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Corporate Social Responsibility & Corporate Sustainability in special reference to India

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ABSTRACT:
Corporatesocialresponsibilityistheheartofbusinesspracticesintoday'sera.Itcanbedefinedas"Thepersistingcommit mentby businesstobehave ethicallyandachieveitsdevelopmentbyimproving the standard of life of its labourforce and their families as well as of the local community and society atlarge". Weall have responsibilities towards society, community and country. Same forms thevery base of corporate responsibility.Itisavoluntary   actof   thecompanies.Itcanbe   saidthatmainaimofa   businessorganizationis tokeeppeoplehappy i.e.the Society.If this end is not achieved, it cannot survive for long.Today it is being exercise datboth national and international level asmerits of providing CSR programmesis being realize datlarge.

Intoday'scon text, concept of Corporate social responsibility has been widened from merea profit making formulato economic and social development of society and to encourage aaffirmative bang throughits behavioron the environment,consumers, employees, communities, stakeholders andallother members of thesociety.

This article reviews the different definitions of corporate social responsibility (CSR) and corporate sustainability (CS) used over time to reveal points of difference and congruence between the two terms. Management literature uses both CSR and CS to refer to social and environmental management issues, but there is no clear distinction between the two terms. The aim of the paper is to expose the role of CSR in country's development.

Keywords: Corporate Social Responsibility, Corporate Sustainability, Sustainable Development,

I. INTRODUCTION:

Indiabeingamongthetop5 economiesoftheworldat present haschallengesto mitigateitsrisingsocialburdenandburgeoningincomei nequality along withhugepressureonits natural resourcesand theenvironment.

Itistheresponsibilityofeveryindividualaswe llasinstitutionsinthecountrytoworkandcontributetoa ddressthisissue.Inviewofthegathering,worldwidemo mentumregardingCSR,sustainabledevelopmentandt heinitiativebeingtakenonvariousfrontsbydifferentor ganizations,ithasbecomeincumbenttohighlightthede velopmentsthataretakingplaceandunderstandtheiniti ativesundertakenbyIndianCorporate   sectorsoasto raisethelevelofawarenessandfocusofthoselaggingbe hind.

CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others. CSR is a means to sort out problems to some extent because business is a part of society. Earning more and more profits is a natural phenomenon of every business unit but social responsibility is an obligation to the people living inside and outside the business organizations. Business comes in contact with various groups of society such as owners, employees, customers, government, suppliers etc. The responsibility of business, which includes satisfaction of these parties along with the owner, is called social responsibility of business.

SD (Sustainable Development) is a development thatmeetstheneedsofthepresentwithoutcompromisin g theabilityoffuturegenerationstomeettheirownneeds.I tcontainswithinittwokeyconcepts:theconceptsof"ne eds",inparticulartheessentialneedsoftheworld'spoor ,towhichoverridingpriorityshouldbegiven;andtheide aoflimitationsimposedbythestateoftechnologyandso cialorganisationoftheenvironmentsabilitytomeetpre sentandfutureneeds.

Inrecentyears,thediscussionaboutsustainab ilityhasrisenaboveaverage.Inaninternationalcontext, thenumberofarticlesfocusingonthesesubjectshasincr easedyearbyyearandthetermsSustainableDevelopme nt(SD)andCorporateSocialResponsibility(CSR)hav ebecomepopular.Oftennovisibledifferentiationbetw eenthesetermsismade.Thisleadstoa very broad and unspecified discussion about this topic.

II. LITERATURE REVIEW:
Corporate Social Responsibility:

The notion of CSR has already been established inthe1950'sand60's.**Bowen**definedCSRin1953-asoneofthefirstas"…anobligationtopursuepoliciesto makedecisionsandtofollowlinesofactionwhichareco mpatiblewiththeobjectivesandvaluesof society"(**Douglasetal., 2004**).

PushpaSunder(2000)hasdoneanintensivestudyonIn dianbusinessphilanthropythroughtheages.Thestudyisf rommerchanttocorporatecitizenship,whichfocusesonI ndianbusinessphilanthropythroughtheages.Therootsof businessphilanthropygobackaverylongwayinIndia.The practiceofbusinessgivingcontinuedthroughtheages.Ase conomic,politicalandsocialcenterlineschanged,sodidb usinessresponsetosocialneed.Theoutcomeofthestudy isthatthereisashiftfrommerchantcharitytocorporatecitiz enship.TheCorporateshouldkeeptheinstitutionsofcivilso cietyaliveandpromoteindividualfreedom,socialjusticean dcivic   responsibilitybysupportingprivatenon-profitgroupsengagedinsuchwork.

Chakraborty(2001)discussedcorporatesocialresponsi bilityintermsofsomedeeperpsychophilosophicalinsight sintohumanexistencebothindividualandcollective.Inhis studyhehasshowedthedeeprootsofIndianethosfromw hichIndianmanagerscandevelopa structureofvaluesonthebasisofwhichtheycandevelopst akeholderpolicies.

Anand(2002)studiedsocialresponsibilityinitiativesas buildingblocksofcorporatereputationintheIndiancont ext.Heanalyzedthereputationfromastakeholderpersp ective.Reputationhelpsinproperlypositioningafirm'si dentity.Thishasbeenrovedinthecaseof sociallyresponsibleIndianfirms,whicharealsoconsidere dtohaveagoodreputation.

