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## ISSUES IN CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT



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One of the biggest corporate fads of the 1990s—less overpowering, no doubt, than dotcom mania, but also longer-lived—was the flowering of “corporate social responsibility” (CSR). CSR, at any rate, is thriving. Corporate social responsibility is all about a company knowing, managing and improving its impact on the economy, the environment and society. An Harvard University study found that ‘stakeholder-balanced’ companies showed four times the growth rate and eight times the employment growth when compared to companies that are shareholder-only focused. A CSR Europe study in 2000 showed that 70% of European consumers say that a company’s commitment to CSR is important when buying a product and one in five would be willing to pay more for products that are socially and environmentally responsible.

A company’s dedication to CSR can help to attract and retain employees. Wood, termed it as Corporate Social Performance.<sup>1</sup>The more a company is committed to CSR, the less they are exposing themselves to business risk. Social responsibility it meant in early phases, providing safety for the workers at workplace and concern for their health, reducing pollution and creating other welfare schemes in the areas like education and employment. A company carrying out some sort of social responsibility and showing a concern for public at large could gain a better image which would enhance the business prospects. No doubt, there is always a temptation for the companies adopting short-term policies of profit maximisation and not showing concern for other stakeholders.<sup>2</sup> But today, in this era of information revolution, transparency can not be

evaded. And the stakeholders cannot be taken for granted. A company having faith in social responsibility follows;

\*transparent in its performance\* ethical\* well managed, and has strong Governance procedures\* responsive to the needs and views of its stakeholders \*responsible in its actions, attitudes and values, and \*able to be trusted.

Probably at this stage when the conflict between the economic and social goals was being debated, the issue of environmental values entered the arena. The annual reports of almost every major company nowadays dwell on social goals advanced and good works undertaken. From an ethical point of view, it is philanthropy at other people’s expense. Corporate philanthropy, done right, transforms the culture of the firm concerned. Employees seeking greater levels of fulfilment in their own lives will have to look no further than their workplace. Corporate social responsibility may have two dimensions—Must dimension and Ought to dimension. Must dimension; involves compliance with the laws and relevant regulations. Ought to dimension; emphasizes on adherence to objectively fair conditions of employment and protection of the environment even when not required by law. CSR is a corporate philosophy that drives strategic decision-making, partner selection, hiring practices and, ultimately, brand development.<sup>3</sup> Dimension of social responsibility emphasizes on following-

**Respect international human rights**-Eliminate discrimination in recruitment and employment \*Foster a preventive approach to environmental

problems\*The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.<sup>4</sup> CSR include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment.<sup>5</sup>

**The factors of success-**1 More success has been achieved in the fight against poverty over the last 50 years than in the whole of the previous 500 years; 2 Infant mortality fell in developing countries from 165 per 1000 live births in 1960 to about 56 in 2000; 3 Life expectancy rose over the same period throughout the world from just over 41 to more than 64 years of age; 4 The literacy rate increased in developing countries from less than 16% in 1960 to about 75%. In 2002, more children – and in particular more girls – received schooling than in any previous year; 5 The proportion of chronically undernourished people in the populations of developing countries declined from about 40% in 1960 to less than 20% in 2002; 6 Today, a higher percentage of people have access to drinking water and reasonable sanitary facilities than ever before in the history of mankind; 7 Democratic forms of government and the respect and implementation of human rights have assumed a higher priority in developing countries

**Challenges-**1 2.8 billion People worldwide still live in absolute poverty on the purchasing power equivalent of two US dollars or less; 2 Almost 800 million people are still chronically undernourished; 3 In many countries of sub-Saharan Africa, infant and child mortality remains between 20–30 times higher than in Switzerland; 4 Life expectancy in most African countries is 30 years lower than in Switzerland as a result of the HIV/AIDS pandemic; 5 More than 38 million people in developing countries are living with HIV/AIDS; more than 20 million have already died of AIDS; 6 Around the world, those twenty percent of the population with the lowest incomes have seen their share of total income fall from 2.4% (1960) to 1.4% (2000), while the share enjoyed by the twenty percent with the highest incomes has risen from 70% to 85%; 7 While the world's population is growing by about 220,000 people every day, the natural resources to feed this growing popu-

lation are declining through erosion, over farming and water shortage; 8 The problems of climate change for many years have not been addressed with the appropriate level of priority and sustainability owing to fears of life of future generations.

