Corporate Social Responsibility: The Force to Reckon Corporate Progression

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Abstract

In the recent corporate annals, CSR has gained considerable momentum. It has got the wherewithal to set the tone for the popularity of a corporate in a defining manner. Today, corporate has to stay relevant to make sure that they uptick all the relevant boxes. It has become the force to reckon with relating to various differentiating elements. The present research paper focuses upon the significance of managing CSR effectively which has become imperative for the success of an organization. CSR and its effective management can bring about a perennial change in today's corporate culture. However, the actual significance of the same has realized by the organizations only recently. This paper also emphasizes on explaining the concepts of Philanthropy and CSR with different outlooks. It would further attempt to throw light on how CSR will benefit various stakeholders of the organization in terms of growth of the organization as well as creating a positive image of the firm in the public domain thereby reaffirming the fact that CSR is an integral and indispensable factor for organizational progression.

Keywords: CSR, Philanthropy, Organization Progression and Effectively Managing CSR

Introduction

The concept of CSR is often mistaken for employee well-being which neither does full justice nor presents a comprehensive picture of it {Uddin, Tarique and Hassan (2008)}. Prior to the arrival of the contemporary corporate realms, responsibility towards society was not given its due in terms of the overall well-being of the employees as well as job satisfaction index. However, of late, companies have come to comprehend that they cannot make themselves count without acknowledging the increasing role of CSR which could be found at every level in an organization and for every employee no matter what is her/his say in the organization.

It is an arduous task to define CSR in terms of having an operational definition as traditionally viewed; CSR provided no information on business concerns about social values {Carroll, (1999)}. Also, the modern approach provides no lucid voluntary guidelines to the employees that on what basis individual can prove her/his attempt towards CSR. This is so because Corporate Social Responsibility is not enforced by law, rather it is basically individual's self-interest. The fact remains that business executives form and implement their own set of values and interests about the expectation towards society. Therefore, the actual meaning of CSR is difficult to determine and has attracted various schools of thought.

It is but obvious that employees, while coming to make their contribution to their organization, also bring their own set of expectations towards admiration, dissatisfaction, insecurity, passion, and concepts of the same ilk. CSR plays a crucial role in the happenings, both inside and outside, of an organization in terms of its overall growth and that of an employee in terms of self-satisfaction, to help the downtrodden sections of the society, proving, in the process, accountability towards society {Babiak and Trendafilova (2011)}. CSR matters because it is also a driving force to gauge an organizational performance and contributes towards the advancement and sequential progression of an organization. Without paying heed to the same, an organization cannot expect to grow exponentially unless it has some mechanism in place to handle the situations which could be both positive and negative.

Through CSR if an individual is able to connect with organizational goals, the same can be categorized in relation to positive mechanism. On the contrary, negative mechanism is when one adopts unethical practices to

convert loss-incurring units into profit-making units, a trait which is detrimental for the welfare of the organization.

Organizations must realize that to survive in today's competitive scenario, CSR is important for them. CSR provides a host of benefits to firms such as tallying a positive corporate image, intensifying the relationship with various stakeholders, creating a better and safer work culture and environment, improving management efficiency, making employees accountable, etc. all this will facilitate the corporate to triumph over the competition. Moreover, after examining the positive and negative attributes of CSR which emerge because of the competition, the business firms can develop CSR strategy which, in turn, can be considered with a long-term perspective.

It is often debatable whether a business is only meant to maximize its profits through optimum allocation of scarce natural resources, if the prime motive is to continue economic activities in order to reap profits so that the organization can think of showing the responsibility towards the society thanks to the profits earned. Alternatively, it implies that the organizations which are not earning huge amount or are not economically sound cannot desire to perform the activities related to CSR. In totality, it only depends upon the willingness and initiation towards CSR on the part of the management of the organization.

In the subsequent paragraphs, all the aspects related to CSR at workplace are put under certain headings (Factors) which are to be understood in their differing perspectives keeping in mind the fact that the CSR and their appropriate handling is something significant without which an organization cannot strive to achieve much.