KanikaBhal(2002)inherstudymentionsaboutthefou rmajorfactorsthataffect CorporateSocialResponsibility.Fourfactorssaidtobeaffe ctingcorporatesocialresponsibility areasfollows:
1.   IdeologicalvaluesofCEO/topManagement
2.   Pressurefromtheinternalandexternalstakeholders
3.   Operationalissues-Policies,structureandculture.
4.   Governmentpolicies.

Kant(2002) Germanrationalistandphilosopher,arguesth atonlyactionsthataredonefromasenseofdutycanberatio nalizedashavingmoralworth.Kanthadafirmbeliefinth euniversalityofethicalbehaviour.Hismoralthoughtfindsan ecessaryconnectionbetweenmoralityandreason(Matson, 1987:392;Lawhead,2007:369)becauseitisonlyrational beingswhoareabletoformandactinaccordancewithuniv ersalconceptionofmorality.

Murray(2003)hasobservedthatthepublicdiscourseonCo rporateSocialResponsibilityhasevolvedintoaquitestyliz eddebat whichtendstofocusononeparticularfacetofmultinatio naleconomicbehaviour.Thishastodowiththetreatmen tofworkersin manufacturingfactoriesinthedevelopingworldproducingg oodsformultinationalenterprises.

BansalandKandola(2003)takeavaluebasedlookatcor poratesocialresponsibilityanddiscussthequestion,'Why goodpeoplebehavebadlyinorganizations?'Accordingtot hem,companiesmustcreateconsistentorganizationalvalues thatespousecorporatesocialresponsibility,andemployeee mpowermentthatencouragesindividualstoexpresstthei rconcernstoseniormanagement.Thatwillmotivatethee mployeestopracticeethicalbehaviour.

Lockwood(2004)explainedthecriticalroleofthehumanreso urcefunctioninorganizationstoplayaleadingroleandeduc atingtheirfirmsregardingtheimportanceofCorporateS ocialResponsibility.Heisaddingthatstrategicimplementat ionofsoundhumanresourcemanagement practiceswouldsupportthecompany'sbusinessandCor porateSocialResponsibilitygoals.

BhattacharyaandSankar(2004)putforthCorporate SocialResponsibilityasaprocesswherecompaniesarej udgedby"achievingcommercialsuccessinwaysthatho nourethicalvaluesandrespectpeople,communities,andt henaturalenvironment."

Dr. ManmohanSingh(2007) has once opined that inamodern,democraticsociety,businessmustrealizeits widersocialresponsibility.Thetimehascomeforthebetterof fsectionsofoursocietytounderstandtheneedtomakeourgr owthprocessmoreinclusivetoeschewconspicuouscons umption,tosavemoreandwasteless,tocareforthosewho arelessprivileged,toberolemodelsofprobity,moderation andcharity.Indianindustrymust,therefore,risetothechallen geofmakingourgrowthprocessbothefficientandinclusi ve.Ifthosewhoarebetteroffdonotactinamoresociallyr esponsiblemanner,ourgrowthprocessmaybeatrisk,ourp olitymaybecomeanarchicandour societymaygetfurtherdivided.(AnexcerptfromPrimeM inisterofIndia

Dr.ManmohanSingh'sspeechonMay24attheinauguralse ssionofconfederationofIndianIndustry'sAnnualSummit , 2007).

What is Corporate Social Responsibility?
Business dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates.
Companies express this citizenship:
(i) through their waste and pollution reduction processes, (ii) by contributing educational and social programs and (iii) by earning adequate returns on the employed resources."

It indicates to corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups.

ThereisanemergingconsensusonsomecommonprinciplesthatunderlineCSRwhichcanbecalledthecommondenominators and theyarediscussedhere:

1)**CSRisabusinessimperative:**Whetherpursuedasavoluntarycorporateinitiativeorforlegalcompliancereasons,CSRwillachieveitsintendedobjectivesonly ifbusinesses truly believethatCSR isbeneficialto them.

2) **CSRisa link to sustainabledevelopment:** Businessesfeelthatthere isaneed to integrate social,economicand environmentalimpactintheiroperation;and

3)**CSRisawaytomanagebusiness:**CSRisnotanoptionaladdontobusiness,butitisaboutthewayinwhichbusinessesaremanaged

Take this illustration:

Companies need to answer to two aspects of their operations.

 i. The quality of their management - both in terms of people and processes (the inner circle).

 ii. The nature of and quantity of their impact on society in the various areas.

Outside stakeholders are taking an increasing interest in the activity of the company. Most look to the outer circle - what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused - as well as past financial performance - on quality of management as an indicator of likely future performance.

The World Business Council for Sustainable Development defines that;CSR as a business commitment to contribute to sustainable economic development, working with employees, their families, the local community, and the society at large to improve their quality of life. Under this point of view, CSR rests on the fundamental pillar of both the economic growth and the quality of life as an engine for sustainable development.

CSR in India:

CSRisnotanewconceptinIndia.Howeverwhatisnewistheshiftinfocusfrommakingprofitstomeetingsocietalchallenges.GivingauniversaldefinitionofCSRisquitedifficult,asthereisnouniversallyaccepteddefinitionofcorporatesocialresponsibility,itisusuallydescribedintermsofacompanyconsidering,managingandbalancingtheeconomic,socialand environmental impacts of its activities. CSR measures the impacts of a company's actions on society. Itrequiresamanagertoconsiderhisactsintermsofawholesocialsystem,andholdshimresponsiblefortheeffectsofhisactsanywhereinthatsystem.Itisinterestingtoknow whenin post-independence period (early 1950's), Indian Industries was being set up by the great business visionaries and entrepreneurs, tangible reflections of embedded ethical values were traced in India which may very well be counted as early as initiatives of corporate to be responsible towards society.

