

Corporate Social Responsibility and Sustainable Development

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ABSTRACT

Accounting for Corporate Social Responsibility is to understand the impact of organisations on our society and the overarching context is sustainability. Social accounting is distinct from evaluation in that it is an internally generated process whereby the organisation itself shapes the social accounting process according to its stated objectives. In particular it aims to involve all stakeholders in the process. It measures social and environmental performance in order to achieve improvement as well as to report accurately on what has been done.

CSR is what business does over and above its statutory obligations. Society and business are complimentary to each other in their goal for sustainable development. One cannot thrive without the other. Hence, business has a moral responsibility to contribute in enhancing larger social good. The main aim of this research paper is to analyze and understand the role of corporate social responsibility in the overall scenario of sustainable development and inclusive growth and development. Further, this paper will also analyse the contribution of various Indian organisations for the social upliftment. Profit Increasing, Legal Compliance, Rising International Standards, Community Pressure, Symbiotic Relationship between various Stakeholders to Strengthen, Empowering People and Enhancing their Livelihood, Socio Economic and Environmental Development, Social upliftment, sustainable development, Power to Make a Change, Creation of Value based and Empowered Society by Strengthening Social Capital are major CSR drivers influence companies to go for CSR activities. The present paper will illustrate the relation between CSR investment and profit earning capacity. It is found various CSR drivers influencing Indian companies made investment for corporate social responsibilities. Out of the factors what is the contribution of companies in sustainable development.

Keywords

Corporate social responsibility, sustainable development, CSR drivers, Profit earning capacity

INTRODUCTION

Corporate social responsibility of corporate sector is the decisions which are reasonable and favourable in term of objective and value for the society.

Corporate social responsibility (CSR) is a voluntary expenditure to a wide range of stakeholders, including shareholders and other parties. It is an activity by the corporation with charitable intent. The investment made in these activities returns less than those available from other alternative activities.

The concept of CSR is an idea that organisations can no longer act as isolated economic entities operating in detachment from broader society. Traditional views about competitiveness, survival and profitability are being swept away.

The concept of CSR is used to provide sustainable development where local public, community people live in harmony.

CSR is a tool as a means to achieve sustainable development of an organization. Hence it needs to be accepted as an organizational objective. Under this Act, the prescribed plan of companies is required to outlay a portion of their profit on CSR activities. Business can no longer limit themselves to using resources by indulging in activities that increase their profit only. The Companies have to be socially responsible corporate citizens and also contribute to greater common social good. Ultimately, the aim of social responsibility is all about integrating the three objectives: economic, environmental and social within the framework of company operations and growth. Though the philanthropy is a fore runner to the concept of CSR, it's much more than the philanthropy. An organization can accomplish sustainable development, if the CSR becomes an integral part of its business process. CSR impacts almost every operational area of a company. The Companies Act 2013 intends to inculcate the philosophy of CSR among Indian companies.

Corporate social responsibility (CSR) promotes a vision of business accountability to a wide range of stakeholders, besides shareholders and investors. The concept of CSR is underpinned by the idea that corporations can no longer act as isolated economic entities operating in detachment from broader society. Traditional views about competitiveness, survival and profitability are being swept away.

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

India under the Gandhian values has always emphasized on sustainable development where each member of the society, the animals and trees grow and live together in harmony. With neo liberalization policy in the turn of the century, our country opened up to promote globalization, privatization and liberalization. Large corporate houses came into existence and old ones deepened their roots to hold on to the competition. Along with this, the demand for resources in terms of land, water, cheap labour and economic support increased from these companies. One of the consequences is the divide between rich and poor expanded over the years. Many people's livelihood and habitats were disturbed. A lot of forested land was acquired and turned into industrial hubs. What was observed in the process was the cost incurred in terms of all these was way higher than the benefits.

Also, many recent studies and survey outcomes have given out that our planet Earth is slowly turning into dangerous habitat to live and have a livelihood due to the human activities which are unsustainable. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The definition implies three dimensions - technology, resources and social structure; and the limits of each.

