

Corporate Social Responsibility and Sustainable Development

Abstract

Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. Corporate Social Responsibility with sustainable development are both 'essentially contested concepts'. This paper focuses on CSR's changing meaning and why there has been a recent increase in CSR with reference to the increasing socialization of markets as a result of narrow market drivers, along with other social, governmental and globalization drivers.

This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

Keyword: SD (Sustainable Development), CSR (Corporate Social Responsibility), WBCSD (World Business Council for Sustainable Development).

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Introduction

Corporate Social Responsibility Practices in India sets a realistic agenda of grassroots development through alliances and partnerships with sustainable development approaches. At the heart of solution lies intrinsic coming together of all stakeholders in shaping up a distinct route for an equitable and just social order. In furtherance of this discussion CSR can be defined as integrates governance, management and investment of a corporation with social, ethical and environmental concerns in its business practices; and thereby enables a socially responsible, productive and human friendly corporate structure.

Since ages corporations were motivated by the only goal of economic development, disregarding ethics and embracing pure capitalism. However, when corporations reached a stage where they attained the status of a legal entity they began to be regulated by legal frameworks that took account of the concerns of stakeholders. Now a day corporate superiority gave away to the stakeholder superiority, wherein stakeholders played a vital role in the construction and destruction of corporate power. So the power comes with huge responsibilities. However, the greatest challenge for a corporation often remains for officers to realize the need for CSR.

Sustainable Development is concepts that act as guiding principles to most international organizations. SD is about ensuring a better quality of life for everyone, now and for generations to come. Thus the combination of CSR and SD means unique blend of ecological, social, and economic concerns, and offers business opportunities for companies that can immensely improve the life of the people at large. Corporations have a greater role to play in SD as emerging markets also strive to attain it. The integration of CSR with a practical view of SD would build up a respectable, responsible and thriving management approach.

Corporations around the world are assigned with a new role to meet the needs of the present generation without compromising the ability of the next generations. Hence all the organizations are being called upon to uphold the responsibility for their operations which ultimately had impact on societies and the natural environment. So their emphasis should be on

adopting sustainability principles for conducting their business. Sustainability reflects the inclusion of social and environmental concerns in business operations and in interactions with stakeholders. Businesses following sustainable principles can transform the economy which makes better use of its resources and promotes general welfare. Education, water, sanitation and waste management are essential for people's health and quality of life.

They are the first step which is supposed to be undertaken by any balanced economy. One of the major challenges is to reduce the ecological impact of demographic growth, particularly in cities, through more sustainable urban planning policies. So the controlled management of water and waste cycles laid down the foundations for sustainable economic, social and cultural development, and strengthen the attractiveness of regions. These majors can prevent natural and industrial hazards. Social aspiration with more transparency and local democracy is a fundamental trend in contemporary societies. Communities want to be better informed and participate more in decisions making which concern life in their regions

The quality of relationships that a company has with its employees and other key stakeholders—such as customers, investors, suppliers, public and governmental officials, activists, and communities—is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility (CSR). These major transformations require national and global companies to approach their business in terms of sustainable development, and both individual and organizational leadership plays a major role in this change. Corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management.

This paper will present the discussion related to CSR and sustainable development as these two area reflects complex and critical issues, such as human rights, environmental protection, equal opportunities for all, fair competition, and the interdependencies that occur between organizations and society. The literature also reveals that although the aspiration of many corporations to contribute to a better world is great, translating that aspiration into reality proves to be somewhat of a challenge.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) here can termed as to refers the manner in which the business operate and which ultimately accounts for the social and environmental impact created by the business, daily business operations, and to reporting on progress made toward implementing these practices. In General the CSR policies include

1. Adoption of internal controls reform
2. Commitment to diversity in hiring employees and barring discrimination
3. Management teams that view employees as assets rather than costs

4. High performance workplaces that integrate the views of line employees into decision-making processes.

Further Advanced resource productivity, focused on the use of natural resources in a more productive, efficient and profitable fashion (such as recycled content and product recycling) and Taking responsibility for conditions under which goods are produced directly or by contract employees domestically or abroad. Corporate Social Responsibility (CSR) strategy, based on sound ethics and core values, offers clear business benefits. Sustainable development rests on three fundamental pillars: economic growth, ecological balance, and social progress. Business is one constituent part of society.