Jamsetji Tata (1839-1904) who was more than merely an entrepreneur who helped India took her place in the league of industrialized nations. It will be relevant to read one of the quotes from Late Jamsetji Tata; "Be sure to lay wide streets planted with shady trees, every other of a quick-growing variety, be sure that there is a plenty of space for lawns and gardens, and reserve large areas for football, hockey and parks. Earmark areas of Hindu temples, Mohammedan mosques and Christian churches." "We do not claim to be more unselfish, more generous or more philanthropic than other people. But we think we started on sound and straightforward business principles, considering the interests of the share holders our own, and the health and welfare of the employees, the sure foundation of success."

TheQuoteshowstheconcern ofan Indian Businessman towards societywhile conducting hisbusiness. This sentiment isnot so difficultto tracein Indian BusinessCulture, however themethodologiesaremoreleft asaPhilanthropyor Charitybut social involvement.

Today, the society as a whole and media increasingly request companies to consider social and environmental problems while doing business activities. CSR has become one of the catchphrases of new millennium across the world and the corporate as well as government must take care of it. Today, Government has also come as an

initiative to control those business activities which makes a harmful effect on the society.

India's CSR Tradition and Current Trends:

Tounderstandthecurrentstateof IndianCSR, includingthe role of the UNGC, India'slongtraditionmust betakenintoaccount.ItsCSRapproachiscloselylinked toits politicaland economic history,inwhich **four phases**canbedistinguished:

The**firstphase**wasmotivatedby**charityand philanthropy**.Intheperioduptothe1850smerchantscommittedthemselvestosocietyforreligiousreasonssharingtheirwealthinbuildingtemples.Thebusinesscommunity(Vaishyas)occupiedaspecialplaceinancientIndiansociety.Theyalsoprovided reliefintimesoffamineandothercalamities.Withthe colonialrule,westerntypeofindustrializationreachedIndiaandchangedthenatureofCSR.ThepioneersofindustrializationinthosetimeswerefamilieslikeTata,Birla, Bajaj,Godrej,Mahindra…allwhowerestronglyinfavourofphilanthropy,Buttheirinterestswerenot necessarily motivatedbyreligioussentiments.Theunderlyingpatternofcharityincluded sporadicdonations(toschoolsandhospitals)withoutanylong-termengagements.

The**secondphase**wasdominatedbyIndia'sstruggleforindependence.Gandhiji'sideaofatrusteeshipaimedtoconsolidateandamplify**socialdevelopment**.Duringthis period,Indianbusinesses actively engagedinthesocialreformprocesses.TheirinvolvementwasstimulatedbythevisionoffreeandmodernIndia.Thenotionoftrusteeshipencouraged businessestosetuptrustsforschools,colleges and otherinstitutesofhigherlearning.

In the**thirdphase,**we see more of a**mixed economy**.Withtheemergenceofthepublicsectorundertakings,therewasashiftfromcorporateselfregulationtostrictlegalandpublicregulationofbusinessactivities. The1960sisusuallydescribedasan'eraofstrictcontrol',astherewereverystrictregulationsthatdeterminedthe activitiesoftheprivatesector.The PSUswereestablishedwiththeintentionofguaranteeingappropriatedistributionofwealthto theneedy. However,thishaditsownlimitations.Consequently,theprivatesectorgrew,andtheneedforitssocioeconomic developmentbecameindispensable.

In the **fourth phase**, there was an **interface between philanthropic and business approach**. Indiancompaniesandstakeholdersbeganabandoningtraditionalphilanthropicengagementand,tosomeextent,integratedCSR intoa coherentandsustainable business strategy,partly adoptingthemulti-stakeholderapproach. Inthe 1990s, theIndian governmentinitiatedreforms toliberalizeand deregulatethe Indian economy by tacklingtheshortcomings of the"mixed economy"andtriedtointegrate Indiaintothe global market.Consequently,controlsandlicense systemswerepartlyabolished,andtheIndian economy experienceda pronouncedboom, which has persisteduntil today.

TheIndianCSRagendacontinuestobe dominatedby **community development** activities,particularlyinthe areas ofhealthandeducation. While most Indiancompanies viewtheircommunitydevelopmentprojectsasimportantcontributionstotheexistingdevelopmentchallenges intheirregionofoperation,manystakeholdersaremore critical ofthisapproach. Wherecommunity developmentisconcerned,Indian stakeholders' criticismfocuses onthe followingaspects:

- acompany'scommunitydevelopmentapproach based ontheargument that it needs to "give something back to society" lacks transparency and specific standards;
- community development approaches often amount to little more than window-dressingandmust becomparedto violationsofsocial and environmental standardswithincompanies;
- public authorities inlocal communities very oftenlackthe required know-howandexperienceto negotiate business drivencommitment tocommunity development;
- veryfewcompaniesdisclosetheirmotivationandbusinessinterests whenengaging incommunitydevelopment.

