importance placed on socially responsible investment, this is an opportunity for HR leaders to consider programs, such as community events, that may generate investor confidence linking CSR initiatives to the bottom line.

D) The Talent War

With the anticipated skilled personnel shortage in the forthcoming years, the need for expertise and talent in CSR strategies will continue to be, very important. Correspondingly, CSR influences a company’s competitive advantage today through two key value drivers: 1) company reputation and brand; and 2) human capital. People have begun to contribute their roles to address both areas. For example, a positive CSR initiative was documented by an employee survey that illustrated the pride of employees regarding their company’s contribution to a local AIDS organisation.

6.11 Challenges in CSR, Social Accountability and Social Compliance

The business case for CSR is not necessarily a simple one. Among the challenges is the fact that the social and/or environmental impact differs across industries, complicated by the fact that the term CSR has different meanings to different industry sectors in different parts of the globe. Also, some may question if the message CEOs communicate about CSR is an add—on or part of company core business activities—or is it merely an insincere effort to boost public relations? In some organisations, CSR is still
considered to mean compliance and philanthropy, although some large companies are now placing CSR in a more strategic framework.

Further, there is the question of how to measure CSR. One of the largest obstacles is lack of a rigorous, credible business case backed up by performance indicators and metrics that can be quantified and benchmarked. Further, investment in CSR is not yet being taken seriously by some organisations.

Not all organisations may have the resources (for example, funds, time, staff) to funnel into CSR initiatives. However, CSR programmes may not be expensive or require a significant time commitment. Organisations that are interested in CSR may choose to start with small projects that showcase their commitment to their workforce and the community. Social Work professionals with their professional knowledge and expertise can help address this challenge by considering different options and developing creative approaches to CSR to in the company.

Thus, it is at this point that the HR leadership, as the eyes and ears of the organisation, is key to the CSR equation. Social Work professionals as HR leaders have the expertise to manage programmes, policies and practices, to engage the organisation and its stakeholders (for example, owners, employees, management, customers, creditors, the government and other public organisations) in the value of CSR by focusing on communications, employee relations, health, safety and community relations to provide their organisations with a competitive advantage.

Besides, the greatest challenge to CSR and accountability are in three areas. First, companies have to decide to look at CSR and accountability as a core part of their business. Many more companies are looking at the world that way today than they were ten years ago, but it probably still is a minority opinion and so part of the challenge is simply about the political will on the part of companies to look at their impact through the prism of sustainability.

Secondly, there are two communities out there that exert immense influence on business across all sectors: consumers and financial institutions. Financial institutions have
actually started to move significantly over the last couple of years—a very important development because it's remaking the way markets work.

The third actor is the government, and we've lived through a generation where the market has been paramount, eclipsing the role of the government. Whether it's through global trade agreements and the WTO or whether it's their own enforcement of laws or "smart" regulation that looks at creating incentives to engage the business community as a partner, the government remains an incredibly significant actor and can be a net negative, net positive, or neutral in terms of influencing the kinds of decisions that businesses make.

Though many multinational retailers can now boast of a Code of Conduct, only a few have been able to roll out a full scale and independent monitoring programme. The issues involve from finding resources to conflicts with short-term business objectives. On the other hand, most suppliers consider compliance programmes a new burden resulting in poor and untrustworthy partnership with their buyers when it comes to implementing the code of conduct.

External challenges include cultural diversity, understanding the local law and at times finding the local law, finding local language and dialect skills, finding local audit and monitoring professionals who are well conversant with the local issues, involving workers, local communities, NGOs and other stakeholders. The belief among the companies is that every aspect of a corporation's CSR should be linked to corporate strategy by connecting it as tightly as possible to the company's unique capabilities and competitive context. Infosys is an interesting example of this new-age CSR. The company is utilising its core competence in the area of technology to bring larger good to the community. We also have the ITC group whose socio-forestry initiative and e-choupal is an excellent paradigm where CSR and business have created harmonious associations. The cynic would however argue that 70% of ITCs revenues still come from tobacco and wonder whether its CSR is just a smokescreen.
Some companies, though fewer in number, are realising the advantages in linking corporate strategy with CSR. In order to work out a comprehensive plan for its not-for-profit initiatives, the Tata group has instituted the Tata Council for Community Initiatives—a central body that acts as a facilitator for the entire group's social initiatives. While the Tata group companies may continue to provide health services, education and other tangible benefits, its focus is more on building self-reliant communities, and working towards sustainable livelihoods. However after Singur and Kalinganagar even the fair name of the Tata group is sometimes controversial.

Mahindra & Mahindra is one such company that decided in its 60th year to donate 1% of profits after tax (around Rs 1.3 crore as per figures shown) into CSR. Its activities include the K.C. Mahindra Education Trust, which promotes education at various levels and Nanhi Kali, a programme aimed at helping the under-privileged girl child at the Mahindra Foundation, the midday meal program in AP and Rajasthan, and Affirmative Action through Mahindra Pride Schools. The Foundation has constituted a CSR Council, with members being the heads of all its businesses from tractors to holiday homes. It has also the ESOPS program—"Employee Social Options" and not just a stock option—promotes volunteering and works in partnership with Naandi Foundation and other organizations. For all these current initiatives Mahindras were awarded the FICCI-SEDF award 2007, one of the first CSR awards in the country that includes a 360 degree reality check by the civil society who meet up with trade unions, Govt representatives, employees etc before presenting its findings to an eminent jury.

CSR has moved from being a public relations tool or a feel-good factor to a key parameter to keep companies open and transparent. It now no longer stands in isolation but has become a part of good Corporate Governance policies. The reality today is that companies are taking the issues of 'reputational risk' very seriously and it is no longer seen as an option. Most CSR models are based on the principle that goodwill earned from the stakeholders leads to benefits to the corporation. This in turn enables the corporation to further enhance stakeholder value.
Triple Bottom Line

The oft-quoted concept of triple bottom line reporting of CSR suggests that there are three separate and distinct bottom lines—each of equivalent standing. It is believed that in the context of sustainable development, it's impossible to consider the economic dimension in isolation from the social or the environmental, and vice versa. To be a truly sustainable organization, in the broadest definition of the terms, an organization must perform well across all three dimensions. Corporate social responsibility is also seen as basically a new business strategy to reduce investment risks and maximise profits by taking all the key stake-holders into confidence. The proponents of this perspective often include corporate social responsibility in their advertising and marketing initiatives.

There is also the eco-social perspective. The proponents of this perspective are the new generation of corporations and the new-economy entrepreneurs who created a tremendous amount of wealth in a relatively short span of time. They recognize the fact that social and environmental stability and sustainability are two important prerequisites for the sustainability of the market in the long run. They also recognize the fact that increasing poverty can lead to social and political instability. Such socio-political instability can, in turn, be detrimental to business, which operates from a variety of socio-political and cultural backgrounds. Seen from the eco-social perspective, corporate social responsibility is both a value and a strategy to ensuring the sustainability of business. It is a value because it stresses the fact that business and markets are essentially aimed at the well being of society. It is a strategy because it helps reduce social tensions and facilitate markets.