Many governments in various countries have managed to resist and stand up firmly to make sure that the current and ongoing developmental actions remain in balanced and optimal harmony with ecosystem and environment. This in turn leads to better human security as well. Therefore we see that the idea of maintaining environmental and social security is not just the responsibility that needs to be taken up by the respective governments, but equally demands a proactive and effective involvement and participation from the companies and industries. Recently, environmental concern is becoming one of the most discussed and important issue among general public. With stringent regulations by government, heightening of consumer

environmental awareness and increasing pressure from various stakeholder parties has made firms to go green.

Hence Government of India came up with new guidelines for these corporates in the new Companies act 2013 to have a mandatory corporate social responsibility activity in their company.

CURRENT STATE OF CSR IN INDIA

In India, with the impact of globalisation, larger activism among stakeholder, and the greater flow of information to all the parties involved, demand that corporates do their businesses activities in a transparent and socially responsible manner. The sustainability reports which are released by the corporates for the stakeholders showcase the social activities undertaken by companies and also provide sustainability accountability of the company.

The companies have Corporate Social Responsibility activities and strategies since their public, customers and investors expect them to be sustainable and responsible. The definition for reports on sustainable development has been stated as the public reports by companies which provides internal and external stakeholders with a snapshot of corporate's stand on activities in perspective of environmental, social and economic dimensions. Usage of sustainability report is one of the recent ways for CSR communication used by the companies.

The sustainability report content and nomenclature has evolved over the past decade. It has either been called global citizenship report, corporate social responsibility report or sustainability report. However, regardless of the way it is named, these reports released by companies are a stage or platform for companies to show to all the stakeholders from a top level regarding the positive responsible corporate citizenship the company follows.

The CSR activities can also act as differentiating factor for many companies and they can identify their uniqueness in this manner. For example, ITC takes pride in its green forestation and boasts of being the greenest and most sustainable companies in India. Over the past year, it has covered almost 1.60 lakh hectares of land under forest. Corporate Social Responsibility (CSR) Communication is an extremely important aspect of corporate communications as it gives legitimacy to companies' activities and actions and aids in covering up and preventing the negative attitudes associated with big corporates and their actions.

CHALLENGE: MAKING CSR INITIATIVES SUSTAINABLE

Till now, we saw the importance of CSR activities under the light of Companies Act and opportunity for companies to use sustainability report as an indirect tool for communicating CSR activities. CSR should be a continue and sustainable process whether be it social or environmental.

Sustainability in every aspect be it supply chain, material procurement, marketing, branding, finance, mergers and acquisitions and many more functions is highly valued.

With this challenge of having a self-sustaining CSR activity agenda, the companies are coming up with initiatives that are sustainable and work on understanding at which point to drop or alienate from such activities which are detrimental or destructive to the core work of the company.

REVIEW LITRATURE

Shruti Gupta (2011), this paper examined the perception of corporate social responsibility held by consumers in India and American order to draw out similarities and differences in conceptualization and response. The main findings of the study was that there was a substantial portion of US consumers who were unaware of socially responsible companies compared with their Indian counterparts who failed to recognize the CSR initiatives of multinational companies.

Elias G. Rizkallah (2012), in this paper, the author opined that companies are claiming that they are being challenged to maintain profitability and behave in socially responsible ways. The study has been attempted to answer these questions and more. The survey included a random sample of 317 adult individual consumers in the Southern California region

Simona Romani, Silvia Grappi and Richard P. Bagozzi (2012), in this paper, the authors analysed the role of gratitude as a missing mediator facilitating the effects of CSR on relational consumer behavior. They conducted a field experiment with adult consumers. Two classes of consumer reactions were considered: intentions to i) say positive things about the company, and ii) participate in advocacy actions benefiting the company. They concluded that some specific individual difference factors can influence consumers' feelings of gratitude and consequent behaviours, thus providing managers with tools they can use to leverage their CSR investments.

