

CORPORATE SOCIAL RESPONSIBILITY: IT'S PAYBACK TIME

Dr. Garima Chaudhary,

Assistant Professor
Guru Gobind Singh College for Women,
Chandigarh, India.

ABSTRACT

Corporate social responsibility is not a new term anymore; it has been gaining importance worldwide. The reason behind this is the growing awareness amongst corporations regarding their responsibility towards the society and the need to give back to the society what we get from it. There are many corporations in India and abroad which have been actively contributing towards the CSR and have been gaining importance and goodwill across the world. There is a need to understand the importance of CSR and create awareness amongst the other corporations which are not contributing to it to take necessary steps and actions to get more involved into CSR practices.

Keywords: CSR, corporations, responsibility, social, programs.

INTRODUCTION:

Since the late nineties, Corporate Social Responsibility have come under the scanner of the policy makers, i.e. the government, stakeholders of the company, customers and even the non-profit organizations. The basic root of CSR started in India after the introduction of Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs (MCA, 2009) that culminated in the enactment of Section 135 of the Companies Act 2013 (MCA, 2013), which made it mandatory for all the corporations mandatory to send as well as disclose their CSR disclosures.

This has been made mandatory in all Indian companies whereas in other countries, it is a voluntary act to indulge in CSR activities. The first formal initiative was undertaken by the Government of India Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs (MCA, 2009), the core elements of which included care for all stakeholders, ethical functioning, respect for workers' rights and welfare, respect for human rights, environment and social developmental activities. The Guidelines of 2009 were followed in 2011 by the National Voluntary Guidelines of Social, Environmental & Economic Responsibilities of Business, also issued by the MCA (MCA, 2011). The gap between the philanthropy and the actual move towards social motives has actually been removed with the introduction of these rules. It has also been observed that the Indian scenario has been entirely different than those in the developed countries.

REVIEW OF LITERATURE:

Various research have been conducted to verify the status of social responsibility of the corporations and Bowen (1953) was the first amongst all who drew attention on corporate social responsibility by diverting attention on the evaluation of private corporations in terms of its “demonstrable contribution to the general welfare” in terms of social goods including higher standard of living and economic progress and security. At the same time, Steiner (1971) argued that the businesses are economic institutions and they have a social responsibility towards the society and it can help the business grow manifolds. Freeman (1984) shared a different perspective and insisted that the corporations should go beyond just earning profits for its stakeholders (customers, suppliers, employees etc.) and should treat the whole society as its stakeholder. Basu and Palazzo (2008) stated and cited in Van Der Wees (2009) found that the CSR and the firm turning to the rationale of CSR from the perspective of a firm are the two motivations which are performance driven and the other one is stakeholder oriented. It was further found that the performance driven CSR is strategic in nature whereby the profit motives drives the CSR expenses and helps in improvising the financial performance of the corporation in the long run. Davies (2002) identified the companies perfectly consistent with the shareholders wealth maximization as “smart companies” and having CSR as a proactive approach acting as a competitive advantage. Van Der Wees (2009) stressed that the CSR is driven by the motivational desire of the firm in order to serve the interest of the stakeholders. Economic profits are not the only motivational factors for any corporations, serving the society at large has been identified as the moral motive of the corporations. Frynas (2005) stated that the social responsibility has become a pressure so created by the stakeholders on the corporations to work for their interests. Elhauge (2005) insisted that the stakeholder oriented CSR activities entail a trade off with profit maximization with “sacrificing corporate profits in public interests. Visser (2008) stated that with the advent of globalization, there is a need to access international markets and engage in CSR activities consistent with globally accepted norms with regard to environmental standards and complying and reporting to CSR codes.

RESEARCH METHODOLOGY:

Source of data:

The data was collected from secondary sources including all the published sources, ie. Newspapers, magazines and journals.

Scope of research:

The research covers the companies which have been contributing towards CSR activities both within India and outside India.

DISCUSSION:

There have been many CSR initiatives taken by corporations in India but certain companies have been found to be in the top 20 list in 2018 as discussed.

General electric:

GE foundation contributed \$88 million to community and educational programs in 2016. They even match the employee contribution and contribution by retirees through GE foundation gifts program. They are mainly focusing on health care access for all the communities around the world.

Deloitte:

Deloitte is a professional consulting firm which encourages its employees to donate time to pro bono work and thus 83% of their employees are found to be having job satisfaction and 60% reported significant gains in job relevant skills. Thus showing that these CSR activities act as a motivational factor for the employees.

IBM:

IBM has been supporting wide range of efforts for education, disaster, economic development and global health. In 2016, the World Grid computing powers of idle PCs and mobile devices worldwide for an equivalent of 167.000 years of computing time and has been supporting research on cancer treatments.