For the new generation of corporate leaders, optimisation of profits is the key, rather than the maximisation of profit. Hence there is a shift from accountability to shareholders to accountability to stakeholders (including employees, consumers and affected communities). There is a growing realisation that long-term business success can only be achieved by companies that recognise that the economy is an "open subsystem of the earth's ecosystem, which is finite, non-growing and materially closed".
There is a third and growing perspective that shapes the new principles and practice of corporate social responsibility. This is a rights-based perspective on corporate responsibility. This perspective stresses that consumers, employees, affected communities and shareholders have a right to know about corporations and their businesses. Corporations are private initiatives, true, but increasingly they are becoming public institutions whose survival depends on the consumers who buy their products and shareholders who invest in their stocks. This perspective stresses accountability, transparency and social and environmental investment as the key aspects of corporate social responsibility.

Corporate social responsibility is qualitatively different from the traditional concept of corporate philanthropy. It acknowledges the debt that the corporation owes to the community within which it operates, as a stakeholder in corporate activity. It also defines the business corporation's partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities. The emerging perspective on corporate social responsibility focuses on responsibility towards stakeholders (shareholders, employees, management, consumers and community) rather than on maximisation of profit for shareholders. There is also more stress on long-term sustainability of business and environment and the distribution of well-being.

6.12 The Limits of Corporate Social Responsibility in India

Study began to accept strange ideas such as the equality of all humans, the value of work, the imperative to read and to think for oneself and stand up for what one concludes is right, yet in a manner that respects the right of others to reach different and even opposing conclusions, while reserving the right to debate and persuade. During the Independence struggle, Indian companies, which began to proliferate and prosper from the mid-nineteenth century, threw in their lot with Mahatma Gandhi, and the resulting concern for the nation caused many of them to be involved in providing education, health services, and even clean water. Naturally, the patchwork efforts of individual companies,
however intensive, can never match what governments can and should do. Ultimately, the question is: does CSR blaze a trail, or is it an excuse for a government's declining to do what it ought?

After Independence, though civil and political service began swiftly to be replaced by corruption, Fabian-inspired social engineering created the system of reserved seats for the lower "castes" enabling them to move up the financial and social hierarchy in some steady fashion. However, the social capital that enabled this particular form of reverse discrimination to be tolerated now appears to be dissipating. On the other hand, overall economic growth has also created social space for the lower castes. These tensions and contradictory pulls are paralleled in the rest of the world. Continental Europe sees declining pensions, health care, and investment in public service infrastructure, while OECD countries have an increasingly lively debate and progressively more telling action in the area of social responsibility (for example, in requiring ethical, environmental and social transparency from Pension Funds).

Whether the shareholder-activists win or the stakeholder-activists, it is clear to everyone that SR means higher wages and higher taxes – better quality of life but at a higher cost. That does not mean that all differential advantage will disappear, since countries have different natural endowments as well as different cultures and values. Nor will increasing worldwide social responsibility necessarily dampen trade and investment flows – most trade and investment even today is within the developed world, not from the developed to the "developing" world. Moreover, the key determinant of trade and investment is risk. It is easy to forget nowadays that India and China were, through history, some of the richest countries in the world. Even as late as the eighteenth century, each of these countries commanded nearly one-third of global GDP. Since then development accelerated in the West while India and China actually regressed. In the case of India, at least part of the decline was due to British imperialism, but at least a part of the progress that India made was also due to the same imperialism. And India has declined in the world league much more in the 50 years or so of Independence than it did in three hundred years of British rule. I would be very interested to see some estimates of the amount of wealth consumed and withdrawn from the country by the British in the
three centuries of their rule compared to the amount of wealth consumed and withdrawn by the Indian ruling class in the last 50 years.

The governments of most developing countries would rather base their comparative advantage on simple things such as cheap labour. Most companies (whether Indian or foreign) would find it easier to live in the simpler world of shareholder value than in the more complicated world of corporate social responsibility. Most individuals too would find it easier to care only for them and let the world go hang. Nevertheless, it is clear that there is and has been an increasing trend through the last century and indeed the last millennium towards global standards and global social responsibility. The communications revolution and global markets make increasingly clear to everyone that we are all together on this little planet for good as well as for ill. A single incident at Bhopal makes everyone sit up and take notice. The collapse of an insignificant currency such as the Baht has consequences around the globe. The collapse of an Enron or an Anderson changes rules and attitudes not just in the USA but right round the world. So while late capitalism presses us all to take less and less time even for ourselves, it also forces us to ensure that each country makes minimum investments in infrastructure, education and health.

Companies, institutions and countries all become socially responsible when that Coincidences with self-interest. There is much of Africa and the rest of the world that is still outside the ambit of CSR, but the AIDS crisis and other health-related matters will gradually ensure that the move towards global good governance does not halt with a few countries. This has already threatened patent law and the consequences have not yet been digested. Nor is it clear what the result will be of the current tension between the drive toward social responsibility on the one hand and on the other hand the biases entrenched in company law. That is why a re-examination of company law, international trade laws and the global financial system seems to me not far off. The new global culture promotes common definitions, rules, structures and standards but often to the detriment of those who are marginalised. India as a country of over one billion people faces an enormous challenge to ensure its economic liberalisation goes hand in hand with the creation of a more equitable society. CSR can act as a vehicle for delivering value to all, by mitigating some of the harmful effects of the kind of globalization we have at present. This is true

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not just for India but all countries trading in the global market. In an increasingly interdependent world, CSR will not begin or end in Europe or the U.S.; it is emerging as a truly global movement transcending regional and national limits.

6.13 Corporate Social Responsibility Implications in Indian Business Organizations

By making business ethics its unique selling proposition, a company can accelerate its profit making process. Organizations are integrating ethics as a process for business success. But how do encourage ethics as a business process? The answer lies simply in doing the ethically right thing for all which in turn generates significant and sustainable business value for the organization.

Let's take examples of business firms using business ethics as a tool for retaining customers and increasing its market share by highlighting the initiatives it has taken for providing a clean environment for the society.

6.13.1 TATA Group

Tata Group is the largest business group and multinational company in India. It has branded for its employee friendly culture, consumer friendly products and services and community driven initiatives. The TATA culture in the critical segment of the overall corporate sustainability matrix — inclusive of working for the good of the communities in which they operate, of building India's capabilities in science and technology, of supporting art and sport has touched and transformed human life not only in India, but also across the World. This paper discusses various CSR issues; the Tata group is grappled with from its inception to the present era.

People have different ideas of interpreting Corporate Social Responsibility (CSR). At one end of continuum, people interpret as compliance with laws and in the other extreme; it is purely philanthropic in nature. Another way of interpreting it is in terms of its beneficiaries. The beneficiaries range from employees to suppliers to customers to that vulnerable entity known as the community. Complying with the law is the fundamental obligation to legitimately stay in business. CSR is expanding beyond its horizon as against traditional contractual obligation. Three has been a paradigm shift in focus of the
companies and this shift has been lucidly discernible when it encompasses a wide range of stakeholders: employees, suppliers, customers, shareholders and the society at large.

**Redefining Corporate Social Responsibility**

CSR is not just the function of doing well but also that of not doing bad. It has been observed that companies have become not only responsive to the needs of the community as a part of corporate social responsibility, but the restricted focus has been shifted to poverty and environmental degradation like global warming and natural calamities, may it be the case of super cyclone that hit coastal district in Orissa in 1999 or the case of killer tsunami hit the southern coast of India and many part of Indonesia in 2004 or killer earthquake that visited Bhuj district of Gujarat. The veracity of the events warrants huge participation of industries and the corporate houses to show the sign of empathy towards social cause and concern in a big way so as to free themselves from the traditional approaches of social responsibility.

