
Research Papers



CORPORATE SOCIAL RESPONSIBILITY TOWARDS ENVIRONMENT - LEGAL SCENARIO IN INDIA.

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Abstract:

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or responsible business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms.

With some models, a firm's implementation of CSR goes beyond compliance and statutory requirements, which engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law". The binary choice between 'complying' with the law and 'going beyond' the law must be qualified with some nuance. In many areas such as environmental or labor regulations, employers can choose to comply with the law, to go beyond the law, but they can also choose to not comply with the law, such as when they deliberately ignore gender equality or the mandate to hire disabled workers. There must be a recognition that many so-called 'hard' laws are also 'weak' laws, weak in the sense that they are poorly enforced, with no or little control or no or few sanctions in case of non-compliance. 'Weak' law must not be confused with soft law. The aim is to increase long-term profits and shareholder trust through positive public relations and high ethical standards to reduce business and legal risk by taking responsibility for corporate actions. CSR strategies encourage the company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

Proponents argue that corporations increase long-term profits by operating with a CSR perspective, while critics argue that CSR distracts from businesses' economic role. A 2000 study compared existing econometric studies of the relationship between social and financial performance, concluding that the contradictory results of previous studies reporting positive, negative, and neutral financial impact, were due to flawed empirical analysis and claimed when the study is properly specified, CSR has a neutral impact on financial outcomes.

Critics questioned the "lofty" and sometimes "unrealistic expectations" in CSR or that CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

Political sociologists became interested in CSR in the context of theories of globalization, neoliberalism and late capitalism. Some sociologists viewed CSR as a form of capitalist legitimacy and in particular point out that what began as a social movement against uninhibited corporate power was transformed by corporations into a 'business model' and a 'risk management' device, often with questionable results.

CSR is titled to aid an organization's mission as well as serve as a guide to what the company represents for its consumers. Business ethics is the part of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR. Public sector organizations (the United Nations for

example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles, but with no formal act of legislation.

INTRODUCTION

As a method of executing human rights, labour and environmental standards, Corporate Social Responsibility (CSR) has for quite some time been talked about as a conceivable solution for the imbalances made and exacerbated by monetary progression and globalization. It thinks about that as an organization isn't only a conceited benefit making element yet that the organization and its activities are likewise indispensable to the economy, society and condition in which they work (Herrman, 2004).

In contemporary financial situation the idea of CSR has turned out to be generally incorporated with business ethic in all parts of the world. The need of CSR is significantly more earnest in creating nations where monetary variations are more articulated and both nature and society are considerably more defenseless against human actuated ecological perils.

India is a country of magnificent contradictions. The nation is generally perpetrated with bewildering monetary uniqueness among urban, semi-urban and country masses. Market based financial practice has additionally enlarged the extent of disparities in the nation. The rising business culture of benefit and rivalry has increasingly minimized social welfare issues, for example, wellbeing, training and standardized savings for the helpless area of the general public into simply a fringe interest.

Given that, the legislature of India alongside dynamic common society cooperation has endeavored to make a feeling of business morals and obligation among the corporate both by legitimate and ideological means. There are numerous cases where corporate have assumed an overwhelming part in tending to issues of instruction, wellbeing, condition and jobs through their corporate social obligation mediations the nation over. Private business ventures like, TATA, Birla and Reliance are honing the CSR for a considerable length of time, some time before CSR rose as a standard to build up a culture of social welfare and natural manageability among the main financial goliaths of the nation.

Meaning and Definition of Corporate Social Responsibility

CSR and business ethic concentrates basically on capacity building, empowerment of communities, more comprehensive financial development, condition supportability, advancement of earth amiable and vitality effective innovations, improvement of immature locales, and upliftment of the minimized and under-special segments of society. By and large, CSR implies that enterprise and organizations as a rule while dealing with their fundamental objective of expanding their investors' benefit ought to likewise remember the societal concerns and needs and act mindfully towards the general public in which they work (Melikyan, 2010). World Business Council for Sustainable Development has characterized CSR as "the dedication of business to add to supportable monetary advancement, working with representatives, their families, and the neighborhood groups".

The term corporate social performance was first authored by Sethi (1975), extended via Carroll (1979), and after that outfitted by Wartick and Cochran (1985). Nonetheless, the credit to characterize CSR at the worldwide level goes to Howard Bowen (1953) who featured the status and level of duties that business class ought to acknowledge. Liberal mastermind Milton Friedman characterized the idea CSR regarding proprietor's destinations and partner responsiveness which perceives immediate and roundabout partner interests .