Factors related to CSR Impacting Corporate Advancement

Individual's Divine Potential:

Das Gupta, (2007) advocated that if each individual starts thinking that her/his potential is in no ways less, s/he would be able to prove her/his capacity towards achieving the organizational goals which, in future, will facilitate the welfare of the society. If Individuals start thinking that they have immense potential and can make the impossible possible, subsequently such a thought process will create positive feelings for the concerned person, especially for those who view themselves as someone who has not achieved much in their life. This trait will regulate and motivate the unsuccessful people to attempt not for themselves alone but for others as well.

Long-term Survival of the Business:

In the present-era of hyper-competition, organizations have realized it well that if they intend to survive, the easiest way for doing so is to think long-term instead of short-term. CSR

is the path through which they can attain dual benefits, that is, ability to create a reassuring image of the organization by serving others and helping the people who are in need of the same {Jenkins, (2006)}.

Take Care of all Stakeholders:

Corporate advancement, in terms of taking care of all the stakeholders, by creating the policies and thinking in interest of customers, business partners, suppliers and customers is directly facilitating the phenomenon of corporate social responsibility making it viable for corporate houses to practice the same with much ease {Bhattacharya, Korschun, and Sen (2009)}. Determination, on the part of organizations, as a responsibility to give back to the various stakeholders in the form of providing medical benefits, establishing crutch, tour packages are some parameters showing respect and concern for all of the concerned ones.

Functioning Ethically:

Cornelius, Wallace and Tassabehji (2007) affirmed that if you are governing your organization ethically you are following the principles of CSR meant for the betterment of the people, society as well as your country thus pacing your organization ahead with a firm decision that during any untoward scenario, you will not give up on this count no matter how severe the situation is. Similarly, to promote the quality of social life and the growth of the corporate on ethical ground are the various platforms to exhibit the phenomenon that is CSR as being ethical deals with social dimensions of business thus promoting the activities which ought to be conducted for corporate advancement and differentiation.

Respect for Human Rights

At the fundamental level, human rights and responsibilities are observed and noticed in every organization across the various sectors. Human rights abuses can be avoided by involving, engaging and providing rights for human welfare as they directly and strongly influence the economic, social and environmental aspects related to corporate activity {Engle, (2004)}. The effect is telling in terms of direct contact (for example, employees or customers) as well as indirect contacts (for example, workers of suppliers, or people living in and/or around the areas affected by a corporation's activities) thus becoming aware of abuses such as killing, environment degradation, historical abuse, torture, child abuse and so on. All this leads to expectation from the consumers and investors manifest that the corporations would act in a socially responsible manner and start implementing comprehensive CSR program to positively influence all the concerned stakeholders and carve a niche for the organization.

Respect for Women and their Empowerment

The introduction of the Companies Bill which advocated "women empowerment" threw light on strengthening and empowering the women thereby aiming for their betterment. This has enhanced the scope of their involvement as an effective decision-maker and created employment opportunities, particularly for women. Further extended as part of CSR to women, association with Self Help Groups (SHGs), as propagated by various organizations, has made immense impact in the improvement and true realization of life style of women. Laws which have been framed keep into consideration the welfare of the women and further implemented with corporate help , make an attempt to help them excel in every aspect of life {Karam and Jamali (2013)}.

Respect for Environment

Angelidis and Ibrahim (1993) advocated a holistic approach of the corporate which could very well be initiated as part of CSR initiatives by protecting and safeguarding environment. "As a result of World Commission on Environment work, business and management scholars have been grappling with the question of how and why corporations should incorporate environmental concerns into their own strategies" (Brundtland Report, 1987). Strategies such as check-and-prevent pollution, recycle, refurbish, manage-and-reduce waste, creation of filter plants, ensuring extended sustenance of natural resources, usage of eco-friendly gadgets and many more take the front-seat in this regard. As a result, this aspect of CSR can be termed as an obligation to cover implications of environment by taking care of the environment on a priority basis because it would eventually be impossible to do business in an unstable environment.