This is worthwhile to mention that TATA as a conglomerate of growing companies is set to serve the society from multi perspectives. Tata engagement in community development, building India's capabilities in science and technology, supporting art and sport, producing quality consumer durables have sprung from an ingrained sense of giving back to society not just for its obligation to CSR rather with a sense of commitment for it owes to society as a whole which can be attributed to its CHR (Corporate Human Responsibility) and not just CSR.

**TATA's CSR Policy**

TATA's corporate policy encompasses a whole range of issues relating to its social responsibility towards communities, environment and many other stakeholders including its employees, which reflects its deep commitment to improve the quality of life by 'redefining the power of people'. TATA's CSR policy has been implemented in many of the projects relating to the promotion of art, life, sports, health, education and self-reliance.
TATA's Community Concern

The TATA culture in the critical segment of the overall corporate sustainability matrix — inclusive of working for the good of the communities in which they operate, of building India's capabilities in science and technology, of supporting art and sport have touched and transformed human life to a large extent. TATA's wedding with human lives has been reflected in many of its projects it carries on for the upliftment of the down trodden. It has touched upon the wide area such as Health and Education, Women-Children Welfare in general and specifically facilitating life process in the tribal hamlets of Jharkhand, the upliftment of Okhai (tribal women of Okhamandal') through Self Help Groups (SHG) in the chronic drought prone region of Gujarat and many disadvantaged villages in Andhra Pradesh and Orissa. The courageous hands it extended to the victims of terror attack on the Taj Mahal Palace and Tower, Mumbai; the Trident; Leopold Café; Nariman House; Cama Hospital; the Chhatrapati Shivaji Terminus and other places have really touched millions of people not only in India, but also across the world. By establishing the Institutes of Excellence in the field of Arts, Science, Sports and Education, It has helped people to pursue life ambitions and academic excellence.

Recognizing and Building Skills

TATA Chemicals Society for Rural Development (TCSRD) for instance, through its handicraft development project, is helping out women from rural communities to earn their livelihood. It could recognize the specialized skills and talent of the tribal women residing in the region of Okhamandal in Gujarat in 2002 and rendered due assistance. The handicraft development project started with 25 women members through Self-Help Groups (SHGs) and promoted by TCSRD has grown into an empowering brand called Okhai ((meaning 'from Okhamandal'). In order to upgrade and equip them with requisite skills, the women have been imparted training in teamwork, quality, marketing basics and costing parameters. At present, 17 villages are involved in the project and the beneficiaries are more than 450 women.
Similarly, Taj has been successful in sprouting entrepreneurial spirit and confidence among several underprivileged sections. Taj has conceptualized, organized and structured training programs for the marginalized youth to equip them with the requisite skills of the hospitality industry through theory and practice sessions through its Skill Certification Centers (SCC) in Goa, Mumbai, Bangalore and Chennai in addition to an apprenticeship at various Taj Hotels. The course is designed to meet the skill requirement of the hotel industry and the Taj group also employs many of the students. Edifying livelihoods while doing business has enabled Taj group to touch the hearts and lives of the thousands of people across the country. The loyalty and commitment of those beneficiaries, in turn, has not only enabled the Taj to render better services to its customers but has also enabled it to make a difference with a human touch.

**Entrepreneurship Through Cooperatives**

As part of the corporate sustainability initiatives, Tata Group is working as a catalyst and constantly weaving the social fabric of society together with the community through sustainable livelihoods and economic independence. Tata Motors, for example, has adopted cooperative movement to champion the youth and women of various regions of India with economic independence.

The company has assisted the formation of several cooperative societies such as the Chaitnya Co-operative Society, the Sahajeevan Co-operative Society, Tata Motors Grihini Social Welfare Society, the Vividh Karyakari Industrial Cooperative Society, Shivankala Industrial Cooperative Society, the Cable Harness Industrial Cooperative Society and the Electronics Industrial Cooperative Society. These societies have not only employed thousands of youth and women from the community through various training and skill upgradation programs, but also instilled a sense of pride, hope and self-fulfillment in the hearts of the members of these societies, running their own enterprises. These societies work as favored vendors to Tata conglomerate as regarding wiring harnesses, uniforms, food items and condiments for its different units. These societies have become independent in their operations with an increase in the level of education and awareness among their members as well as work experience. Besides sourcing business from Tata
Motors, they now also receive contracts from other business enterprises such as Bajaj, Motherson Sumi and Vidya Niketan.

Preserving A Dying Art

TATA believes art exists for life sake and should in no way be undermined. With a view to preserve and showcase India's treasure of art and culture, Taj Group of Hotels undertook initiatives to revive the traditional art of hand-woven Banarasi silk sarees, which was in the verge of extinction and also rendered a new lease of life to the weavers. As a way of paying tribute to the master craftsmen, Taj Group is selling Banaras silk sarees in the Khazana Boutiques. Besides, master weavers from Banaras now also weave customized sarees which are worn by the front office staff of the Taj Hotels in India. Taj has also extended its helping hands to the weavers and craftsmen of Assam whose products are also displayed at Khazana.

Resurrecting the Dejected

In keeping with its promise to the people of Nagapattinam, devastated by the wild, wanton waves of the killer Tsunami occurred in Indian Ocean on December 26, 2004, the TATA Group has helped rebuild not only their homes but also their lives. Tata group rushed to the spot in full swing and distributed family kits containing 20 items such as utensils, personal wear, mattresses, bed sheets and blankets etc. within 20 hours. Sixty school kids who were marooned at the Port Blair airport were safely rescued.

Tata Council for Community Initiatives (TCCI) entrusted new township for 828 tsunami-affected families at a cost of Rs22 crore and christened it as Tata Colony. The colony is having requisite infrastructure such as a sewerage treatment plant and two community amenities centers, plus extras such as a desalination plant, solar powered streetlights, and two Village Knowledge Centers. The colony has been built on a plot of 14.75 acres provided by the government of Tamil Nadu, and each of the 828 new houses has a plinth area of 383 sq ft (422 sq ft with common area), with a hall, bedroom, kitchen, bathroom and toilet. Nagapattinam district represents a type. Over and above, TATA group has also extended helping hands to the victims in the Kancheepuram, Cuddalore,
Tirunelveli and Kanyakumari districts and got on with the relief, reconstruction and rehabilitation work. The sweeping range of these operations conveyed to the hapless, hopeless and helpless victims is the symbols of renewal and revival, of hope and resurgence what could be appropriately delineated as TATA' chemistry with human life.

Table 6.1: District-wise details of the relief and rehabilitation efforts

<table>
<thead>
<tr>
<th>District</th>
<th>Work done</th>
</tr>
</thead>
</table>
| Nettinam | □ Houses constructed: 828  
           □ Sewerage treatment plant  
           □ Community amenities centers: 2  
           □ Village Knowledge Centers: 3  
           □ Desalination plant  
           □ Solar-powered street lighting |
| Kanyakumari | □ Houses constructed: 188  
               □ Livelihood assistance: 9 FRP vallams and 14 fibre catamarans  
               □ Village Knowledge Centers: 3 |
| Tirunelveli | □ Houses constructed: 88 |
| Those | □ Community amenities centers: 2  
       □ Village Knowledge Centers: 2 |
| Neerapuram | □ Houses constructed: 77  
               • Livelihood assistance: 36 FRP boats with engines and nets; seaweed culture proj |
|           | □ Community amenities center: 1 |

Source:
http://www.tata.com/ourcommitment/articles/inside.aspx?artid=OmZSYyX+Rss=
TATA's Environmental Concern

The TATA Group has recognized the need to conserve and care for the world's natural resources long before it became a mantra of modern business. With the earth's natural resources being rapidly depleted and so called developed and developing nation's chanting 'go green', it is not surprising that business conglomerates are finally waking up to the need to conserve and recycle. However, the TATA Group recognized the relevance of environmentally friendly work process many years ago.