**Contribution of science and technology-**· New seed varieties, e.g. for rice, result in crop yields three to four times higher than those achieved with the best varieties of the 70s; · Already with the drilling technology available today it would be possible to use geothermal energy (utilization of heat from the earth's core), the potential of which is about 1000 times greater which would not pose any additional risk for the climate; · Great progress has been made in photovoltaic cells, which allow direct conversion of sunlight to electricity · In information and communications technology advances have been achieved which even the experts 30 years ago considered impossible; ·

**Role of Corporate sector-**Sustainable global development will not be possible without a change of values and a resulting change in the way we think and behave in crucial areas. Different stakeholders expect different things as to the social responsibility. Definitions of what are perceived to be legitimate corporate social responsibilities have accordingly been considerably expanded in the last 50 years and are subject to a greater pluralism of opinion. Corporate social responsibility can only be defined in the light of what the majority of people in society regard as a "fair" division of labor. Companies cannot define these things for themselves with any claim to a universal validity of such definitions. Concept of sustainable development was brought into focus by Brundtland Report (It is the report of Brundtland Commission - 'Our Common future', 1987). It states that economic growth has to be environmentally sustainable. There is no economic growth without ecological costs. Sustainable development is a concept. It underscores that rate of consumption or use of natural resources should approximate the rate at which these resources can be substituted or replaced. It further requires that a nation or society is able to satisfy its requirements - social, economic and others - without jeopardising the interest of future generations. India's population has crossed one billion mark. We are adding more than one Australia in

terms of population each year. More people mean more pressure on resources, more consumption of energy, more production of wastes, including greenhouse gases—all having adverse effects on environment. India since early 1990s opted for a major economic transition towards free market economy. In order to ensure the success of such an economic transition, it is imperative that the economists take into account short and long-term ecological costs. High economic growth means high rate of extraction, transformation and utilisation of nonrenewable resources. We must realise that though higher rate of GNP is important, equally important is the rate of regeneration of natural resources

Sustainable Development recognizes that all development decisions must simultaneously consider aspects of Economy, Environment, and Equity. In 1987, the United Nations released the Brundtland Report, which defines sustainable development as 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs.'<sup>6</sup> If future generations are to enjoy a high quality of life, then this generation's plans must include opportunities for our communities' most disenfranchised stakeholders and they must guarantee the integrity of our natural resources. The most comprehensive global development initiative was the 1992 governmental United Nations Conference on Environment and Development (UNCED). New pathways were opened for public participation in intergovernmental communications, allowing for increased communication and cooperation between governmental and non-governmental organisations. Rio Declaration on Environment and Development proclaimed *inter alia* that, Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature. United Nations Environment Programme (UNEP) Provides information on the State of the Global Environmental Issues, but one must realise that increased development and higher GNP are related to environmental damage and resource depletion. Therefore, an element of resource regeneration and positive approach to environment have to be incorporated in developmental programmes.