The Global Impact in India:

AttheDavosWorldEconomicForumin1999, theSecretary Generalof theUnitedNations,**Kofi Annan,**initiatedthe process offforminga"Global Compactofshared valuesandprinciples, whichwillgive ahumanfaceto the global market" (McKinsey 2004,1). The Global Compact (UNGC) isavoluntaryandvaluebasedinitiative,complementingregulationsandother, voluntary CSR initiatives. Itsmain objectives are tomainstream the ten **CSR principles**inbusinessactivitiesaroundtheworldandto catalyzeactionsinsupportofUNgoals.TheUNGCseekstoachievetheseobjectivesthroughamultistakeholder network,whichsupportsthedebateanddevelopmentof CSRwithcollectivelearning, policydialogueand partnershipprojectsatglobalandlocallevel.Thebasisis formedbytenprinciples on humanrights, labour,environmentandanti-corruption,which the companies mustpursuewithin theirsphere ofinfluence.

The10principlesoftheGlobalCompact
Human Rights
Principle   1   Businessesshouldsupportandrespecttheprotectionofinternationalhumanrightswithintheirsphereofinfluence;and
Labour
Principle3   Businessesshouldupholdthefreedomofassociationandthe   effectiverecognitionoftheright tocollectivebargaining;
 Principle4   the elimination ofallformsofforcedandcompulsorylabour; Principle5   the effective abolitionof childlabour;and Principle 6   the elimination ofdiscriminationinrespect of employment andoccupation.
Environment
Principle7   Businessesshouldsupportaprecautionaryapproachtoenvironmental challenges;
Principle8   undertakeinitiativestopromotegreaterenvironmentalresponsibility; and
Principle9   encouragethedevelopmentanddiffusionofenvironmentally friendlytechnologies.
Anti-Corruption
Principle10*   Businessesshouldworkagainstcorruptioninallitsforms, includingextortionandbribery.
Source: www.unglobalcompact.org*Thetenthprinciplewasaddedin2004.

InIndia,theUNGCischaracterizedbyahighrateofparticipation.ItcomprisesnationalUNGCnetworksandisinterlinkedwiththeregionalandgloballevels.However,theUNGC'sowngoalhasnotyetbeenfullyachieved.Nevertheless,theUNGCisgenerallyappreciatedbyIndian companiesandhasagoodreputation.Despitetheperceivedweaknesses,theIndianbusinesscommunityseestheUNGCasaninitiativewith further potential and a "bright"future.

Why CSR has a Business Case?
Whydobusinessesexist?Whatisthepurposeofabusiness,or,inthebiggerpicture,anyeconomicsystem?Thesequestionsareimportanttounderstand Businessand its responsibility tothesociety.

1. CSR and Morality:
Whilerecognizingthatprofitsarenecessaryforanybusinessentitytoexist,allgroupsin societyshould strivetoaddvalueandmakelifebetter.Businessesrelyonthesocietywithinwhichtheyoperateandcouldnotexistorprosperinisolation.They   needtheinfrastructure thatsocietyprovides,itssourceofemployees,nottomentionitsconsumerbase.CSRis recognitionof thatinter-dependenceandameansofdeliveringonthatobligation ,tothe mutual benefit ofbusinessesand thesocieties withinwhich theyarebased.

2. CSR and Economics:
Aneconomicargument in favor of CSRcan alsobemade.It is an argument of economic self-interestthatthereareveryrealeconomicbenefitstobusinessespursuingaCSRstrategyandisdesignedtopersuadethosebusinessmanagerswhoarenotpersuadedbythemoralcase.ProponentsofthisargumentbelievethatCSRrepresentsaholisticapproach tobusiness.Therefore,aneffectiveCSRpolicy willinfusealllaspectsofoperations.

3. CSR and Globalization:
EverycorporationistalkingaboutCSR,butthequestionishowmanyofthemare   takethemseriously? TheEUMORIreportedthatbetween2002&2003,purchasingfromcompanieswithCSRprogrammesdecreasedbecauseoftheuncertaintyamongpeopleand thecommunityaboutthegoodwillofsuch companies.SomeinternationalcorporationsareawareoftheimportanceofCSRaswellasgovernmentsofdevelopedcountries.Suchcorporationsencourage,facilitateandenforce theiremployeestoperformenvironmentallyandsociallyastheydofinancially.

4.   CSR and Business Ethics:

CSRisanaspectof businessethics that hasassumedsignificantimportancein theage ofglobalizationandexpanding markets.Themorally-influencedattitudesofconsumersin markets haveforcedmanymultinationalcorporations toredefinetheirdefinitionsofsocialvaluesandrulesoft heirbusiness.Corporationsthatshrinkresponsibilitiest owardsthesociety,theenvironment,andotherstakehol dersthathavecontributedtothegrowthandprosperityof thebusiness,areviewedas'notethically-driven'by thesocietyatlarge.

Corporate Sustainability:

Probably worth at this points a digression on 'sustainable' or 'sustainability'. Many use the adjective or the noun, as substitutes for CSR or CR. Are they right? If the word "sustainable" is seemingly everywhere, it was made possible by the World Commission on Environment and Development report, **"Our Common Future"** published in April 1987 by a team led by Gro Harlem Brundtland. The report was a landmark document that brought environmental concerns and their link to social and economic development to the forefront of understanding of global problems. Our Common Future launched the notion of "sustainable development", defining it as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Indeed, corporate sustainability is increasingly being taking up by corporations leading one to wonder, what is the relation between corporate social responsibility and corporate sustainability? As noted above, the term sustainability first came to widespread acceptance in 1987 and at that time the concept and study of sustainable development had hardly left the domain of environmentalists and ecologists. More recently, the term 'sustainability' has grown to encompass social and economic components as well as its historical work on the environment.