Tata Steel Rural Development Society (TSRDS), for example, which is said to be the flag bearer of Tata Steel's community initiatives, offers the farmers of Orissa incentives to plant and nurture teak and cashew plantations in a participatory model. Realizing the impact of environmental degradation and global warming and the contemporary sense of aforestation that results in nibbling of the leaves immediately after the plantation, TSRDS offer incentives, assistance and ownership to the villagers of Keonjhar district of Orissa, who will bear sole responsibility for the growth of the saplings.

TATA group has embarked on green projects to preserve and regenerate local economies. One such glaring example is the India Cyclothon-Mumbai 2010 and Tour de Mumbai event, organized by the TATA group to promote the cause of good health and clean environment. As global warming and its effects assume alarming proportions, the onus for change lies not just on industry but on the individual citizens as well. In an endeavour to make Mumbai clean and green and healthy, Tata group evoked cyclists of the city to pedal across Bandra, one of Mumbai's western suburbs who participated in the community event held on February 21, 2010.

Consumer Concern

TATA group is not only committed to improve the quality of life through education, sports and self-reliance, but also ensures products and services that touch human lives every day. "If you want to know what business is, we have to start with purpose. And the purpose must lie outside the business itself. In fact, it must lie in society, since a business enterprise is an organ of society. There is only one valid
definition of business purpose: To create a customer. The customer is the foundation of a business and keeps it in existence. He alone gives employment. And it is to supply the customer that society entrusts well producing resources to the business enterprise." (Peter F. Drucker- The Practice of Management). All its products and services have been produced with its sense of conscience and consciousness to serve society. Tata group is branded for its consumer friendly products and services.

JAGORE- the AD promoting its tea product not only renders the touch of Indian ness and evokes people to join the war against corruption, but also sprout the seed of individual social responsibility with human consciousness. TATA's lunching of one lakh car NANO is another step forward that reflects its concern for the middle class people- Why should the upper class have all the fun? TATA truly epitomizes leadership with trust. May these be the case of salt that makes food tastier or tea that breaks the drowsiness of the dawn or the soda ash that goes into the manufacturing of glass and detergents or the fertilizers that make a farmer smile, it is committed to make a chemistry with a conscience what could be best incorporated as 'The Human Touch of Chemistry'.

Employee Concern

TATA group is branded for its employee friendly culture. Open communication and transparency has made it possible to render equal opportunities to all its employees and all qualified applicants for employment irrespective of their race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability. Tata group is the first ever in the World to take initiatives in the matter of social security of its employees, much before the legislations relating to it came into existence. Tata Group, for example, initiated labour welfare measures such as the eight hour working day (1915), establishment of welfare department (1917) and ensuring maternity benefits (1928) to name just a few, even before The Workmen's Compensation Act (1923), Employees' State Insurance Act (1948), The Employees Provident Fund Act (1952), Payment of Gratuity Act (1972), EPF Act (1952 & 1995) were enforced by law.
Tata Human Resource Policy respects diversity and equality in the workplace. It also complies with all local labour legislations, its Code of Conduct, right to privacy and the right to be heard, and that in all matters equal opportunity is provided to those eligible and decisions are based on merit. TATA culture is free from all forms of harassment, whether physical, verbal or psychological. Individual dignity at workplace is the hallmark of Tata culture, incorporating the best of international practices.

TATA group has received high sense of appreciation from all its stakeholders for its brand image and consumer and employee friendly behavior. It has become one of the top destinations of employment across India. The schemes and initiatives undertaken by TATA group for its employees' welfare and its sincerity in ensuring the well being of its employees and community are really praiseworthy. As management guru Peter Drucker says: "A healthy society requires three vital sectors: a public sector of effective governments; a private sector of effective businesses; and a social sector of effective community organizations". While there's not much it can do about the first sector, the Tata group is contributing all it can to the other two.

6.13.2 National Thermal Power Corporation Limited

National Thermal Power Corporation Limited has been awarded Business world FICCI-SEDF Corporate Social Responsibility Award for its continued efforts in integrating CSR into its core business operation. NTPC Limited has decided to allocate 0.5% of distributable profit annually for its "Research and Development Fund for Sustainable Energy," for undertaking research activities in development of green and pollution free technologies.

The efforts towards ethical business operations by NTPC has earned profit after tax for the year 2007-08 to be around Rs. 7,415 crores as compared to Rs. 6,865 crores during the year 2006-07, an increase of 8.01% over previous year.

The Gross Revenue crosses Rs. 40,000 crores during 2007-08 registering an increase of 13.11%. The Board of Directors has recommended highest ever dividend of 35% for the year.
Future prospects of NTPC include areas as:

- Adopting clean coal technologies
- Reducing the cost of harnessing Solar Energy,
- Improvement in efficiency of its power stations
- Developing one million square feet of Green Building Space within NTPC premises by the year 2017
- Re-powering and replacement of old units,

Other examples constitute Mahindra & Mahindra Limited which has been declared as a winner, Tata Tea Limited as 1st runner up-and NTPC as 2nd runner up for Community Development award for undertaking CSR initiatives, disclosure and transparency of operations, understanding of stakeholders, HR Practices, environmental practices, and workforce diversity as well. The goal is to deliver long-term value to the general community by being responsible business organisations, treating others with respect, making environmentally friendly products and solutions accessible and reporting on the progress in Annual Corporate Social Responsibility Report. The business must accommodate itself to the various changes taking place in the environment. The scope of Business is to optimize the allocation of scarce natural resources thereby decreasing the costs and enhancing the productivity of the organization, for the benefit of the society. Other Companies that have taken CSR initiatives include PepsiCo, Internet search giant Google, banking majors HSBC, BMW, to name just a few. In the 2008 list, Oracle Corp has made it in the computer software segment, while in the apparel section Nike has made it to the list

**Competencies Required For Corporate Social Responsibility:**

January 2008 CRO Best Corporate Citizen 2008 listed the following as being top three socially responsible:

1. Intel Corp. Electrical Components & Equipment

2 Eaton Corp. Industrials - DiversiFed

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Of course, each organization is different from the other and the reason why one firm emerges as a leader among other firms in the industry is due to the core competencies that are exclusive to a particular firm. The competencies that differentiate a firm from its competitors include:

**Management skills** (including organization building, effective communication skills, quick decision making, awareness of advanced technologies, IT, innovation, creative problem solving skills, strategic awareness, motivation skills, leadership skills, handling disputes)

**People skills** (including adaptability and empathy, training, influencing without power, interpersonal skills, integrated, general awareness, self-development and learning, building partnerships, and team work)

**Technical skills** (including technical expertise, understanding impacts of policies on stakeholder, consultancy, selling the business case, understanding human rights and understanding sustainability).