About 10% of world's population depends directly on mountain resources but the mountain ecosystem is undergoing degradation with the result that inhabitants of hills are facing resource crunch and poverty. Major adjustments are required in agricultural policy vis-a-vis environment both in developed and developing countries for increasing food production and farm products. Agricultural output is dependent upon fertilizers (natural or artificial) and pesticides; both of these have environmental implications. The marine environment is being constantly polluted by sewage, plastic, metals and other organic compounds. Most of the industries are not fully sensitive to the damage to the environment. This attitude has to change. A few businesses have realised that environment can provide competitive advantage. The Indian civilisation had respect for environment but this has now been forgotten by us. Over 6000 years ago, flourishing civilisations of Mediterranean, Babylonian, Nile Valley, Indus Valley crumbled because these civilisations were not concerned with the importance of environment. Energy is derived from non-renewable and renewable resources and the former are in the process of depletion. These are fossil fuels - oil, coal and natural gas. It took millions of years to build up these resources. Renewable resources are solar energy, wind energy, water energy and biomass. Approximately 80% of the world's energy is produced by fossil fuels. In France, the French Atomic Energy Commission established nuclear reactors which produce enough energy to meet 70% of country's energy requirement. renewable energy resources are solar, wind, biomass (specially wood) and hydropower. Among non-conventional resources, hydropower is the largest. Hydropower potential is huge and at present only 15 per cent of the potential in the developing world is being utilised.

The country is relatively well endowed with both renewable and exhaustible energy sources. India also has substantial reserves of nuclear fuels—the world's largest deposits of thorium, about 363 thousand tonnes, and about 34 thousand tonnes of the uranium ore. India also has reserves of natural gas. The potential of renewable energy in the country is estimated at 100,000 MW. These include solar, wind, biomass,

and small hydro sources. Biomass includes large quantities of cattle dung and human excreta, agricultural residues, and biogases. A new approach to energy management is required. Focus should be on industrial ecology means application of ecosystem concept to industry which means linking the activities of one enterprise to that of another. Industrial ecosystem, as mentioned above, is based on minimisation of raw material use, waste production and optimisation of energy. Business Ecology goes beyond the practices of Industrial Ecology and includes other aspects of business too, such as environmental economics, unsustainable development, quality management and strategic management from ecological point of view. Conservation, recycling and preventing environmental damage are the lessons we learn from any ecosystem.

A sustainable global development will not be possible without a change of values and a resulting change in the way we think and behave in crucial areas. A company is supposed to offer good-quality products and services on the market that meet effective demand. In the process it should offer employees good working conditions and treat them fairly. In addition, the environment should be protected in a sustainable manner, all laws and regulatory requirements should be observed and taxes paid. Country's forest resources are not being managed to their full potential. One major factor that has contributed to the deterioration of forest resources in the country is the lack of adequate financial resources. Corporates must give due consideration to it. The involvement of the private sector needs to be encouraged through research and extension support, input supplies (e.g., technology, planting stock), credit facilities, utilisation and marketing facilities, and other incentives. The private sector comprising individuals/farmers, cooperatives, and indus-

try has a large role to play in management of forests. Preservation and protection of wildlife is important from the ecological point of view. Companies are beginning to learn that environmental concerns are important. And rightly so. They need to realise that ethical considerations must permeate into the entire organisation to achieve the goals of sustainability. The ideology of 'profits only' must be discarded. No doubt, unethical practices may give an initial advantage but it can tarnish company's image sooner or later. Life is rich and worth living, if we have rich biodiversity and non-degraded environment. The issues of environmental degradation, resource depletion, air or water pollution are such issues that concern human welfare and, hence these issues must be resolved.

It is a larger issue that concerns ethical behaviour of all organisations ranging from international bodies, national governments, opinion makers, media, intelligentsia, public and private enterprises. This calls for a need to exploration of crucial issue of relationship between environmental or ecological insights and our social and political systems. The discovery of ozone hole became a matter of great concern because trade and industrial interests of many countries were involved. European and Japanese were afraid that if there would be a total ban on the use of CFCs, their refrigeration industry would suffer. According to P.M. Sinha, president, FICCI-SEDF and co-chairperson, FICCI Committee on CSR & Community Development, "CSR is gradually metamorphosing from a mere philosophy to a strong business case for Indian industry. Over the years, the nature of the involvement of business houses with social causes has undergone a sea change. It has moved away from charity and dependence to empowerment and partnership. This is necessary not only for growth of business, but also for 'inclusive growth' in the country,"<sup>7</sup>

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