The two are interdependent and hence the role of business in building a better future is recognized and encouraged by society. As a mechanism for social progress, CSR helps companies live up to their responsibilities as global citizens and local neighbours in a fast-changing world. And acting in a socially responsible manner is more than just an ethical duty for a company.

CSR, in a wider perception is the ethical behaviour of a company towards society. In particular, this means management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business – not just the shareholders. A similar but more general definition says CSR is about the interaction of the corporation with the legal and social obligations of the societies in which it operates, and how it accounts for those obligations.

The following, more formal definition emerged from an international meeting of the WbcSD. Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Sustainability and CSR

Emphasis on social environmental and economic sustainability has become a focus of many CSR efforts. Sustainability was originally viewed in terms of preserving the earth's resources. In 1987, the World Commission on Environment and Development published a landmark action plan for environmental sustainability.

The commission, named after former Norwegian Prime Minister Gro Harlem Brundlandt, defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their needs." Companies are now challenged by stakeholders including customers, employees, investors and activists to develop a blueprint for how they will sustain economic prosperity while taking care of their employees and the environment.

At the same time, mainstream investors are being challenged to ensure that they review CSR issues when analysing companies. The United Nations Environment Program Financial Initiative

asked one of the world's largest law firms to research whether institutional investors such as pension funds and insurance companies are legally permitted to integrate environmental, social and governance issues into their investment decision-making and ownership practices.

The resulting report, released in October 2005, concluded that investors were not only permitted to but also sometimes required to take such factors into account. "Integrating environment, social and governance considerations into an investment analysis so as to more reliably predict financial performance is clearly permissible and is arguably required in all jurisdictions," the report concluded.

Evolution of Sustainable development and Corporate Social Responsibility
Sustainable Development

In 1987, the World Commission on Environment and Development defined SD as an ethical concept. Sustainable Development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concepts of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organisation of the environments ability to meet present and future needs.

Thus the goals of economic and social development must be defined in terms of sustainability in all countries developed or developing, market-oriented or centrally planned and companies should not only focus on enhancing its value through maximising profit and outcome but concentrate on environmental and social issues equally.

Corporate Social Responsibility

The term SD has mainly started to be used in the 1980's, the framework of CSR has already been established in the 1950's and 60's. In the beginning, however, the term Social Responsibility was rather used than CSR. Social Responsibility assumes that economic and legal duties of the companies should be extended by certain responsibilities to society. Economic, legal, ethical and discretionary expectations that society has of a company and that companies have to decide which layer they focus on. It is pertinent to note here that the economic perspective is important but a company also has a burden of environmental and social responsibilities to handle.

The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behaviour and outcomes.

Organizations such as the World Business Council for Sustainable Development (WBCSD) actively take part in the sustainability and CSR discussion. WBCSD regards CSR as engine for the social dimension (social progress) which supports companies to fulfill their responsibilities as good citizens and defines CSR as "business' commitment

to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life. On the other hand, the Commission of European Communities describes CSR as a concept, whereby companies integrate social and environmental concerns into their business operations and interactions with their stakeholders on a voluntary basis.

Relation between CSR & Sustainable Development

CSR is an integral part of sustainable development. Exactly because the concept of sustainable development also has many different interpretations. The basic idea to incorporate the sustainability aspect into business management should be grounded in the ethical belief of give and take to maintain a successful company in the long-term.

As the company is embedded in a complex system of interdependences in- and outside the firm, this maintaining character should be fulfilled due to the company's commitment in protecting the environment or reducing its ecological footprint and due to the general acceptance of its corporate behaviour by society in- and outside of the firm. CSR focus especially on the corporate engagement realizing its responsibilities as a member of society and meeting the expectations of all stakeholders. The concept of SD on a corporate level is stated as Corporate Sustainability which is based on the three pillars economic, ecological and social issues, therefore, the social dimension is named CSR.

The corporate orientation on sustainability is specially affected by external influences due to the specific sustainability orientation on a macro-level: Legal/Institutional: laws, human rights, etc.