Philanthropy and CSR

Philanthropy and CSR, when considered together, attract multitudes of opinion, CSR as philanthropy or foundation of business {Carroll, (1999)}. It assumes varying propositions when assessing the concept on a country-to-country basis. In India, Corporate Social Responsibility (CSR) is increasingly becoming mandatory whereas in some countries philanthropy is still regarded as a purely voluntary act by an individual or organization. In Chile, conceptually CSR is considered a phenomenon that can make companies more competitive. Their thoughts are transferring, that is, by adopting the tools of SR from philanthropy will enhance the competitiveness of the companies. In South Africa, corporate social investment is not considered as philanthropy. It is basically mandated as companies' core business.

Since 2012, major changes have been noticed with regard to the viability of corporate philanthropy, especially amongst the Indian corporate houses. Indians have started showing their inclination towards philanthropy thus supporting welfare activities around the company's functional areas as well as in terms of CSR thus reflecting company's interests towards all the stakeholders with a wider approach thus including the society in which they function. After the updated changes occurred in the Companies Act, they brought forth not only the much-needed improvements in the areas of governance, transparency, independence and accountability but also in CSR {Singh, (2016)}. According to the Act, companies whose net worth is Rs 500 crore and above have been mandated to form a CSR committee containing three or more Directors (as Independent directors). The constituted committee, in every financial year, must ensure to spend 2% of the average net profits made during the three immediate preceding years with regard to CSR. If the company fails to spend the said amount, the organization needs to mention the reasons of failure along with an assurance that efforts would be made to avoid a repeat in the future.

After the Companies Act came into existence, organizations such as TISCO, Infosys, Birla and many more corporate behemoths voluntarily contributed towards development of the country and countrymen by implementing ethical values, compliance with legal requirements, environmental concerns, respect for people and communities, human rights, equality and diversity, consumer protection, health impacts, economic development, etc.

The European Union explains CSR as "a concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as the local community and society at large".

According to the study, "Corporate Philanthropy as Business Strategy: An Indian Perspective", strategic philanthropy is being championed by 12.4%, and charity by 35%, of Indian companies. Indirectly, these companies have started providing financial support through educational services, environment conservation, promoting health services and uplifting living conditions of the downtrodden sections of the society, diversity management, generating alternative resources and support for agriculture and other forms of corporate philanthropy.

Corporate philanthropy dates back to the nineteenth century and emerged out of the following factors:

- It concerns for the welfare of immediate members of the organizations, that is, staff, employees and their families.

- It added to the prevalent concerns of personal satisfaction, like building philanthropic institutions (hospitals, schools, colleges, community centers, public buildings, etc.)

- It also engaged various institutions to fulfill requirements of the community in order to establish relationship with the state or the society.

- Philanthropy also resulted in development of trusts and foundations for availing tax benefits for the concerned organizations.

Conclusion

Based on the above discussion, one can conclude that by creating a CSR-friendly environment, the overall productivity of the organization can be significantly increased. Thus, the management needs to see how CSR plays an instrumental role in the upliftment of the overall outlook of an organization.

The organization needs to understand that taking care of CSR for the employees would lead to enhanced competency of the employees. Unethical practices can do more harm than what meets the eyes. CSR needs to relate with the organization in such a manner that the various stakeholders become more than willing to work for the betterment of the organization thus resulting in improved performance. This is important because stakeholders might not be looking for financial gains in many cases. Rather, they are looking to be part of something bigger, something with which they can identify in a better manner. The stakeholders (employees, customers, suppliers, government, shareholders, consumers) need to be treated as being of primal importance, or in other words indispensable, for the organization.

The organization needs to provide such a stimulating and positive environment to its employees that they should feel enriched from within and should feel that they have been of vital importance in achieving the overall objective of the firm through CSR. Contentment on the part of every stakeholder is very significant for the growth of the organization. The change in the mind-set of the people can be well reflected as many social activists are raising a question that CSR should be made regulatory. It should include specific targets that should be measurable every year with the proper knowing of its various pros and cons.

It can also be concluded that CSR is different from corporate philanthropy. CSR has a wider perspective than philanthropy. CSR is more focused on profits, people and planet rather than on financial perspectives of the organization. Philanthropy focuses on specific sections instead of creating value for society and serving every section of society like CSR. Corporate philanthropy emanates from corporate top management values. CSR permeates in the company's internal management system. It involves entire organization and defines its culture. CSR emphasizes more on long-run sustainability and philanthropy on short-run viability of the company.

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