3 M:

3 M is a big corporation having 90,000 employees and have adopted “science to life” as its trademark. They focused on community, education and environment initiatives with \$67 million funding initiative. One of its program. The Discovery Education 3M Young Scientist Challenge offered jobs to the students from grades 5- 8 during a summer mentorship .

ZAPPOS:

The corporation has a charitable group, Zappos for good which donates goods such as shoes, books and other school supplies to the needy children.

CISCO:

Company’s CSR program uses company’s technology and resources to aid the undeserved communities with education, healthcare and economic empowerment and disaster relief. They target to impact 1 billion people by 2025.

TOMS:

TOMS started with a one plus one initiative with the promise of donating one pair of shoes for every pair so purchased. Furthermore, they have been investing in jobs, social entrepreneurship and integration with other charitable organizations through their Giving Partners program.

APPLE:

Apple has been found to be involved in social initiatives through its mission “ask less of planet” and has been named as the “greenest tech company in the world” for three consecutive years as they have been using renewable energy and has been manufacturing with 99% recycled paper products.

LINKEDIN:

Their biggest initiative named “LinkedIn for good” works with various organizations to connect the undeserved communities to economic opportunities. This includes initiatives in youth training organizations, career services, veterans and many more. Their social networking platform has been rightly utilized to invite and encourage people to participate in mentorships, donate time and finding volunteering opportunity through their volunteer marketplace.

WALT DISNEY COMPANY:

It has been ranked as one of the “World’s most admired companies” for two years consecutively. They donated more than \$400 million to non-profit organizations to the needy families and kids. Their VOLUNT EARS program encourages their employees to donate time totaling to 2.9 million hours of service since 2012 and aims at reaching 5 million hours of employee community by 2020.

ALPHABET (GOOGLE):

One of the most valuable brands in the world, google has been supporting wide range of initiatives based on innovative use of technology to achieve its social goals. One of their goals, “Data driven human focused philanthropy covers issues like racial injustice, book translation to improve education through an open sourced platform. Their program Smart recruiters connects people with jobs to enhance economic mobility worldwide.

BMW:

It has been one of the most sustainable automotive companies as rated by Dow Jones Sustainability Indexes. They are involved into social responsibility programs including education, wellness, social peace and stable economic development.

Virgin Atlantic:

This corporation considers environment, sustainable design and buying and community investment as their three pillars. They have reduced the emission of aircraft carbon by 22% and have formed partnership with Lanza Tech to develop low carbon fuels for the future. Virgin holidays donate £200,000 annually to the Brandon Center for Entrepreneurship Caribbean to support young entrepreneurs in Jamaica. In 2016, they donated over £500,000 for charity partner WE so collected from spare foreign currency from customers.

Levi Strauss & CO.:

Their initiatives like “Sewn into the fabric” and water < less campaign which focuses on reducing water use upto 96% in the manufacturing process. It was launched in 2011 and they were able to save one billion litres of water. By 2020, the company expects to manufacture 80 percent of its products through this process, up from 25 percent today.

DELL:

Dell has implemented the 2020 Legacy of Good Plan as their commitment to “drive human progress” through environmental sustainability, addressing community challenges, global supply chain responsibility, hiring diversity, and, ultimately, a dedication to putting more back than they take out. They target to contribute 10x the good that it takes to create and use their technology by 2020.

Sales force:

The most positive outlook of the company is that they consider a business as a business only when it is contributing and improving the state of the world. They adopted an integrated philanthropic approach called the 1-1-1 model, in which 1 % of the company’s equity is set aside for grants in communities where employees live and work, and another 1% of the company’s product is donated to non-profit organizations, and 1% of each employee’s time is donated to community initiatives.

IKEA:

They focus on the Circle of Prosperity — funding home, health, education, and sustainable income for communities in need. Their mission is to “create a better everyday life for as many people as possible around the world”. They initiated with a project Brighter Lives for Refugees funded a solar farm to bring renewable power to Jordan’s Azraq refugee camp. This is the world’s first solar plant built in a refugee setting and will save \$1.5 million, as well as reduce CO₂ emissions by 2,370 tons annually.

Satrbucks:

The company has committed to provide one million coffee trees to farmers as a partner in Conservation International’s “Sustainable Coffee Challenge.” In addition, the company plans to hire 10,000 refugees across 75 countries in the next five years, plus, hire 25,000 veterans by 2025.

BOSCH:

The company invests 50% of its R&D budget in technologies supporting conservation and environmental protection. The Bosch eXchange program remanufactures used car components, generating 23,000 metric tons less CO₂ annually compared to new production.

Ben & Jerry's:

Ben & Jerry's Foundation was created in 1985 with an initial gift of 50,000 shares and a decision of the company's Board that 7.5 percent of the company's pretax profits be allocated to philanthropy. The foundation now awards more than \$1.8 million per year to fund community action, social change, sustainability, and other initiatives in the company's home state of Vermont and throughout the country.