Percy Marquina Feldman and Arturo Z. Vasques-Parraga (2013), this research is the comparative effects of CSR initiatives and CA in the consumer purchasing behaviour in two countries (USA and Peru) in the shoe industry. The main results of the study demonstrated that some CSR initiatives such as companies' environmental commitments, along with some CA, such as product quality significantly explain the nature of consumer responses and a trade-off effect on consumers' willingness to pay for a product.

OBJECTIVE

- To analysis of the concept of corporate social responsibility.
- To analyse CSR in an Indian scenario
- To understand the areas of CSR in which the companies are involved
- To know various CSR drivers influencing Indian companies made investment for corporate social responsibilities
- To know the relationship between CSR investment and profit earning capacity
- to understand the contribution of companies in sustainable development

HYPOTHESIS

H01 There is significant impact of CSR Activities made by a company on profit earning capacity of a company.

H11 There is no significant impact of CSR Activities made by a company on profit earning capacity of a company.

H02 There is positive impact of CSR Activities done for sustainable development on profit earning capacity of a company.

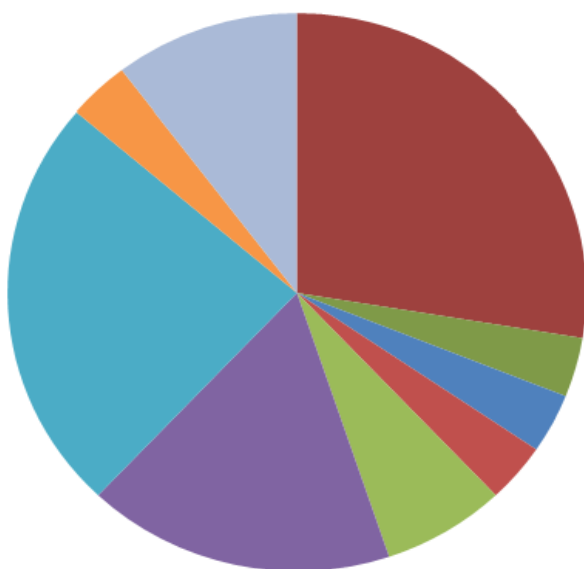
H21 There is negative impact of CSR Activities done for sustainable development on profit earning capacity of a company.

H03 Sustainable development is most focused CSR activity applied by Indian Companies.

H31 Sustainable development is not most focused CSR activity applied by Indian Companies.

MAJOR CSR DRIVERS INFLUENCE INDIAN CORPORATE SECTOR

Corporate social responsibility activities conducted by companies are a part where a strong social base for a better future and to show concern to garner attention to social and environmental causes. CSR activities range from being a channel or medium to give back in a little manner to the society and country, to leading in the forefront in impacting environmental and social welfare. Recently it has indeed occupied a centre stage in different sections of social areas. There are various CSR drivers influencing CSR activities including sustainability development.



- Profit Increasing
- Increase in Goodwill
- Legal Compliance
- Community Pressure
- Rising International Standards
- Community Pressure
- Symbiotic Relationship between various Stakeholders to Strengthen Communities
- Empowering People and Enhancing their Livelihood
- Socio Economic and Environmental Development
- Social Upliftment
- Sustainable development
- Power to Make a Change
- Creation of Value based and Empowered Society by Strengthening Social Capital

Chart 1. CSR drivers

The chart shows various companies, investment on CSR because of following CSR Drivers-

Profit Increasing, Legal Compliance, Rising International Standards, Community Pressure, Symbiotic Relationship

between various Stakeholders to Strengthen, Empowering People and Enhancing their Livelihood, Socio Economic and Environmental Development, Social upliftment, sustainable development, Power to Make a Change, Creation of Value based and Empowered Society by Strengthening Social Capital.

METHODOLOGY

This study is carried out to estimate the importance area of spending amount on CSR activities by Indian industries. The study focuses on extensive study based on secondary as well as primary data. The data has been collected with help of e-books magazines, newspapers, research article, research journal, e-journals,

The research will be conducted with objective to find out the extent of relationship between CSR and sustainable development. The study will be based on questionnaire. The required data will be collected from both secondary and primary sources. After multiple follow-ups, 50 questionnaires were successfully retrieved and 29 were considered fit for statistical analysis. ANNOVA regression analysis was employed to test the research hypothesis.