The most important core competencies for managers involved with CSR in organizations constitute:

- Understanding society
- Building capacity
- Accountability
- Stakeholder relations
- Strategic view
- Harnessing diversity
- Environment consciousness
- High quality products and services
- Avoid false advertisement claims
Tata Group has constantly stressed on 'leadership with trust', unity, integrity, excellence, responsibility, commitment towards national interest, providing good working environment for the employees, avoidance of conflicts of interest, and emphasis on corporate social responsibility which has become an integral part of the company's core mission and vision statement and to promote ethical conduct in all its operations, which gives it an edge of stability and sustainability in the prevailing competitive scenario. But times have changed. Business Firms whose primary motive is profit only might get success initially but only those firms will sustain in the long run which undertake various initiatives for ethical consumerism, and build stronger and healthier global communities.

Drivers of Corporate Social Responsibility:

a. Employees and Shareholders

b. Brand Equity

c. Ethical Marketing Practices and Social Awareness

d. The Environment Consciousness

e. Energy Conservation and Global Warming

f. Responsibility towards the Government

A. Employees and Shareholders

According to Schlesinger and Heskett (1991) increased employee satisfaction leads to employee competence, which results in superior service delivery and customer satisfaction. It takes decades for business organisations to build goodwill and trust in the minds of customers and shareholders which can be ruined through incidents such as corruption, piracy, stealing of Intellectual Property Rights, financial scams and scandals or producing environmentally hazardous products for the customers. Building an ethically responsible culture in organisations can reduce the chances of employees indulging on unfair practices within the organization by emphasizing on professionalism,
transparency, Socially responsible investments, effective communication, employee participation, fairness, and promotions, adequate compensation and personal development. **Calpers** (the California Public Employees' Retirement System), one of the largest US pension funds, to safeguard the interests of its shareholders, that is, US pensioners.

**B. Brand Equity**

A brand is a symbol carrying with it certain associations and images. Customers associate a brand with a promise and built on deep relationships with consumers. Its value to consumers is that it provides emotional as well as functional aspects and reduces the risk, saves time and provides reassurance on value for money. Predictable results are the promise of a brand.

Corporate Social Responsibility can play a major role in building customer loyalty based on ethical values practiced in the organizations. Brand loyalty can be strengthened through: increasing continuity of purchase via such techniques as "frequent purchaser" programs, "members clubs", "continuity promotions", that create identification between the users of a brand and its users.

**C. Ethical Marketing Practices and Social Awareness**

Ethics in Business refers to moral standards of the people working in the organization, and the application of right or wrong practices prevailing in the business firm. Ethics is important in all types of organizations. The elements of Business Ethics are:

a. **Values**- Moral beliefs held by individuals, organization and society as a whole.

b. **Rights**- Accessibility of Claims of the individuals in the society.

c. **Duties**- Duties are obligations, roles and responsibility of the individuals in the society.
The Nanhi Kali programme is deeply committed to the education of the girl child and currently supports the school level education of 31,000 underprivileged girls across the nation.

**Ethical Concerns, which need immediate attention**

- Violation of consumer rights
- Exploitation of employees
- Protection of environment
- Exploitation of child labor
- Exploitation of women
- Misleading advertisements
- Production of hazardous products
- Ensuring Transparency in various departments
- Illegal trade practices
- Indulging in Corruption and unfair practices by Management
- Exploitation of scarce natural resources
- Violation of Intellectual Property Rights

Industrialization in many developing countries has now opened avenues for International Trade. These policies should cover distributor relations, advertising standards, customer's service, pricing, product development and general ethical standards. Companies and managers should apply high standards of ethics and morality when making corporate decisions. Due to increasing awareness among customers regarding the malpractice in the market, privacy of products, the consumers are now more conscious about their rights.

**D. The Environment Consciousness**

Mahindra Group formally announced the launch of project Mahindra Hariyali in which 1 million trees will be planted nation-wide by Mahindra employees and other stakeholders including customers, vendors, dealers, etc. by October 2008. Of these, 1,50,000 trees have already been planted by Mahindra employees since September 2007. Issues, which require immediate attention, involve:
Climate change
Water conservation
Air emission
E-waste

Federal Express is involved in several initiatives that help to protect the environment including greenhouse gas reduction, renewable energy and noise reduction, recycling and using alternative fuels in its own transportation fleet.

E. Energy Conservation And Global Warming:

Agricultural in India will be significantly affected by the climate change due to burning of coal, oil and other fossil fuels that produces carbon dioxide and other greenhouse gases responsible for man made global warming.

The effects of warming are being observed in the form of decline in productivity of certain crops such as wheat. Against this backdrop it is essential for the global community as a whole to stabilize the earth's climate by reducing the concentration of green house gases in the atmosphere. The Asia-Pacific region showed the strongest level of support for more regulation, at 100%, compared to 86% in mainland Europe, 77% in the UK and 69% in the US. Despite this call for stronger action by governments, most companies already expect the impact of climate change regulation on industry to increase over the next few years. UTI Ventures invest $8 million in Presto (Pragmatic Environmental solutions Co) with Beam Environmental Solutions, a company involved in waste oil recycling and alternate energy systems. Google has created research group for initiating a project called Renewable Energy Cheaper than coal is meant to help Google cut its energy cost and then to offer Customers cheaper power.

NTPC Limited has been given 'Golden Peacock Award for Occupational Health & Safety-2008' as on June 6, 2008 by the award jury constituted by Golden Peacock Awards Secretariat, Institute of Directors, under the Chairmanship of Justice P N Bhagwati, former Chief Justice of India and Member, UN Human Rights Commission.
Many companies now issue a corporate social responsibility report along with their annual report, which concentrates on their non-financial societal activities (Usually positive contributions in nature). The following organizations rank at the top of Nielsen India Corporate Social Responsibility Index- IT giant Infosys, Tata Group, ITC, Reliance Industries, and ICICI Bank.

F. Responsibility Towards the Government:

All the Business Organizations have to comply with the general law applicable in every country. Management policies, strategies, mission, should be in accordance to the rules and regulations of the legal environment and should follow fair trade practices. Organizations should pay taxes and other dues and discourage bribery, corruption, and biases in the departments.

The guidelines to be followed are:

- To pay government taxes on time.
- To encourage Fair trade practices.
- To discourage monopoly and concentration of economic wealth.
- To follow Consumer Protection Act.
- To abide by the rules and regulations of legal environment.

6.13.3 CSR at ONGC

The mission of ONGC stated that the company would have an "abiding commitment to health, safety, and environment to enrich quality of community life.” And this mission was reflected in its CSR activities. CSR at ONGC began as a philanthropic activity where the company contributed to several socio-economic developmental programs like building schools and hospitals, developing agriculture and cottage industry, building infrastructure facilities, etc., around its areas of operation on an ad hoc basis.

6.13.1 Corporate Level Programs

ONGC's CSR programs at the corporate level focused on disaster relief management
and water management projects. When disasters struck India, ONGC provided relief and helped state and central governments in rehabilitating those affected. For example, when a heavy cyclone hit the eastern state of Orissa in 1999, the company provided immediate relief like food, drinking water, temporary shelters, medicine, clothing, etc. ONGC doctors provided medical treatment round the clock. The company also contributed Rs. 80 million toward the Prime Minister's relief fund and took steps to rehabilitate the cyclone victims...

Work Center Level & Community Development Programs

ONGC was involved in various community development programs like promoting literacy and higher education by providing grants or scholarships to the economically disadvantaged, donating money for the construction and renovation of schools, promoting healthcare by organizing medical camps, eye camps, through mobile dispensaries, etc...

