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## **CORPORATE SOCIAL RESPONSIBILITY**

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### **Abstract**

With the changed economic scenario, the way of functioning of corporate sector has changed a lot and this has made corporate sector more accountable and responsible towards different aspects of business. Corporate Social Responsibility is one of that aspect which is playing crucial role not only for the society but also for all the stakeholders who have stake in that specific business. Corporate Social Responsibility is all about what an organization does to positively impact the society in which it exists. It's nothing but the commitment of a business organization that it will work ethically and will promote social welfare. Corporate social responsibility is known by many names such as corporate citizenship, corporate responsibility. There are so many factors which are truly responsible for its emergence like globalization, increased awareness of stakeholders etc. The basic philosophy behind it is to contribute to the all round development of society in which business organization grows, along with accomplishing its mission of creation of wealth. Corporate Social Responsibility pays positively to any business organization if it's undertaken with due diligence, positive approach and with properly framed strategies. In this research paper, an attempt has been made to review and analyze all the aspects related to corporate social responsibility and the prominence of "Triple Bottom Line" (TBL) in it. This paper aims to study how corporate social responsibility is worthwhile and beneficial for the corporate sector, society as well as for all the stakeholders. One thing that can be said with surety is that corporate social responsibility is the need of an hour and corporate world is looking at it as a business opportunity to serve the society and for penetrating their position in the market.

### **Keywords**

Corporate Social Responsibility (CSR), Corporate Sector, Ethical, Growth.

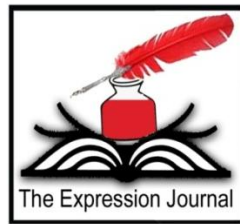
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### **Introduction**

In today's highly competitive world, corporate sector cannot survive in isolation if they want to have competitive advantage and sustainable success of their business. They will have to adopt an approach that can help them to inculcate the ethics and morality in their work behavior that not only assure simultaneous growth of business along with the growth of society but will also be helpful to business to cover long journey of success. For today's corporate sector that approach is Corporate Social Responsibility.

CSR is Union of Three Words: Corporate, Social and Responsibility.

- i) Corporate defines organized business.
- ii) Social relates to everything dealing with the people.
- iii) Responsibility defines accountability between the two.

Thus, CSR is nothing but what an organization does to positively influence the society in which it exists. It could be in the form of healthy public relations, special scholarships, preservation of cultural heritage, creation of pollution free environment, beautification of surroundings, volunteer assistance programmes etc. The basic thinking behind adopting this approach is to return to the society what the organization has taken from it for the successful establishment of its business. Many times CSR seems to be synonym of philanthropic activities but in reality both are totally different in many ways. CSR is more than the term philanthropy. Corporate Citizenship is a commitment to improve community well being through voluntary business practices. It is not a business activity mandated by law or moral or ethical in nature but expected of the corporate. Thus, corporate responsibility is achieved only when a business adopts all of its practices that meet the ethical, legal, commercial and public expectations.

There are so many factors which are truly responsible for its emergence like globalization, increased awareness of stakeholders, Government and inter Governmental bodies such as UNO, ILO, and OECD etc. Corporate Social Responsibility pays positively to any business organization if it's undertaken with due diligence, positive approach and with properly framed strategies. CSR helps a company in creating a favorable public image, creating a dedicated work force, discourage excessive regulations or intervention from the Government, increases credibility etc. The concept

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of “Triple Bottom Line” (TBL) is based on the premise that business entities have more to do than just make profits for the owners of capital, only bottom line people understand. People, Planet and Profit is used concisely to describe the triple bottom line.

CSR has been the part and parcel of so many eminent business organizations. Some of the companies like Tata Group, Wipro, Mahindra Group, GAIL, Infosys Technologies etc have apprehended the value of CSR and had included these activities as a part of their mission.

## Objectives of the Study

- To study the concept of Corporate Social Responsibility (CSR).
- To examine the factors influencing its successful implementation in the corporate sector.
- To comprehend how the Triple Bottom Line (TBL) relevant to CSR.
- To study how CSR is different from philanthropic activities.
- To know how CSR positively impact the survival of corporate sector.

## Research Methodology

This research paper is primarily based on secondary data literature review. Based on the information available on different websites, national and international research papers, books, this paper makes an assessment of the concept of CSR, causes responsible for the emergence of CSR, the prominence of (TBL).

## How CSR is More Than Philanthropy?

Philanthropy can be equated with the benevolence and charity for the poor and needy. CSR on the other hand, is about how a company aligns their values to social causes by collaborating with their investors, suppliers, employees and the society as a whole. Corporate Philanthropy and CSR differ with respect to following aspects.

Corporate Philanthropy	CSR
<ul style="list-style-type: none"><li>• It's a narrow prospective.</li><li>• It's a selfless giving.</li><li>• It focuses more on financial activities of the company.</li><li>• It does not require outside expertise.</li><li>• It deals with humanitarian causes.</li><li>• It assures short term viability.</li></ul>	<ul style="list-style-type: none"><li>• It's wider in approach.</li><li>• It's not a selfless giving.</li><li>• It focuses on the “profits, People and Planet”.</li><li>• It requires outside expertise to manage different programs to run for community.</li><li>• It deals with business basics and ethics.</li><li>• It assures long term sustainability.</li></ul>

## Triple Bottom Line Approach of CSR

The concept of TBL has gained utmost importance in the broader concept of CSR. The concept of “Triple Bottom Line” (TBL) is based on the premise that business entities have more to