Development of the Concept of Corporate Social Responsibility

The idea of CSR first developed in the nineteenth century in Great Britain (Asongu, 2007). In any case, it was in the United States (US) which encountered the developing enthusiasm for CSR in the 1970s (Vogel, 2005). Being as the main planner of neo-liberal financial model, the duty to convey social administrations, for example, annuities and medicinal are basically performed by corporate division.

The scope of CSR was extended in the 1980s which incorporated corporate destinations with the social duty of business consequently making it answerable to tend to condition, workers and

furthermore make great benefits. The globalization of economy additionally featured the significance of corporate obligations in other created nations of the world.

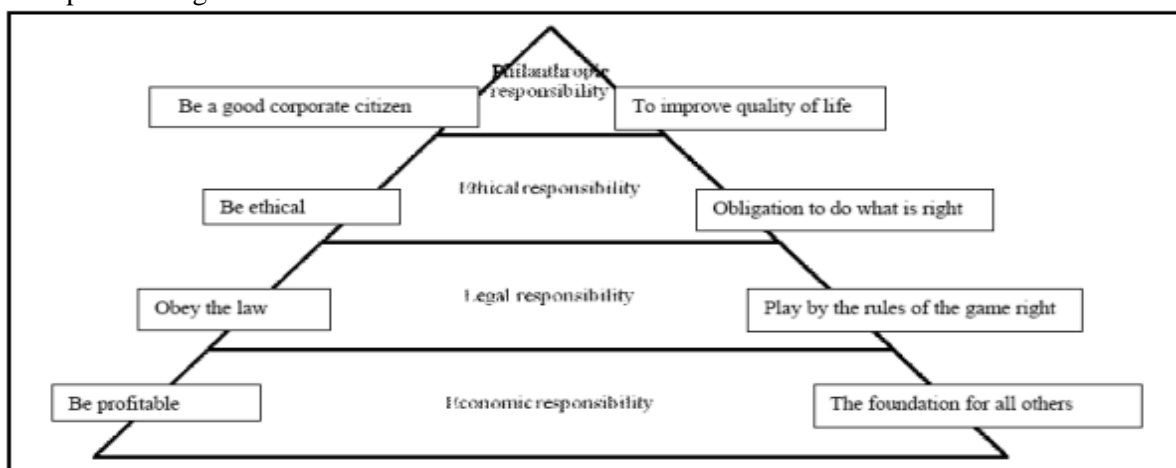


Figure 1: The Pyramid of Corporate Social Responsibility.

In the 1990s, Peter Drucker and numerous different creators proliferated CSR as a piece of corporate procedure.

Carroll (1991) exhibited a more efficient succession of the improvement of CSR in his model as a pyramid which is appeared in the figure 1.

Carroll demonstrated that every one of these obligations have dependably existed to some degree, yet it was just as of late that ethnic and donor measurements have risen an exceptionally necessary piece of business.

In addition, the post - 2000 period is seen as expanded systematization of CSR laws and enactment. Albeit, social and ecological obligations of corporate world has not yet been classified and standardized with coercive system in universal political field. There are three critical non-restricting institutional improvement in regards to CSR. In the first place, is the OECD (Organisation for Economic Co-Operation and Development.) Guidelines which were embraced in 1976 and were considerably changed in 2000. The OECD approach Guidelines expect to "energize the positive commitments that multinational endeavors can make to financial, natural and social advance and to limit the troubles to which their different operations may give rise" (OECD, 2010). Second, the 180 individuals ILO (International Labour Organisation) presentation set up in 1977 and updated in 2006 offers direction in the fields of general strategies, business, preparing, states of work and life and additionally modern relations (ILO, 2010). The point of the ILO Declaration was to "support the positive commitment which multinational ventures can gain to monetary and social ground and to limit and resolve the troubles to which their different operations may give rise" (ILO, 2010).

At long last, the UN Global Compact activity, propelled in 2000, likewise featured the significance of corporate social obligation activity in accomplishing the MDGs (Corell, 2005). More finished, the United Nations Millennium Campaign, began in 2002, expects to guarantee more extensive open and private investment to accomplish the next Millennium Development Goals (MDG). "The Millennium Development Goals set time bound focuses, by which advance in diminishing salary neediness, hunger, sickness, absence of sufficient safe house and avoidance – while advancing sexual orientation uniformity, wellbeing, training and ecological manageability – can be estimated. They likewise epitomize fundamental human rights – the privileges of every individual on the planet to wellbeing, training, safe house and security".

