

CORPORATE SOCIAL RESPONSIBILITY THOUGHTS AND PERSPECTIVES TOWARDS SUSTAINABLE GLOBAL ECONOMY



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Abstract

This paper draws devotion to numerous corporate social responsibility thoughts and perspective towards sustainable global economy. In the recent years there is increased campaign towards social responsibility and the world is constantly looking for business front-runners and change-makers who pioneer in business that can act as a force for good. This paper will discuss the CSR initiatives at global level and will also discuss about the expectations of various international agencies like United Nations Global Compact (UNGC), Global Compact Society (GCS). Corporate Social Responsibility (CSR) has become one of the major areas of concern for modern business firms both in the domestic and international sector. Firms have gradually recognized the importance of CSR, mainly because of increasing awareness to various factors affecting environmental degradation, human rights and social ethical issues that are likely to be affected by firm's actions. This commitment to the society, environment and other stakeholders needs to go beyond the statutory obligations laid down by legislation and become a voluntary initiative from the organizations. However most of the organizations focus on their products and look into ways of improving profitability, neglecting the social and environmental impact of their activities. Majority of the organizations that have started contributing to social, ethical and environmental issues believe that CSR is one of the easier ways of increasing brand equity. These organizations are

making CSR a marketing activity to increase visibility than as a focused responsibility to create a social impact. Even today the subject of CSR is controversial and debatable, primarily due to the fact that the subject still has undefined boundaries and the concept itself remains debatable both in the academic circles and with the practitioners. The supporters of CSR are of the opinion that there are benefits attained by the organizations, society and the environment if organization pursues CSR activities and in the long term it provides economic benefits to the organizations apart from providing social benefits. Critics of CSR view it as a liability on the organizations which hinders them from their fundamental economic role of maximizing profitability and opining that the sole responsibility of social upliftment and environmental sustainability is government's responsibility. In a developing country like India these agencies are expecting companies and institutions to voluntarily participate in socially responsible business activities through multiple stakeholder approach, even though the participation of Indian companies in these activities is good the activities don't align with the principles of global compact. The study will also analyse the India's CSR tradition its prospects when they follow the global campaign towards CSR and the companies who regularly become the part of the global setup.

Keywords: Corporate Social Responsibility, Sustainable Global Economy, UNGC, Stakeholder approach.

Introduction

The world is looking for a more comprehensive and sustainable global economy this demand for sustainable economy paved way for many initiatives and one of the foremost is United Nations Global Compact (UNGC) which is one of the pioneer Corporate Social Responsibility initiative at the global level. The United Nations Global Compact is a United Nations brain child to inspire businesses worldwide to espouse sustainable and socially responsible policies, and to report on their implementation. The UNGC has become the world largest CSR initiative with over 13000 companies. The UNGC is built on the ten doctrines, involving the various international agreements in the areas of human rights, labour and social standards, environmental standards and anticorruption. UNGC wanted to make the 10 doctrines to be embedded into the business system

so the desired result can be achieved by multi stakeholders approach. Though the UNGC has its roots both in global and local business environment a study is needed to see the expectations of Global CSR and the one practiced in India. It is needed to understand the factors with correlate one another. India is a country with rich heritage and participation of Indian companies in social and well-being activities to uplift the society has been practiced for decades. In a developing country like India these agencies are expecting companies and institutions to voluntarily participate in socially responsible business activities through multiple stakeholder approach, even though the participation of Indian companies in these activities is good the activities sometimes don't align with the principles of global compact. The study will also analyse the India's CSR tradition its prospects when they follow the global campaign towards CSR and the companies who regularly become the part of the global setup. The study will also compare the Amended Schedule-VII of Companies Act, 2013 and UNGC ten principles for CSR initiative at global level. CSR reporting and coordination in India is important because many Indian companies as well as multinational companies exploit the loop holes in the law creating bigger problem to the society. Many MNC's like Coca-Cola and Pepsi have exploited the Indian condition and depleted the water level of various areas thereby endangering the lives of millions of people. Multinational milk companies like Nestle were causing infant illness and death in poor communities by promoting bottle feeding and discouraging breast feeding which nestle still follow in some countries like Bangladesh by giving free sample in hospitals, even the Swiss giant's widely popular instant noodles tests in India have revealed that it have a concentration of lead, putting consumers at elevated health risks. The Satyam Computer scandal is a corporate scandal that worked in India in 2009 where chairman Ramalinga Raju confessed that the company's accounts had been falsified and it was perhaps India's biggest corporate fraud case where M/s Satyam Computer Services Limited triggered forfeiture to the stakeholders to the tune of Rs.14,162 crore. The company head and members secured illegal gains to the tune of about Rs.2, 743 crore by numerous deceptions. So the study about CSR reporting and of various guidelines related to UNGC and Schedule VII of companies act will contribute to the literature in this area.