Corporate Sustainability: What is it and Where is it come from?

Sustainable development, corporate social responsibility, stake holder theory and accountability are the four pillars corporate sustainability. It is an evolving concept that managers are adopting as an alternative to the traditional growth and profit maximization model.

In recent years there has been significant discussion in the business, academic and popular press about "corporate sustainability". This term is often used in conjunction with and in some cases as a synonym for, other terms as "sustainable development" and "corporate social responsibility".

Corporate sustainability can be viewed as a new and evolving corporate management paradigm. The term "paradigm" is use deliberately, in that corporate sustainability is an alternative to the traditional growth and profit maximization model. While corporate sustainability recognizes that corporate growth and profitability are important, it also requires the corporation to pursue societal goal, specifically those relating to sustainable development – environmental protection, social justice and equity and economic development.

A review of the literature suggests that the concept of corporate sustainability borrows elements from four established concepts:
i)   Sustainable development
ii)   Corporate social responsibility
iii) Stakeholder theory and
iv)   Corporate accountability theory.

Sustainable Development:

TheoriginofthetermSDliesinthe18thcenturyandwasa ctuallyusedinforestry.Inthosetimes,itwasonlyallowe dtocutdownacertainnumberoftreessothatalong-lastingprotection ofthetreepopulationwasguaranteed.Thismethodensu reda continuoussupplyofwoodwithoutreducingresources forforthcominggenerations.TheClubofRomeprecipit atedaninternational discussiondue to its report "Limits to Growth" **(Meadows, 1972)**. In1987,the**WorldCommissiononEnvironmentand Development**definedSDasanethicalconceptandhasb ecomethemajordefinitionofSD:"SustainableDevelo pmentisadevelopmentthatmeetstheneedsofthepresen twithoutcompromising theabilityoffuture generationstomeettheirownneeds.Itcontainswithinitt wokeyconcepts:
-    theconceptsof
     "needs",inparticulartheessentialneedsofthewo
     rld'spoor,towhichoverridingpriorityshould be
     given;
-    andtheideaoflimitationsimposedbythestateoftec
     hnologyandsocialorganizationoftheenvironme
     ntsabilitytomeetpresentandfutureneeds.
Thusthegoalsofeconomicandsocialdevelopmentmus tbedefinedintermsofsustainabilityinallcountriesdeve lopedordeveloping,market-orientedorcentrallyplanned."citedin"OurCommonF uture"(WorldCommissiononEnvironmentand Development,1987).
VanMarrewijk,2003arguesthatCorporateSustainab ilitywhichheusesasasynonymtoSDandCSRarenearl ythesamealthoughheproposestokeepasmallbutessent ialdistinction.CorporateSustainabilityisrelatedtothe agencyprincipleandismeanttofocuson"valuecreation ,environmental   management,   environmental friendlyproductionsystems,   human   capital

managementand soforth".

Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.

Sustainability and Corporate Social Responsibility:

CSR is not a static concept—it is a moving, evolving target, said **Norine Kennedy** of the U.S. Council on International Business. According to Kennedy, there is no solid definition of CSR; however, it is not a replacement for the governmental role and responsibility in meeting challenges of sustainable development.

Sustainable development within business promotion is expanding rapidly in several directions. Some interpret corporate responsibility to mean what companies should do above the call of law; others think it should be legally mandated at the national or international level; others, again, take the position that it is already here and we are already doing it, said Kennedy.

The scope of corporate responsibility varies country by country, region by region, interest group by interest group. At a minimum, it includes environmental issues but it also takes on social, ethical, governance, health, and other issues. Potentially, it is a very broad concept to cover, and it is a challenge for the business community.

Notions of Corporate social Responsibility and Sustainability:

Collectively,CSRandrelatedtermsserveasa counterpointtotheclassicalnotion,associatedmostoft eninthelastfewdecadeswiththeviewsofeconomist Milton

Friedman,thatcorporateresponsibilityisexhaustedby profit-making for shareholders withintheboundariesofthelawandacceptedbusinesset hics.No consensus yetexistsworldwide aboutanappropriatetaxonomyforCSR.Somecommen tatorschallengethesuitabilityofeachelementfortheco mpoundphrase,'corporatesocialresponsibility'.Why shouldthisformofresponsibilitybelimitedtocorporate entitiesandnotootherpublicandprivateentities,whysho ulditbelimitedtosocialresponsibilitiesandnototherres ponsibilitiestoo,andwhyshoulditbeconfinedtolegala ndevenethicalresponsibilityinsteadofwidernotionsof corporatecitizenshipandresponsivenesstosocietalco nditions?