1. Technological: new technologies
2. Market: suppliers, competitors, customers, trends
3. Societal: NGO's, society
4. Cultural: attitudes, behaviour
5. Environmental: nature, availability of resources

The implementation of Corporate Sustainability in companies also has positive effects on society in the long-term. It is of tremendous importance that sustainability terms are used similarly within the scientific community – and practice. This necessitates the adaptation of definitions in which the semantic meaning of CSR and related terms should be the main focus on an institutional level, within NGO's or other organizations. According to the World Business Council for Sustainable Development (WBCSD) report for Corporate Social Responsibility; Issues which have emerged strongly from the work group are as follows:

Human Rights

Human Rights are the universal rights that every person is entitled to enjoy and to have protected. The underlying idea of such rights – fundamental principles that should be respected in the treatment of all men, women and children – exists in some form in all cultures and societies. Such rights are enshrined in the Universal Declaration of Human

Rights, adopted by the United Nations in 1948. The declaration covers two broad sets of rights: Civil and Political Rights; and Social and Cultural Rights.

WBCSD dialogue further identified these sub-issue suggested to business that:

1. Companies should publicly and explicitly express their support for human rights and provide awareness training for staff
2. It is legitimate for a company to operate in all countries provided it supports human rights, creates an island of integrity around its operations (employee's families and local community), and that it speaks out on these issues
3. Companies should keep human rights on the corporate 'radar'; be aware of what's happening in other parts of the world and in different business sectors, and learn from others good practices.
4. International conventions can provide valuable guidance on duties and responsibilities.

Stakeholder Rights

There is no argument that shareholders who own the company have the first call on the performance of management. But some argue that companies also have to satisfy a broader group of interested parties, commonly called stakeholders. These include not only shareholders, but also employees, customers/consumers, suppliers, communities and legislators. Such stakeholders are seen to have both influence and rights, which although different in kind and degree from those of shareholders, still demand respect.

Employee Rights

Employee rights are embodied in the International Labour Organization's Declaration on the Fundamental Principles and Rights at Work. These include: freedom of association and the right to collective bargaining; elimination of all forms of forced and compulsory labour; abolition of all child labour; and the elimination of discrimination in respect of employment and occupation.

Environmental Protection

Protecting the environment from the impact of operations is a core responsibility. Besides their legal obligations, which differ according to region and country, corporations are seen to have a broad responsibility to protect the physical environment throughout their supply chains. They should commit to continuous improvements in eco-efficiency (doing more with less) and managing the full lifecycle of their product or service.

In WBCSD dialogue session these are the points which noted:

1. Companies should be proactive on the environment and seek solutions that can lead to competitive advantage
2. Responsible and leading companies pave the way for others but laggards ride free on such progress
3. The severity or acuteness of a particular issue can create action. The non-governmental

community is largely responsible for driving an issue up the acuteness scale

Environmental issues are inter-linked with many aspects of CSR. Community issues cover a broad range of activities, including community assistance programs; supporting educational needs; fostering a shared vision of a corporation's role in the community; ensuring community health and safety; sponsorship; enabling employees to do voluntary work in the community; philanthropic giving.

4. Building trust with the community demands consistency and long term commitment from the company. Further there were the explanation of Supply chains are mostly complex interrelationships between a wide range of companies. Corporations can be and are affected by the actions of their direct and indirect suppliers. They can inherit the consequences of bad practices of those higher up the chain, such as the use of child labour and polluting production methods.

Monitoring and Assessing

Effective management of CSR demands monitoring, measuring and reporting of performance against generally accepted indicators. The systems to achieve this are still in their infancy, but much can be learned from those developed over the past decade for the management, monitoring and reporting of environmental impacts and performance. This includes systems that can be independently verified.

Conclusion

For imbibing the concept of CSR and SD there is a need of awareness with respect to fact that business needs to manage its relationship with the wider society. Corporate leaders are needed to be held responsible for their corporation's impact on society and the natural environment beyond legal compliance and the liability of individuals. More experienced leaders can gain new perspectives on how to grow in their approach to sustainability and how to develop innovative business models.

CSR is becoming a leading principle of top management and of entrepreneurs. Commenting on the term 'globalization', now companies are becoming more accountable for labour issues and working conditions in their partner's operations as well as their own. Organizations can re-examine their behaviours and begin their journey toward a sustainable approach that is integrated into their business strategy. And thus for CSR and sustainable development, companies must incorporate CSR with business strategy and integrate it across all operational functions.

Thus, making it easy to invest the funds necessary to achieve its objectives. Adopt an open information strategy to have more transparent information-sharing with multiple stakeholders. So if these activities are done in blend, CSR can become a dimension of a company's successful competitive strategy. Done right, it offers a company improved relationships with all of its key constituents, more loyal customers, lower costs, higher revenues and an overall improvement of the business standing in society.

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