ONGC and the Global Compact Program

UN Secretary-General Kofi Annan initiated the concept of 'global compact' in July 2000. The idea was to form an international corporate citizenship network for the advancement of universal social and environmental principles (Refer Exhibit IV to learn more about the Global Compact program)

Environment Protection Programs

ONGC took several measures to reduce pollution and support conservation of resources through the utilization of waste. The company formulated its Environment Policy as early as 1983 and adopted environment protection as one of its objectives in 1988. It even created a separate department called the Department of Environment (DoE) to ensure that environmental safeguards were in place. The environment policy of
the company made it mandatory to submit an "environmental impact assessment report" to the DoE at the time of project formulation...

Safety

ONGC set up the Institute of Petroleum Safety, Health and Environment management (IPSHEM) in 1989 with the objective of improving the safety, health, and environment standards in the Indian petroleum industry. The institute offered training courses in safety and environment management and a special training program for off-shore personnel...

Other CSR Initiatives

ONGC also participated in promoting sports and games like cricket, football, hockey, athletics, basketball, chess, golf, billiards, and volleyball in India. In 2004, it received the "Best Corporate Initiative in Sports" award from the Federation of Indian Chambers of Commerce and Industry (FICCI).

CSR: The Way to Go?

The importance of CSR has increased with globalization, as both investors and customers have become highly sensitive to societal and environment issues. According to Dr. Madhav Mehra (Mehra), President of the UK-based World Environment Foundation and the World Council for Corporate Governance, the importance of CSR would further increase as the future market would be driven by a younger population (around 54% of India's population is below 25) for whom social, ethical, and environmental issues were very important and who liked to be "informed" about the organizations they were buying from or investing in.

6.13.4 Aptech Limited

Aptech Limited, a leading education player with a global presence, has played an extensive and sustained role in encouraging and fostering education throughout the
country since inception. As a global player with complete solutions-providing capability, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the underprivileged and conducted training and awareness-camps.

Aptech students donated part of the proceeds from the sale of their artwork to NGOs. To propagate education among all sections of the society throughout the country, especially the underprivileged, Aptech fosters tie-ups with leading NGOs throughout the country, including the Barrackpur-based NGO, Udayan, a residential school for children of leprosy patients in Barrackpur, established in 1970. The company strongly believes that education is an integral part of the country's social fabric and works towards supporting basic education and basic computer literacy amongst the underprivileged children in India.

6.13.5 Avon Cycle Limited

The poor and ignorant of India's rural population turn to nearest towns and cities for healthcare. They face indifference and exploitation. Hope gives way to despair. This gave inspiration to AVON for locating MATAKAUSHALYA DEVI, PAHWA CHARITABLE HOSPITAL. Mr. Sohan Lal Pahwa, AVON's Chairman and Principal Trustee of the hospital, spent a good part of his working life devoted to philanthropy. The hospital, in its 5th year of inception, has risen to serve a model healthcare facility boasting of some bold experiments in its very early years of existence. It's support since inception has been of the order of Rs. 3 crore to date and it continues uninterrupted. Reaching out to the needy farther a field, the hospital holds regular camps in surrounding villages to propagate scientific approach to healthcare. Recently the hospital took the social responsibility concept a step further and formulated a scheme titled 'Celebrated Female Child' to enable and inspire positive and enduring environment for society's all-consuming passion for 'sons only' to end.
6.13.6 CISCO System Inc.

Philanthropy at Cisco is about building strong and productive global communities - communities in which every individual has the means to live, the opportunity to learn, and the chance to give back. The company pursues a strong “triple bottom line” which is described as profits, people and presence. The company promotes a culture of charitable giving and connects employees to nonprofit organizations serving the communities where they live. Cisco invests its best-in-class networking equipment to those nonprofit organizations that best put it to work for their communities, eventuating in positive global impact. It takes its responsibility seriously as a global citizen. Education is a top corporate priority for Cisco, as it is the key to prosperity and opportunity.

6.13.7 ICICI Bank Ltd

The Social Initiatives Group (SIG) of ICICI Bank Ltd works with a mission to build the capacities of the poorest of the poor to participate in the larger economy. The group identifies and supports initiatives designed to break the intergenerational cycle of poor health and nutrition, ensure essential early childhood education and schooling as well as access to basic financial services. Thus, by promoting early child health, catalysing universal elementary education and maximizing access to micro financial services, ICICI Bank believes that it can build the capacities of India’s poor to participate in larger socio-economic processes and thereby spur the overall development of the country. The SIG works by understanding the status of existing systems of service delivery and identifying critical knowledge and practice gaps in their functioning. It locates cost effective and scalable initiatives and approaches that have the potential to address these gaps and supports research to understand their impact. This is undertaken in collaboration with research agencies, nongovernmental organisations (NGOs), companies, government departments, local stakeholders and international organisations.

6.13.8 Infosys Technologies Limited

Infosys is actively involved in various community development programs. Infosys promoted, in 1996, the Infosys Foundation as a not-for-profit trust to which it contributes...
up to 1% PAT every year. Additionally, the Education and Research Department (E&R) at Infosys also works with employee volunteers on community development projects. Infosys leadership has set examples in the area of corporate citizenship and has involved itself actively in key national bodies. They have taken initiatives to work in the areas of Research and Education, Community Service, Rural Reach Programme, Employment, Welfare activities undertaken by the Infosys Foundation, Healthcare for the poor, Education and Arts & Culture.

6.13.9 ITC Limited

ITC partnered the Indian farmer for close to a century. ITC is now engaged in elevating this partnership to a new paradigm by leveraging information technology through its trailblazing 'e-Choupal' initiative. ITC is significantly widening its farmer partnerships to embrace a host of value-adding activities: creating livelihoods by helping poor tribals make their wastelands productive; investing in rainwater harvesting to bring much-needed irrigation to parched dry lands; empowering rural women by helping them evolve into entrepreneurs; and providing infrastructure support to make schools exciting for village children. Through these rural partnerships, ITC touches the lives of nearly 3 million villagers across India.

6.13.10 Mahindra & Mahindra

Late Mr. K.C. Mahindra with an objective to promote education established the K.C. Mahindra Education Trust in 1953. Its vision is to transform the lives of people in India through education, financial assistance and recognition to them, across age groups and across income strata. The K. C. Mahindra Education Trust undertakes number of education initiatives, which make a difference to the lives of deserving students. The Trust has provided more than Rs. 7.5 Crore in the form of grants, scholarships and loans. It promotes education mainly by the way of scholarships. The Nanhi Kali project has over 3,300 children under it. We aim to increase the number of Nanhi Kalis (children) to 10,000 in the next 2 years, by reaching out to the underprivileged children especially in rural areas.
6.13.11 Satyam Computer Services Limited

Alambana (support) is the corporate social responsibility arm of Satyam Computer Services Limited, formed to support and strengthen the vulnerable and underprivileged sections in urban India. Registered as Satyam Alambana Trust in 2000, Alambana aims at transforming the quality of life among urban population. Alambana's services are directed primarily at the disadvantaged sections in all the cities that Satyam has offices in. Volunteers from among Satyam associates and their family members lead the services and perform the required tasks.

6.13.12 Tata Consultancy Services

The Adult Literacy Program (ALP) was conceived and set up by Dr. F C Kohli along with Prof. P N Murthy and Prof. Kesav Nori of Tata Consultancy Services in May 2000 to address the problem of illiteracy. ALP believes illiteracy is a major social concern affecting a third of the Indian population comprising old and young adults. To accelerate the rate of learning, it uses a TCS-designed Computer-Based Functional Literacy Method (CBFL), an innovative teaching strategy that uses multimedia software to teach adults to read within about 40 learning hours.