Theterm'sustainability' hasmultiplepossiblemeanings,beingassociatedinitial ly with environmental andecologicalsustainabilitybeforebeingadaptedorhij acked (dependingonyourperspective)bybusinessandothersi nexplainingwhatmakes businessenterprises sustainable overtime,andevenwidernotionsofthe preconditionsforsustainablesocieties. 'Thetwomainfeaturesofsustainability reportingare that, first, they attempt to deal with the three strandsof social, environmental and economicdimensionsinonereportand,secondly,theye xpressacommitmenttoinvolvingstakeholdersdirectly inthereportingprocess'

Corporate Sustainability Initiatives - (Organisation and Management CSIs):

Inorderforcompanies tobecome moresustainableentities,they needtoincorporate sustainability principles throughgoals andobjectives,vision, mission,strategies, management practices, andoperations. Companiescan applydifferentmethodstoachievethis,suchaschangin gtheirorganisationalstructure,updatingtheirpoliciesa ndcodesofconduct,having their practicesverifiedandcertified,andcommunicating anychangesinmanagement,operations,and progresstowardsmoresustainablebusinesspracticest o theiremployeesandcustomers.

Organisationand ManagementCSIs Table

CSI	Description
Organisational Structure	Special structural arrangementsto address CorporateSustainabilityInitiatives: • Environmentdepartment,CSRdepartment,R&Ddepartmentforsustainable issues,andHealth & Safetydepartment
Policies	Policiesrelatedto sustainabilityused bythecompany: • CSR,environment,health&safety,HIV/AIDS,humanresources,quality,and anyotherpoliciesrelated to corporate governance
InternalCodesof Conduct	Sustainability-relatedconceptsthat are includedinacompany'scodesofconduct: • Compliancewithlaws,diversity,environment,equalopportunities,differently- abledpeople, gender,non-discrimination,harassment,health &safety,society, whistleblowing
Voluntary Sustainability Principlesand	Adherencetovoluntaryprinciplesandcodesofconductrelatedtosustainability, developedbyexternalorganisationsandadoptedbythecompany: • Global Reporting Initiative (GRI), United Nations Global Compact (GC),
CodesofConduct	CarbonDisclosureProjectandMillenniumDevelopmentGoals(MDGs),and sector-specificinitiatives
Certificationsand Audits	Verificationandcertificationofcurrentsystemsandpracticestoidentifyprogress towardssustainablebusinesspractices: • AA1000, ISO14000 and 9000 series, OHSAS18000, Quality certification, SA8000,andSixSigma
Communication withEmployees and Stakeholders	Communication with employees about sustainability and with consumers about productsandservices(safeusage,life-cycle,etc.)
Awards	AwardsreceivedforCSR,energyconservation,environmentconservation,green building, quality, R&D, resource conservation, safety, sustainability, water conservation,andso on

Corporate Social Responsibility Vs Sustainability:

Corporate Social Responsibility and Sustainability is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organisations, local communities, environment and society at large.

These two terms can seem interchangeable, but there are some subtle, and not so subtle, differences between them:

Description	Corporate Social Responsibility	Sustainability
Vision:	**CSR**looks backwards, reporting on what a business has done, typically in the last 12 months, to make a contribution to society.	**Sustainability** looks forward, planning the changes a business might make to secure its future (reducing waste, assuring supply chains, developing new markets, building its brand).
Targets:	**CSR** tends to target opinion formers – politicians, pressure groups, media.	**Sustainability** targets the whole value chain – from suppliers to operations to partners to end-consumers.
Business:	**CSR** is becoming about compliance	**Sustainability** is about business.
Management:	**CSR** gets managed by communications teams.	**Sustainability** gets managed by operations and marketing.
Reward:	**CSR** investment is rewarded by politicians	**Sustainability** investment is rewarded by the City.
Drive:	**CSR** is driven by the need to protect reputations in developed markets.	**Sustainability** is driven by the need to create opportunities in emerging markets.

Corporate Social Responsibility and Sustainability is essentially a way of conducting business responsibly. 'Corporate responsibility' is integral to corporate social responsibility. Implicit in this premise that business should be conducted responsibly, are several expectations from corporate enterprises.

CSR and Sustainability Alignment:
Guidelines:
1. Corporate enterprises are expected to conduct their business operations and activities in a socially responsible and sustainable manner at all times.
2. Corporate enterprises are required to have a CSR and Sustainability policy approved by their respective Boards of Directors. The CSR and Sustainability activities undertaken by them under such a policy should also have the approval / ratification of their Boards.
3. Corporate enterprises should integrate and align their CSR and Sustainability policies and activities with their business goals, plans and strategies.
4. Mandatory compliance with legal requirements/rules/regulations/laws in letter and in spirit will be covered under CSR and Sustainability activity. However, expenditure on such activities would not be covered by CSR's financial component and would be considered as mainstream business spend.
5. The philosophy and spirit of corporate social responsibility and sustainability should get embedded in the core values of all the enterprises, be imbibed by the employees at all levels and it should permeate into all the activities, processes, operations and transactions of the enterprise.
6. Each enterprise shall have a Board level committee headed by either the Chairman and/or Managing Director, or an Independent Director to oversee the implementation of the CSR and Sustainability policies of the Company.
7. Corporate enterprises are expected to have knowledge about their important stakeholders, and be aware of their expectations of how business should be conducted. They should devise mechanisms for regular dialogue and consultation with key stakeholders, especially to ascertain their views and priorities regarding

the selection and implementation of CSR and Sustainability activities.

8. CSR and Sustainability policies should address social, economic and environmental concerns and in the selection of activities the focus should be on the social, economic and environmental impact thereof, rather than mere output or outcomes.

9. Ethical conduct of business lies at the core of responsible business. The corporate enterprises are expected to subject their performance to scrutiny and audit by external agencies. As a part of their corporate social responsibility they should resort to public disclosure of all information for the benefit of all stakeholders. The companies should disclose their CSR and Sustainability initiatives on their official websites.