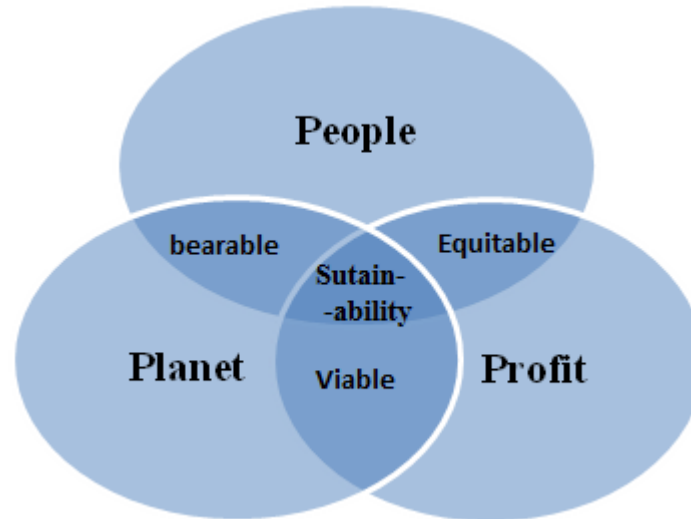
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do than make just profits for the owners of capital, only bottom line people understand. People, Planet and Profit is used concisely to describe the triple bottom line.



The above shown diagram shows the interconnection between the three terms required for sustainable business growth.

“**People**” (Human Capital) relates to fair and humanitarian business practices towards the labor and employees. The issues related to people faced by the organization include health, safety, education and literacy, prevention of child labor etc.

“**Planet**” (Natural Capital) refers to sustainable environmental practices. It involves the activities that do not harm and curtails the environmental impact such as waste management, afforestation, bio-diversity and land use, ozone layer depletion, water and energy management etc.

“**Profit**” is the bottom line shared by all commerce. Profit is concept related to revenue generation which certainly and positively impacts the long term value of company.

TBL in short explains that the corporate activities should have bearable affect on planets, corporate efforts should not be discriminated and people should be treated equally. It also suggests that profits earned by the business organization should be adequately viable to ensure sustainable growth and prosperity.

## **Factors Affecting Implementation of CSR**

CSR is deliberately taken action of corporate sector but its success is dependent phenomenon. Globalization, increased awareness of stakeholders, guidelines of Government and Inter Governmental bodies are some of the factors which are truly responsible for its emergence and implementation. Some are as follows:

- Due to emergence of multinational companies, cross border trade, global supply chains, globalization, the CSR is raising concern among corporate. The prime reason behind such importance is to be in direct competition with the multinationals.
- Presently the implementation of CSR is not only governed by the personal ethical behaviors of corporate. Infact, they are supposed to adopt CSR as part of their functioning as per the guidelines and regulations framed by various Government and Inter-Governmental bodies such as UNO, ILO, and OECD etc. that outline the social norms for acceptable conduct.



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- Because of the advancement and modernization of information technology, it has become quite easy to have vigil eye on the corporate functioning and to track the level of activities which are specifically meant for society and affecting the social conduct.
- The enhanced level of awareness among the stakeholders is most important factor affecting the implementation of CSR. These days, investors are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues.
- Last many years had witnessed the numerous breaches of corporate ethics and norms and these things had resulted into loss of trust among the stakeholders regarding the functioning of corporate. They no more rely blindly on the corporate work behavior and this leads to the growth and in-depth evolution of the concept of CSR.
- Business organizations have realized that without being social, they can't have long term viability. The sole objective of short term profitability can only be achieved without paying attention to CSR.

## Positive Impacts of CSR

Business cannot exist in isolation; business cannot be oblivious to societal development. The social responsibility of business can be integrated into the business purpose so as to build up a positive synergy between the two.

- CSR creates a favourable public image which acts as a magnet to attract customers.
- CSR activities build up a positive image encouraging social involvement of employees which in turn helps in creating a sense of loyalty, dedicated work force.
- By adopting CSR as part of its functions, corporate get success in impressing the Government authorities and this leads to the reduced interference and excessive regulations of government and statutory bodies. Thus, it gives greater freedom and flexibility to business enterprise in its functioning.
- Inculcation of CSR approach has helped corporate to be more global in their work and this has been very fruitful in generation of huge profits.
- CSR helped business enterprises to gain trust of its stakeholders. CSR helped to maintain healthy and long lasting relationship of business enterprise with its stakeholders.
- TBL as part of CSR ensures healthy and positive impact on planets, equitable treatment of people and also ensures the profits adequately viable for sustainable growth and prosperity.
- CSR helps in reducing the risk level and maintain the brand image of the firm by ensuring the avoidance of non-corruptive practices.
- By following the CSR practices a firm can differentiate itself from rest of the corporate. The companies following CSR earns good reputation and succeed in having competitive advantage.

## Conclusion

After conducting this study, it can be summarized that CSR is the continuing commitment by business to behave ethically, morally and contribute to the economic development while improving the quality of life of work force, local community and the society as whole. Corporate social responsibility is the need of an hour and corporate world is looking at it as a business opportunity to serve the society and for penetrating their position in the market. CSR is

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deliberately taken action of corporate sector but its success is dependent phenomenon. Globalization, increased awareness of stakeholders, guidelines of Government and Inter Governmental bodies are some of the factors which are truly responsible for its emergence and implementation. Thus, in nutshell, we can conclude CSR means open and transparent business practices that are based on ethical values and respect for employees, communities and the environment. It is designed to deliver sustainable value to society at large as well as to shareholders.

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