6.13.13 Dalmia Cement (Bharat) Limited

The water source for the villages in and around the Dalmia Cement factory is dependent on rains. During summer months, the villagers, particularly women folk, travel long distances to fetch water for drinking and other purposes. Considering the difficulties and hardship faced by the people, the company, after discussing with the village elders and concerned Government authorities, took the initiative of making water available by:

a. Providing deep bore wells. So far, 45 bore wells have been provided in various villages, namely Kallakudi, Palanganathan, Malvoi, Elakkurichi, Muthuvathur, Pullabmadi, Edayathankudi etc. Approximately, 300 to 400 people get adequate drinking water from each bore well.
b. Water tanks to store the water.

c. Rain and seepage water is harvested in the quarries of the company is pumped into a tank and supplied to inhabitants.

44,000 trees were planted and nurtured over a period of eight years. The presence of large trees and vast greenery has considerably improved the ecology in the area.

6.13.14 DCM Shriram Consolidated Limited

Shriram Fertilisers and Chemicals, is a unit of DSCL, located at Kota, 475 kms. Over the last 3 decades, various initiatives have been undertaken by the unit, in the Hadoti region (Kota, Bundi, Jhalawar districts) in ICU, ambulances, family planning, medical assistance, schools, scholarships, emphasis on girl child education, water to people and infrastructure.

6.13.15 Goodearth Education Foundation

Work of Goodearth Education Foundation (GEF) was initiated in 1996 with a project in the Rai Bareilly district in Uttar Pradesh. The four-year project covered 63 government schools and benefited 15,000 children. GEF is currently implementing projects in Thane district, Maharashtra (in 56 schools & balwadis), Alwar District, Rajasthan (this Project is being implemented in partnership with the NGO Bodh Shiksha Samiti, covering 71 schools & balwadis) and Solan district, Himachal Pradesh (10 Balwadis). GEF Objectives include providing equal opportunities in pre-primary & primary education to all children, and quality of education by ensuring that it is relevant, effective and activity based.

6.13.16 Hindustan Construction Company (HCC)

Hindustan Construction Company (HCC) plays an active role in CSR initiatives in the fields of Health, Education, Disaster Management, and Environment. Disaster Resource Network DRN is a worldwide initiative, promoted by the World Economic Forum (WEF). Trained volunteers and equipment resources from Engineering
Construction & Logistics companies will complement the existing efforts of Government, NGO's and International Organizations in disaster management. It was during the WEF annual meet that the massive earthquake struck Gujarat in January 2001. The need for a trained and effective participation from industry was first felt there. The members of Engineering and Logistics segment of WEF came together to establish this network. The idea was further strengthened during the 9/11 incident where again the industry participated in the relief operations. DRN Worldwide was formally launched in New York in January 2002. And shortly thereafter, DRN - India Initiative was launched.

6.13.17 India Aluminium Company Limited

The Women's Empowerment project was initiated by Indal-Muri in Jharkhand where the Company operates an alumina refining plant. It was implemented in collaboration with an NGO, CARE-Jharkhand. The central problem this project has attempted to address is the very low socio-economic condition of the rural and tribal population of Silli block caused by low agricultural productivity, lack of or low cash income, unresponsive health/ Integrated Child Development Services (ICDS) schemes. The Project has helped set up around 100 Self Help Groups so far, which are running successfully with members trained in various vocational income-generating skills, agricultural methods for better yields and health care initiatives. About 2000 women have been brought into the fold of this activity helping to improve not just their own lives but the quality of life of their children and families as well.

The Indal Women's Empowerment & Child Care project employed integrated package of strategies and interventions, such as:

a. Establishment and Strengthening of Self Help Groups (SHG) in 30 strategically selected villages

b. Promotion of Nutrition Gardens and improved land / agricultural and natural resource management practices;
c. Creation of demand for improved ICDS/ health services through Self Help Groups and strengthening ICDS/ Health Department's service delivery

6.13.18 JCB India Ltd.

JCB India adopted a Government school, in the vicinity of the company premises as its social responsibility. They strongly believe that children are the foundation of our nation and they could be helped, we could build a better community and society tomorrow. The reason for adopting this particular school was the poor management of the school in terms of infrastructure, resources and quality of education. The company’s commitment to the school goes much beyond just providing monetary support towards infrastructure and maintenance of school building.

6.13.19 Larsen & Turbo (L & T) Limited

Considering that construction industry is the second largest employer in India after agriculture, employing about 32 million-strong workforce, L&T set out to regulate and promote Construction Vocational Training (CVT) in India by establishing a Construction Skills Training Institute (CSTI) on a 5.5 acre land, close to its Construction Division Headquarters at Manapakkam, Chennai. CSTI imparts, totally free of cost, basic training in formwork, carpentry, masonry, bar bending, plumbing and sanitary, scaffold and electrical wireman trades to a wide spectrum of the rural poor.

As a result of the good response it received in Chennai, CSTI set up a branch at Panvel, Mumbai, initially offering training in formwork, carpentry and masonry trades. The Manapakkam and Panvel facilities together provide training to about 300 candidates annually who are inducted after a process of selection, the minimum qualification being tenth standard. Since inception, these two units have produced about 2,000 skilled workmen in various trades, with about sixty percent of them being deployed to L&T’s jobsites spread across the country. The success of this training-initiative demonstrates that adoption of systematic training techniques are bound to yield efficient and skilled personnel in the shortest possible time, and in the power to convert the potential of the Rural Youth in Construction and upgrading Rural Economy in a small way.
Four years ago, Reliance Industries Ltd. launched a countrywide initiative known as “Project Drishti”, to restore the eye-sights of visually challenged Indians from the economically weaker sections of the society. This project, started by one of India’s corporate giants has brightened up the lives of over 5000 people so far.

Corporate Social Responsibility (CSR) defined as “the ethical behaviour of a company towards the society,” manifests itself in the form of such noble programs initiated by for-profit organizations. CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs.

Another reason fuelling this rapid adoption of CSR is the state of the Indian society. Though India is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare etc. are still ubiquitous and the government has limited resources to tackle these challenges. This scenario has opened up several areas for businesses to contribute towards social development.

CSR is not a new concept in India. Corporates like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events.

Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them.

These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies’ business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them. CSR Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc.
For example, organizations like Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited, adopt villages where they focus on holistic development. They provide better medical and sanitation facilities, build schools and houses, and help the villagers become self-reliant by teaching them vocational and business skills.

On the other hand, GlaxoSmithKline Pharmaceuticals' CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.

Many CSR initiatives are executed by corporates in partnership with Non-governmental organizations (NGOs) who are well versed in working with the local communities and are experts in tackling specific social problems.

For example, SAP India in partnership with Hope Foundation, an NGO that works for the betterment of the poor and the needy throughout India, has been working on short and long-term rebuilding initiatives for the tsunami victims. Together, they also started *The SAP Labs Center of HOPE* in Bangalore, a home for street children, where they provide food, clothing, shelter, medical care and education.

CSR has come a long way in India. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is enormous. Corporates have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India’s social development on a faster track.