Top Indian companies leading in CSR programs:

Tata Group:

The TATA group conglomerate carries out various CSR activities wherein they stress on poverty alleviation and community improvement programs. They provide scholarships and endowments for numerous institutions. Other activities include women empowerment, rural community development, healthcare projects such as facilitation of child education, immunization and creation of awareness of AIDS. They are also involved in infrastructure development such as hospitals, research centers, educational institutions, sports academy, and cultural centers.

Ultratech Cement:

They are involved in social work across 407 villages in the country aiming to create sustainability and self-reliance. Its CSR activities focus on healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood. The company organizes medical camps, immunization programs, sanitization programs, school enrollment, plantation drives, water conservation programs, industrial training, and organic farming programs.

Mahindra and Mahindra:

Their main purpose is promoting education through educational programs to assist economically and socially disadvantaged communities. CSR programs invest in scholarships and grants, livelihood training, healthcare for remote areas, water conservation, and disaster relief programs. M&M runs programs such as Nani Kali focusing on girl education, Mahindra Pride Schools for industrial training, and Lifeline Express for healthcare services in remote areas.

ITC Group:

The main focus of this industry is to create sustainable livelihood and environment protection programs and has been able to generate sustainable livelihood opportunities for six million people through its CSR activities. Their e-Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. Its social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

CONCLUSION:

Apart from the legal framework, all the companies in India as well as abroad has been showing more interest in the CSR activities and many initiatives have been undertaken in this regard. This has made the organizations aware that besides growing their businesses, it is equally important to shape responsible relationships with the community at large. Specific departments and teams have been formed in each company in order to make sure that the CSR activities are undertaken on regular basis and in a proper manner. Specific and separate budgets are set for the same.

CSR TRENDS IN INDIA:

28 percent growth in CSR spending has been found in the financial year 2015-16 as compared to the year 2014-15. Listed companies in India spent Rs 83.45 billion in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation. The Prime Minister's Relief Fund saw an increase of 418 percent to Rs 7.01 billion as compared to Rs 1.68 billion in 2014-15. At the same time, education sector received the maximum funding of Rs 20.42 billion followed by healthcare at Rs 16.38 billion, while programs such as child mortality, maternal health, gender equality, and social projects saw negligible spend. In terms of absolute spending, Reliance Industries spent the most followed by the government-owned National Thermal Power Corporation (NTPC) and Oil & Natural Gas (ONGC). Projects implemented through foundations have gone up from 99 in FY 2015 to 153 in FY 2016, with an increasing number of companies setting up their own foundations rather than working with existing non-profits to have more control over their CSR spending.

2017 CSR spends further rose with corporate firms aligning their initiatives with new government programs such as Swachh Bharat (Clean India) and Digital India, in addition to education and healthcare, to foster inclusive growth.

REFERENCES:

- Bowen, HR (1953). *Social Responsibilities of the Businessman*, New York: Harper & Row.
- Steiner, G. A. (1971). *Business and Society*. New York: Random House
- Basu, K. and G. Palazzo, (2008). Corporate Social Responsibility: A Process Model of Sense making, *Academy of Management Review*, 33(1), pp. 122-136.
- van der Wees, Maret, (2009). Why firms invest in Corporate Social Responsibility: A study in the Dutch bank and insurance industry, Master Thesis, University of Maastricht.
- Davies, R., (2002). *Corporate Citizenship and Socially Responsible Investment in Asia*, unpublished paper delivered at the Conference of the Association for Sustainable and Responsible Investment in Asia, Hong King, 10 June 2002.
- Frynas, J. G., (2005). The false developmental promise of Corporate Social Responsibility: evidence from multinational oil companies, *International Affairs*, Volume 81, Issue 3, May, pages 581–598.
- Elhauge, Einer, (2005). Sacrificing Corporate Profits in the Public Interest, *New York University Law Review*, Volume 80, Number 3, June, pp. 735-868.
- Visser, Wayne (2008). Corporate Social Responsibility in Developing Countries in Andrew Crane, Dirk Matten, Abigail McWilliams, Jeremy Moon, and Donald Siegel (eds.) *The Oxford Handbook of Corporate Social Responsibility*, Oxford University Press.
- WBCSD (2000). *Corporate Social Responsibility: Making Good Business Sense*, World Business Council for Sustainable Development, Geneva, Switzerland.
- Zile, Caroline, (2013). India's Mandatory Corporate Social Responsibility Proposal: Creative Capitalism Meets Creative Regulation in the Global Market, *Asian-Pacific Law & Policy Journal*, Vol. 13:2, pp. 269-303.