RESULT ANALYSIS

Proving hypothesis

HO1 There is significant impact of CSR Activities made by a company on profit earning capacity of a company.

The results of ANOVA are given in Table 6. The ANOVA results rejects the null hypothesis and accepts the research hypothesis as the p-value associated with the mean increase in profit and corporate social responsibility activities made by company is significant.

The results of ANOVA are given in Table 6. The ANOVA results rejects the null hypothesis and accepts the research hypothesis as the p-value associated with the mean corporate social responsibility made on education, health, environment, sustainable development of social upliftment and profit earning improvement is <0.05 . Detailed ANOVA results show that the mean CSR activities made for electricity protection, energy conservation, employees' welfare, product quality and safety disclosure and sport activities is <0.5 and CSR activities made for community development and stakeholders' protection is <0.01 . The study found that public sector companies have disclosed more information than the private sector companies.

Table 1. ANOVA between CSR Activities and increase in profit

		Sum of Squares	df	Mean Square	F	Sig.
VAR00002	Between Groups	.700	1	.700	5.339	.029
	Within Groups	3.407	26	.131		
	Total	4.107	27			
VAR00004	Between Groups	.006	1	.006	.077	.783
	Within Groups	1.846	25	.074		
	Total	1.852	26			
VAR00005	Between Groups	.689	1	.689	5.093	.033
	Within Groups	3.385	25	.135		
	Total	4.074	26			
VAR00010	Between Groups	.091	1	.091	.412	.527
	Within Groups	5.538	25	.222		
	Total	5.630	26			
VAR00006	Between Groups	.070	1	.070	.341	.564
	Within Groups	5.115	25	.205		
	Total	5.185	26			
VAR00007	Between Groups	.142	1	.142	.579	.454
	Within Groups	6.154	25	.246		
	Total	6.296	26			
VAR00011	Between Groups	.279	1	.279	1.080	.309
	Within Groups	6.462	25	.258		
	Total	6.741	26			
VAR00009	Between Groups	.754	1	.754	7.099	.013
	Within Groups	2.654	25	.106		
	Total	3.407	26			

H02 There is positive impact of CSR Activities done for sustainable development on profit earning capacity of a company.

positive impact of CSR Activities done for sustainable development on profit earning capacity of a company.

Table 2. ANOVA

VAR00002	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.092	6	.015	.402	.870
Within Groups	.875	23	.038		
Total	.967	29			

The table shows that there is no significant difference between No. of companies indulged in CSR activities for intention of sustainable development and their profit earning capacity. It proves the hypothesis that there is

H03 Sustainable development is most focused CSR driver activity applied by Indian Companies.

Table3 showing Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
VAR00002	12	.00	8.00	2.4167	2.77843
Valid N (list wise)	12				

The table shows minimum and maximum values made for various CSR drivers. The average of the companies applying various CSR drivers are 2.4167 but apply due to

spirit of sustainable development is 7. It is high comparison to mean. So it can be said Sustainable development is most focused CSR driver activity applied by Indian Companies.

CONCLUSION

The concept of CSR is not new; rather it started during 1950s in India. Various authors and organisations have defined this concept but still a suitable and consensual definition of CSR is awaited.

Nowadays galaxy of the organisations is following CSR activities. However, there has been different point of view regarding CSR. In the present scenario, CSR is practised for social causes, healthcare, education, infrastructure development, women empowerment, community development, political empowerment and national heritage. However, there are certain areas which are untouched. In today's globalised era, new trends of CSR like generation of electricity, containing & checking pollution, bio- diversity production should encouraged. CSR is the need of the hour to bring changes in the current situation to put socio- economic development in India on a fast track. Due to CSR Activities, profit of those organisations is increasing who all have been made investment in the area of social upliftment and sustainable development.

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