The idea of responsible business behaviour is far from new. But since the 1990s, increasing concern over the impacts of economic globalisation has led to new demands for corporations to play a central role in efforts to eliminate poverty, achieve equitable
and accountable systems of governance and ensure environmental security. In essence, the approach is to view business as part of society and to find ways to maximise the positive benefits that business endeavour can bring to human and environmental well-being whilst minimising the harmful impacts of irresponsible business. The agenda that has resulted from these concerns has variously been called ‘corporate citizenship’, ‘corporate social responsibility’ (CSR), ‘corporate accountability’ or simply ‘corporate responsibility’.

As we all know, Corporate Social Responsibility (CSR) is an expression used to describe what some see as a company’s obligation to be sensitive to the needs of all to take account not only of the financial/economic dimension in decision-making, but also the social and environmental consequences.

Sustainable Development

One of the most significant developments in the field of CSR over the past few years has been the growth in public expectations that the companies not only make commitments to its stakeholders in its business operations. The principle is closely linked with the imperative of ensuring that these operations are “sustainable”, that is, that CSR is recognised as not only necessary but also develop systems to manage implementation and systematically assess and report on progress relative to those commitments. Corporate accountability encompasses the systems a company establishes to develop policies, indicators, targets and processes to manage the full range of activities. The scope of operations for which companies are expected to be accountable has increased dramatically in recent years to include not only company’s own performance but also that of the business partners and other actors throughout the company’s value chain. The mechanisms a company uses to demonstrate accountability are varied and inevitably need to change and grow as a company evolves; at the same time effective systems for increasing accountability generally allow the company to be inclusive, responsive and engaged with its stakeholders.
Accountability in its basic sense implies rendering of accounts and, by extension, indicate answer-ability to an external agency or group and, further, implies ensuring propriety, legality and safeguarding public interest in satisfaction of the expectations of the external agency or group. Social Accountability suggests accountability to the people; this is a core value in a democratic set-up. In a decentralised democracy the basic objective is power to the people.

Corporate accountability today spans emerging CSR issues like business ethics, diversity, marketplace behaviour, governance, human rights and labour rights as well as more traditional areas of financial and environmental performance. Therefore, an increasing number of companies are reporting publicly on their social, environmental and ethical performance, both as a communication to stakeholders and as a management tool. However, as this practice has only become more widespread since the mid-1990s, there are as yet no standard formats to address the type of information companies choose to report, or how that information is collected, analysed and presented.

Effective and accountable management systems help companies shape cultures that support and reward CSR performance at all levels. As part of this effort, many companies are working to increase accountability for CSR performance at the Board level. This can lead to changes in who serves on the Board, how Directors handle social and environmental issues, and how the Board manages itself, and fulfils its responsibilities to investors and other stakeholders. Companies are also seeking to build accountability for CSR performance at the senior management level, in some cases by creating a dedicated position responsible for broad oversight of a company’s CSR activities. Finally, many companies are working to integrate accountability for CSR performance into actions ranging from long-term planning to everyday decision-making, including rethinking processes for designing products and services and changing practices used to hire, retain, reward, and promote employees.

The demand for increased corporate accountability today comes from all sectors. Evidence of this is found in the increasing number of sustainability-related market indices and by external demands for certification or labelling of certain products as, for example,
old growth or child labour free. Underpinning this demand for increased corporate accountability is the expectation that companies can and should be more transparent, which essentially means measuring, reporting on, and continuously improving social, environmental, and economic performance. These increased demands are in part a result of recent events that have contributed to erosion in the trust extended to companies. Stakeholders now expect companies to provide access to information on impacts of their operations, to engage stakeholders in meaningful dialogue, and to be responsive to particular concerns unearthed in the dialogue process. To increase the credibility of what is disclosed, leadership companies are also investigating carefully the value of various types of assurance that might support their reporting efforts.

At the same time, many stakeholders are becoming increasingly sophisticated in the type and quality of information they are demanding from companies. In an effort to meet these demands—as well as to strengthen the credibility of their social and environmental reports—some companies are choosing to have their reports externally verified. In doing so, the companies recognise that verification by a third party can add value to the overall social and environmental reporting process by enhancing relationships with stakeholders, improving business performance and decision-making, aligning practice with organisational values, and strengthening reputation risk management.

During the 1990s, calls for greater corporate social accountability by activists, non-governmental organisations (NGOs), governments and the general public increased, both in the United States and internationally. Additionally, increasing numbers of investors were found taking the companies' social and environmental performance into account in their investment decisions.

The trends in environmental reporting have begun to be duplicated in social reporting. The standards developed by non-corporate organisations provide targets against which social performance may be measured. Guidelines also address how social performance can and should be reported. For example, SA8000, launched in 1997 by the Social Accountability International (formerly the Council on Economic Priorities...
Accreditation Agency) is an auditable standard specifically addressing labour and workplace conditions. The Global Reporting Initiative Sustainability Guidelines, revised in June 2000, provide a framework and principles for reporting on environmental, social and economic corporate performance. AA1000, a standard for the social reporting process, was developed by the Institute of Social and Ethical Accountability and publicly released in 1999.

During the late 1980s and 1990s, non-governmental organisations have been at the forefront of campaigns on social and environmental issues, becoming a powerful force in publicising a wide range of corporate social responsibility issues and also in pressuring companies to address them. Representing particular stakeholder issues, they have challenged corporate reporting of social and environmental performance and demanded independent monitoring of social issues, as well as audits of social and environmental reporting processes.

One of the most significant issues within the CSR agenda concerns the dynamic relationship between CSR and good public governance. The limits both to corporate accountability through law and to ‘voluntary’ CSR-related actions by businesses lie with the public good governance agenda. Legislation to deal with worst case instances of irresponsible behaviour and to set a minimum floor for business conduct will not work in the absence of effective drivers for business implementation and enforcement, whether they are market-based, or a result of enforcement through the state.

A number of initiatives have addressed different aspects of the relationship between good governance, CSR and corporate accountability. They include the OECD Guidelines for Multinational Enterprises, the UNDP High Level Commission on the Private Sector and Development, and the UN Global Compact/UNDP initiative of ‘growing sustainable business in least developed countries’. But there is still no comprehensive institutional setting or process within which to build understanding on the relationship between good governance, market-based corporate social responsibility, and corporate accountability.
The need is to implement social, ethical and environmental policy (commonly known as codes of conduct) through the development of objectives, programmes and mechanisms for monitoring social compliance performance. One very important aspect of ensuring social accountability is establishing social compliance through continuous audit and monitoring. The demand for increased corporate accountability today comes from all sectors. Thus social accountability ensures transparency, reduces leakages, forces proper spending of funds, generates trust and peace, and creates demand led improvement in services. In a sense, it is a continuing audit and a constant check on malfeasance.

Social compliance is the end product of social accountability. Under social accountability, the civil society and stakeholders to be responsible towards the society they are operating in and to be accountable for the activities they are undertaking expect the big multinational companies to take active steps in thus regard. Throughout Europe and the US, the pressure groups have demanded that production and services sourced out to the developing or under developed countries due to cheap labour should not lead to environmental deterioration, exploitation and bad working conditions. The all-important consumers in these developed countries object to buying clothes or other products, which are produced under inhuman or sweatshop-like working conditions, using child labour, or forced labour, or by underpaid workers.

All this started in the early nineties and led to the emergence of issues like risk management in terms of responsibility towards the society. The most important component of compliance is legal compliance to the local labour and environmental laws as well as implementation of codes of conduct of the organisation in the vendor factories in countries like India, China, Vietnam, Cambodia, Pakistan, Bangladesh and so on. These codes basically comprise of labour standards, health and safety, local labour laws and environmental standards.