In India, corporate social obligation started as philanthropy and customary generosity which was overwhelmingly impacted by Gandhian Ethical financial model. The Ethical model was trailed by Statist model of Nehru. The Statist monetary model underlined on the state possession and legitimate necessities to choose the corporate duties.

After 1970, the Liberal model bolstered by Milton Friedman concentrated on adherence to law and making of riches and satisfying CSR through tax assessment and private beneficent decisions. The post-1990 period experienced more straightforward engagement of corporate in standard improvement and worry for hindered gatherings of society. This was apparent from an example study

led in 1984 revealing that of the sum organizations spent on social improvement, the biggest entirety 47 percent was spent through organization programs, 39 percent was given to outside associations as help and 14 percent was spent through organization puts stock in (Prabhakar and Mishra)

All the more essentially, the as of late passed Companies Bill which supplanted 1956 Companies Act has made CSR spending and revealing more stringent. The Bill makes the arrangement to constitute a Corporate Social Responsibility Committee of the Board for organizations with having a particular benefit layer. The Committee comprises of at least three chiefs, out of which no less than one executive should be a free executive (Ministry of Law and Justice. The Board's report under sub-segment (3) of area 134 should unveil the arrangement of the Corporate Social Responsibility Committee (Ministry of Law and Justice).

Clauses 134 and 135 of the Act indicates that organizations with total assets more than Rs 500 crores, or turnover more than Rs 1000 crores, or net benefit more than Rs 5 crores are required to constitute a CSR board of trustees to plan CSR strategy for the organization. Organizations are currently required to spend at least 2 percent of normal net benefit earned amid going before three years previously plan of the arrangement (Singh and Agarwal).

Facilitate more, Section VII of the Companies Bill has extensively broadened the ambit of CSR exercises which now incorporates:

- Poverty eradication
- Promotion of training, sexual orientation fairness and ladies strengthening
- Reducing tyke mortality and enhancing maternal wellbeing
- Combating AIDS/HIV, intestinal sickness and different ailments
- Ensuring ecological supportability
- Employment-upgrading professional aptitudes and social business ventures
- Relief and assets for financial advancement, for example, for welfare of SC/ST, OBCs, minorities and ladies.

Current Trends and Status of Corporate Social Responsibility in India

Late investigations and studies have demonstrated that India's CSR execution of open segment ventures has positioned a portion of the best in Asia. For example, Coal India Ltd. (CIL) directed to put US\$ 67.5 million out of 2010-11 on social and ecological causes. Correspondingly, NALCO has contributed US\$ 3.23 million for advancement work in Orissa's Koraput area as a major aspect of its CSR (Prabhakar and Mishra). India has set up a worldwide stage to grandstand the CSR execution of Indian business substances.

In a similar vein, Confederation of Indian Industry (CII) and the TVS Group worked together to set-up the CII-TVS Center of Excellence for Responsive Corporate Citizenship in 2007.

Given this, India has been named among the main ten Asian nations for its accentuation on CSR divulgence standards. The social endeavor CSR Asia's Asian Sustainability Ranking (ASR), discharged in October 2009, positioned the nation fourth in the rundown. Likewise, in September 2010, 'Maintainability in Asia Reporting Uncovered' in view of four parameters viz. General, Environment, Social and Governance has situated India just second in nation positioning in Asia and is positioned as first as a rule classification.

Notwithstanding, private business substances have created a blended response from overall population. There is no denying to the way that a portion of the private ventures has extensively contributed towards manageable improvement and social welfare projects, for example, expanding green spreads, acquaintance of more refined innovation with decrease Greenhouse Gases outflow, expanded commitment in wellbeing, instruction, advancement of provincial framework and empowering the young to get business and along these lines carry on with an existence of poise and respect.

Business firms like, Reliance Industries, Tata Motors and Tata Steel have accomplished adoration for their corporate social obligation activities. Also, worldwide business goliath IBM (International Business Machine) has teamed up with the Tribal Development Department of Gujarat to encourage improvement of inborn in the Sasan territory of Gir woodland (Prabhakar and Mishra).