10. Corporate enterprises, especially those having global operations and dealings are encouraged to adopt global standards as these are increasingly becoming a requirement for testifying credentials of companies having global presence, and standardized reporting and systematized documentation makes comparison of performance easier.

11. CSR and Sustainability policies should address social, economic and environmental concerns and in the selection of activities the focus should be on the social, economic and environmental impact thereof, rather than mere output or outcomes.

CSR Contributions by Certain Companies:
Various Domestic Companies along with MNCs working in India have taken Corporate Social Responsibility. Some of them are given below.

1. **TATA:** In what could be the highest CSR spend by an Indian conglomerate, the TATA group spent Rs. 1,000 crore on corporate social responsibility. (CSR) in 2013-14. If one were to exclude the salt-to-software enterprise's philanthropic trusts, the Tata Group companies spent Rs 660 crore on CSR in the just ended fiscal. The diversified Indian multinational's CSR spend was well above 2% of its net profit, a minimum requirement for an Indian company under the Companies Act.
A significant amount of the total CSR spend by the Tata Group has gone into skill development, health and education, with Tata Steel emerging as the biggest spender within the group. Among other Indian conglomerates, the $40-billion Aditya Birla Group spent Rs 200 crore on CSR in fiscal 2014, which is a little over 2% of the net profit from India.

2. **Birla:** Aditya Birla has institutionalized the concept of triple bottom line accountability represented by economic success. Their projects are carried out under the aegis of the "Aditya Birla Centre for Community Initiatives and Rural Development", led by Mrs. Rajashree Birla. The Centre provides the strategic direction, and the thrust areas for our work ensuring performance management as well.
Their main focus areas are Education, Health Care and Family Welfare, Social Causes, Infrastructure Development and Sustainable Development etc.

3. **Indian Oil:** At Indian Oil, corporate social responsibility (CSR) has been cornerstone of success right from inception in the year 1964. The three thrust areas the Corporation's CSR initiatives are 'Clean Drinking Water', 'Health and Medical Care' and 'Expansion of Business'. CSR projects are mostly undertaken in the vicinity of Indian Oil's installations or establishments for improving the quality of life the community which include marginalized groups viz., SCs, STs, OBCs, etc. As a constructive partner in the communities in which it operates, Indian Oil has been taking concrete action to realize its social responsible objectives, thereby building value for its shareholders and customers.

4. **ApolloTyresLimited:**TocombatthegrowinghazardofHIV/AIDS,ApolloTyres,inanactivecollaborationwithDFID (implemented through 36 NGO's, launched the ApolloTyreHealthCareCentreinOctober2000 to provide general and sexual health services for truckers andthetransport communityatlarge.The CentreprovidesSTD diagnosisandtreatment, behaviourchangecommunicationand condom promotion.
Throughconsistentcounselingandeducationalprogrammes,thecentrethroughitsdedicatedteamsofvolunteers,enlightensthetruckersonthenumerousrisksinvolvedandthemethodsofprevention.WiththisinitiativeApollopavedtheway forfutureendeavoursto achievingholistichealthcare atthemicrolevel.

5. **Hindustan Lever Limited:** Unilever's Corporate Purpose states to succeed requirethe higheststandardsofcorporatebehaviourtowardsitsemployees,consumersandthesocietiesandthe worldinwhichwelive.AswithUnilever,HLL'sapproachto CorporateSocialResponsibility (CSR)isrootedinthisbelief.
CSR,inHLL,coversthecompany'sinteractionwithandimpactonsocietyinthreedistinctareas.The

searethecompany'sown operations;the company'srelationshipswith its businesspartnersthroughthevaluechain;and the voluntaryor philanthropiccontributionsit makesto communities. HLL supports AshaDaan run in MumbaibytheMissionariesofCharity(foundedbythe lateMotherTeresa).AshaDaanisahomeforabandoned ,handicappedchildren,the destituteand peopleaffectedby AIDS(HIVpositive).

Major Challenges of Introduction of CSR:

Whilethe overallperceptionofthe UNGC inIndiaisquitepositive,its practicalrelevanceisnowalmost negligible.Asarule,a CSRinstrument hastoaddress somemajorchallengesthatCSRengagementalwaysfaces.

1.
CSRmustproofthe**businesscase**,i.e.thefinancialbenefitsmust outweighthe costsinthe long runat least toensure that CSR engagement is financially sustainable.

2.
Thequestionof**monitoring,certificationandreporting**iscrucial for the credibility and reliability ofCSRactivities.

3.
Theinclusionofthe**supplychain**isanotherimportantissue,particularlywithrespecttothereachofCSR,since manysuppliers areSMEs reaching far morepeople thantherelatively few TNCs.

4.
PublicpolicycanplayanimportantroleinpromotingCSRsinceit canprovide an "enablingenvironment."

CSR Future Prospective:

Corporatesocialresponsibilityisoneoftheearliestandkeyconceptionswithintheeducationalstudyofbusinessandsocietyrelations.Thekeyquestionconcernedwhetherornottheinterestsofbusinessandsocietymergewithinthelongrun.Thatquestion is assessed withinthepresentand future contexts. Thereappeartobeclearlyanti-responsibilitytrendsinrecentacademicliteratureand managerialviewsconcerningbestpractices.Thesetrendsraisevitaldoubtsaboutthefuturestandingofcorporatesocialresponsibilitytheoryandpractice.Theveryimportant modificationis that a melodic phrase of wealthcreationprogressivelydominatesthemanagerial conceptionofresponsibility.