The Global CSR Agenda and Indian Perspective

The CSR gained greater importance after rapid globalization and yet business responsibility is by no means a new phenomenon. In the 18th and 19th centuries, businessmen's self-religious and ethical opinions exhibited themselves in socially responsible activities in European countries as well as in India (Mohan 2001). The universal aim of the CSR is to inspire companies to take responsibility for problems and challenges that used to be addressed by legislation. Even though lot of researchers defined CSR, the notion still remains ambiguous. As a useful reference, the survey adopted the EU Commission's understanding of CSR: "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance by investing 'more' into human capital, the environment and the relations with stakeholders. CSR should nevertheless not be seen as a substitute to regulation or legislation concerning social rights or environmental standards, including the development of new appropriate legislation." (EU Commission 2001)

The UN Global Compact has faith in building a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets. Their vision also deals with the same. The major objective of UNGC are Doing business responsibly by aligning their strategies and

operations with Ten Principles on human rights, labour, environment and anti-corruption and to take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation. UNGC strongly believes that corporate sustainability starts with a company's value system and a principled approach to doing business. This means greater emphasis should be given to areas like human rights, labour, environment and anti-corruption. Responsible organizations endorse the same values and principles wherever they operate, and recognize that good practices in one area do not counterpoise harm to another. So they generally incorporate the global compact principles into organizational strategies and objectives for long term success. The UN Global Compact's Ten Principles are resultant from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour

Principle 6: The elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Thus the UNGC ten principles are revolved around the four general factors like human rights, labour, environment and anti-corruption. Looking into the areas that can be taken up for CSR initiatives in India according to schedule VII it is basically to uplift the weaker section of the community.

1. Eradicating hunger, poverty and malnutrition, promoting healthcare and making available safe drinking water.
2. Promoting education, including special education, and employment enhancing vocation skills, especially among children, women, elderly and the differently abled, along with livelihood enhancement projects.
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the central government for rejuvenation of the river.
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
6. Measures for the benefit of armed forces veteran, war widows and their dependents.

7. Training to promote rural sports, nationally recognised sports and Olympics.
8. Contribution to the Prime Minister's national relief fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, scheduled tribes, other backward classes, minorities and women.
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government.
10. Rural development projects & Slum area development.

Overall comparison drawn from the UNGC and schedule VII CSR initiatives is that the UNGC and CSR initiatives are slightly different whereas the former concentrate a lot on human rights the latter have no initiatives to it but had mentioned about the betterment of society by empowering the deprived class of people. Our Indian perspective is based on more traditional approach which focusses a lot on social and environmental issues rather than human rights and anti-corruption.

Conclusion

The agenda for CSR is spreading to all organization specially the organization which comes under the mandatory spending ambit as mentioned in the company's act 2013. The government has made the traditional and philanthropic activities as an important aspect when it comes to spending made by the companies and it is not aligned with the United Nations global compact principles, for the organizations who have registered as members of UNGC to operate as per UNGC principles it can't happen in a go but will slowly transformed when CSR principles are integrated into the corporate departments. To enhance the role of UNGC in India the network should be properly enlarged by including the Societies and forum and creating an agenda that potentially suits all the stakeholders.

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