In any case, the race to enhance benefits has similarly added to ecological corruption in numerous parts of the nation. For example, the Comptroller and Auditor General of India, in its most recent report drew out some genuine inconsistencies on the strategy of compensatory afforestation

which plans to giving over backwoods lands for improvement and modern tasks in return for woodlands being developed on elective grounds and accumulation of net present estimation of the redirected arrive from the businesses.

The CAG has noticed that against the forestlands gave over to advancement ventures, 1,03,381.91 hectares of non-forestlands were to be changed over to woods. Out of this lone 28,086 hectares were gotten and out of this compensatory afforestation was done over an insignificant 7,280.84 hectares – only 7 for each penny of the land that should have been gotten. The report uncovers that a portion of the main corporate elements of the nation were given huge monetary and lawful increases while conveying government backwoods arrives infringing upon Supreme Courts' request and timberland laws (Sethi). It is in this manner vital reinforce law authorization and checking system to control such abnormalities in ecological and social duty of the corporate.

Strategy to Ensure More Effective Corporate Participation

According to Herrmann (2010) a powerful CSR administration needs to center of four imperative issues: setting benchmarks; observing consistence with norms and uncovering manhandle; making restricting lawful commitments; and implementing those coupling laws.

Be that as it may, in an ear of regularly expanding hunger for more rich way of life it is turning into an overwhelming undertaking to take after Herrmann's thought of powerful CSR execution. Corporate working in a market based economy has confidence in the quality and cost of an item keeping in mind the end goal to pull in most extreme quantities of customers. The national governments in both created and creating nations are under enormous weight from corporate monsters to limit limitations on their financial interests. Truth be told, capable worldwide business elements impact government strategy making in an awesome degree. The present verbal confrontation on environmental change issue amongst created and creating nations and the west's hesitance to go into a legitimately restricting green house gasses moderation ascension demonstrates the nonappearance of CSR and business ethic remains a serene issue for the worldwide corporate. Along these lines, stringent authorization of CSR laws and enactment has an exceptionally constrained probability to bring wanted outcomes.

There is a need to sharpen corporate and business classes toward advancing a culture of economical advancement and sympathy towards nature and ecological helpless segment of the general public. The ideological mechanical assembly remains a positive and productive procedure to guarantee more noteworthy consistence from corporate towards accomplishing the objective of manageable advancement and a more humanistic variant of monetary improvement. Non-legislative association, common society and media need to assume a critical part in such manner.

Gandhian moral model could fill in as a solution for fit the contention between monetary advancement, natural security and social welfare. It is advantageous to cite what Mahatma Gandhi said in Harijan in 1942, "the rich ought to consider well regarding what is their obligation today... .. In any case, comprehend that your riches isn't yours; it has a place with the general population. Take what you require for your authentic needs, and utilize the rest of society"

Actually, the whole structure of society is interconnected and related. Corporate necessities individuals, crude material and a tranquil and empowered condition to offer acquired products which are accessible just in a general public. Late overviews have additionally demonstrated that customers have liked to purchase the results of those business substances which are more touchy towards CSR. It is accordingly for the best of corporate enthusiasm to orchestrate individual enthusiasm with bigger open enthusiasm for the more noteworthy welfare of society and additionally corporate.

CONCLUSIONS

Although, there are sufficient laws which focus on CSR towards ensuring a more balanced, agreeable and welfare arranged formative approach. However, there has been constrained achievement in accomplishing the objectives of CSR. Given the questionable monetary situation combined with across the board destitution and joblessness, it turns out to be exceptionally troublesome with respect to government to make stringent move against national and multinational business firms to guarantee more prominent consistence to CSR laws and enactments. Similarly, bring down natural and work models of remote direct venture targets are speaking to trans-national corporate on the grounds that such tolerance supports creation proficiency and builds intensity

temporarily, coming about into expanded benefits and profitability (Herrmann, 2004). This is one of the main sources for aloofness to emphatically implemented laws identified with CSR in India.

It is similarly evident that the connections between different partners in business are winding up more straightforward, reliant, dependable and agreeable. Nation's open part endeavors have extraordinary compared to other CSR positioning on the planet and a portion of the private division firms have similarly earned acclaim for their endeavors in the area of training, wellbeing and welfare situated plans. Huge welfare plans like national Food security Act require dynamic budgetary backings from corporate to make such plans a win.

Non-administrative associations, common society and media have additionally upgraded the degree for more noteworthy collaboration and amicability amongst corporate and the general public in which they work. At long last, we have a welfare arranged majority rules system in which our political classes ought to be touchy towards the welfare of the normal masses.

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