Thereare3 emergingalternativesor competitorsto responsibility:

- aneconomic conceptionofresponsibility;
- globalcorporate citizenship;andstakeholdermanagement practices.Thearticleexaminesand assessesevery

various. Thearticle thenassesses theprospects forbusinessresponsibilityinaglobalcontext.

India and CSR Strategy:

Coming out with revised guidelines, the government has made it mandatory for all profit-making central public sector companies to spend money on CSR activities.

Besides, these enterprises cannot include money spent on sustainable development efforts under the Corporate Social Responsibilities (CSR) ambit.

The Department of Public Enterprises (DPE) has come out with the revised guidelines following the new Companies Act making social welfare spending compulsory for certain class of profitable corporates mandatory.

Innovative CSR strategies for Indian corporate:

- In comparison with provisions under the Companies Act, 2013, the latest DPE norms are stricter since it would be applicable on all profit-making central public sector enterprises.
- As per the companies law, certain class of entities are required to shell out at least two per cent of their three- year annual average net profit towards CSR activities. This would be applicable to companies having at least Rs 5 crore net profit, or Rs 1,000 crore turnover or Rs 500 crore net worth.
- According to revised DPE guidelines, issued on October 21, "it is mandatory for all profit-making CPSEs to undertake CSR activities as per provisions of the Act and CSR rules".
- These guidelines are effective from April 1. CPSEs that do not meet the eligibility criteria under the Companies Act but have made profit in the preceding year are now required to spend "at least two per cent of the profit made in the preceding year on CSR activities".
- Under the guidelines, prepared after consultations with the Corporate Affairs Ministry, sustainability efforts cannot be considered as CSR activities.
- "Amount spent on sustainability initiatives in the pursuit of sustainable development while conducting normal business activities would not constitute a part of the CSR spend from two per cent of the profits as stipulated in the Act and the CSR Rules," DPE, the nodal agency for all public sector companies, has said.
- Besides, the public sector entities are required to carry forward the unspent CSR funds to the next year.
- "In case of CPSEs mere reporting and explaining the reasons for not spending this amount in a particular year would not suffice

and the unspent CSR amount in a particular year would not lapse.

- "It would instead be carried forward to the next year for utilisation for purpose for which it was allocated," it said.

- Among others, DPE has said that public sector companies should look at collaborations in CSR activities for "greater social, economic and environmental impact" of such works.

- CPSEs have to adopt a CSR and Sustainability Policy with approval from their respective boards.

The Way Ahead:

Therehasbeenaglobaltrendtowardgreaterinvolvementoftheprivatesectorinthedivisionofresponsibilitybetweenthestateandtheprivatesectorforthedeliveryofpublicgoodsandservices.TheIndiangovernmentfacesmanychallengesinaddressingtheimmenseproblemofpovertyinthecountry.Thepublicsectorhaspartneredwiththeprivatesector inIndia forsometimenow. Thereal shift,however,tookplace inthe1990s when India liberalized its economy, an event brought about by a prolonged national financialcrisis.Theprivatesectorwasallowedtooperateinmany areasthathadbeenpreviouslyreservedforthepublicsector,andwasgivenmoreopportunitiestocompeteinmoresegmentsoftheeconomy.Theperformanceandactivitiesofthepublicsectoronwelfarehasnotalwaysescaped criticismsfromindustrialistsinIndia.Industryleadersin India have repeatedly blamed the Government's poor performance in education for the death of qualified candidates and the poor quality of most of engineering graduates, and arguedthatstepsshouldbetakentomakeyoung peoplefromruralareas andlowercastes more competitive in the job market, especially by improving the quality of school education.ThePPPmodelofCSR maywell befitted in Indian scenario.

CONCLUSION:

Corporate Social Responsibility is not a fad or a passingtrend,itisa businessimperativethata lotof Indiancorporations areeithercommencing tothink aboutorareparticipatingwithinaway oranother, whilesomeof theseinitiativesisalsolabeledascorporatecitizenshipbysomeorganisations,thebasicmessageandpurposeisthesame.A successfully enforcedCSR strategycalls for aligningthese initiatives withbusinessobjectivesand corporatevalues there byintegrating corporateresponsibilityacrossthe businessfunctionsandenhancingbusiness name.

The challenge for India is to use fundamental business principlesto create CSR sharper,smarter,andfocusedonwhatextremelymatter

s. Thiscanbedoneby:
(a)focusingonpriorities
(b) AllocatingfinancefortreatingCSRasaninvestment from which returns are expected (c) Optimizing offeredresourcesbyensuringthateffortsdon\'tseem to be duplicatedand existingservicesarestrongand supplemented(d) monitoringactivitiesandliaising closelywithimplementation partners likeNGOsto makesure thatinitiativesreally deliverthe required outcomes(e) reportingperformanceinanopenand clearway sothatallwillcelebrateprogressand determineareasforadditionalaction.

Alongtermperspectiveby organisations,that encompasses theircommitment toeachinternaland externalstakeholdersarevital to the successofCSR andthereforetheability of corporationsto deliveron thegoalsoftheirCSRstrategy.

CorporateSocialResponsibility:Thejourney has begun!

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