

# Corporate Social Responsibility Towards Community

Poonam  
Assistant Professor  
Department of Management,  
Govt. P.G. Nehru College, Jhajjar

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## Abstract

Business is a part of society because business depends upon society for input like man money skills .due to this business has certain responsibility towards Community. Earlier the business was considered good which was earning huge profit for its owner but today the situation has changed. Today the responsibility of business is not limited to its owner alone rather it has assumed large dimension .Businessman must consider it to be their duty to fulfill social responsibility like using part of their profit for pollution control, tree plantation ,improving social condition ,opportunity for employment ,promotion to social and cultural value. This paper then discuss the role of corporate social responsibility in community development because the very logic of corporate social responsibility is towards seeing its impact in community socially ,environmentally and economically

**KeyWord:** Corporate social Responsibility, Community development

## Introduction

The issue of corporate social responsibility (CSR) has been debated since the 1950s. Latest analyses by Secchi (2007) and Lee (2008) reported that the definition of CSR has been changing in meaning and practice. The classical view of CSR was narrowly limited to philanthropy and then shifted to the emphasis on business-society relations particularly referring to the contribution that a corporation or firm provided for solving social problems. In the early twentieth century, social performance was tied up with market performance. The pioneer of this view, Oliver Sheldon (1923, cited in Bichta, 2003), however, encouraged management to take the initiative in raising both ethical standards and justice in society through the ethic of economizing, i.e. economize the use of resources under the name of efficient resource mobilization and usage. By doing so, business creates wealth in society and provides better standards of living.

The present-day CSR (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their employees and their families as well as for the local community and society at large.

CSR simply refers to strategies corporations or firms conduct their business in a way that is ethica land society friendly. CSR can involve a range of activities such as working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers and their families, and involving in activities for environmental conservation and sustainability.

## Review of Literature

Windsor (2001), article examined the future of Corporate Social Responsibility or the relationship between business and society in long run. The researcher tried to find out that whether the organization and society will come closer to each other in future or not and what will be the changing phase of CSR. With the help of history or past trend of CSR, Carroll's model analysis and in global context, the researcher found three emerging alternatives of CSR i.e. conception of responsibility, global corporate citizenship, stakeholder management practices.

Nigel Sarbutts (2003), the paper explored the way of doing CSR by small and medium sized companies. The research depicted that a structured approach to managing corporate reputation and profit maximization of SME's through CSR. The societal activities of small and medium sized companies is based on their cost is Benefit Analysis. Small Corporation always struggle for more reputation and minimization of risk. In such a situation, CSR comes as hope for these companies. Large companies have so many resources for implementing CSR activities but SME's have less resources. It can be a barrier for them to stay in the market. So, in that situation by imparting much information, proper utilization of resources, doing well for businesses, SME's can minimize their risk and manage CSR.

A speech delivered by Mr. Fredrick Ma, secretary for financial services, based on Corporate Social Responsibility (2004) organized by the British consulate. The speaker explored the concept of CSR on the basis of survey of 1500 business leader attending the world economic forum in bevos. In which 5% leaders said that CSR is important for the success of business, while 24% said CSR is not important but the share holder's interest is most important for the businesses. But for the speaker, CSR and corporate governance are complementary to each other. Corporate governance is a medium of driving CSR among corporate. Further the speaker also talked about the role of government in CSR, SME's as well as for unlisted companies. It was also included in their views that CSR should be a part of company's objective.

Moon (2004), paper examined the role of government in driving corporate social responsibility among the corporate. The study explained that the drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employee's relation knowledge, goals etc. further, the study cleared that government is driver of CSR by making this relationship true and fair through making through making policies and regulations. The study also embarked other's country's situation that how their government entered into businesses for driving CSR.

Samuel O. Idowu (2007), with their study of twenty companies in U.K., propounded that the U.K. companies has now become ethical in the content of social responsibility as companies disclose its CSR with a view of public benefits, government request and issue information to stakeholders because the companies think that stakeholders of twenty first century are better educated them past.

Vaaland, Heide (2008), paper based on a case study methodology. The paper purpose was to handle the CSR critical incidents and utilize this experience in enforcing the CSR activities. The study concluded that CSR should be managed by handling unexpected incidents, long term reduction of gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities.

Gond, Crane (2008), made an analysis on the distortion of corporate social performance concept. The research analyzed that the past researches and found some reason of emerging fall in the interest of corporate social performance research among the scholars. The paper also suggested models on the basis of which the researcher explained that why the CSP concept has lost its importance and development. Further, the researcher depicted some model which the researcher can used in their research related to corporate social performance. The paper argued that tensions and contradictions are the starting point to develop the CSP concept. CSP has an umbrella of activities which need to measure differently in order to move the researches from a simple concept to development.

Truscott, Bartlett, Trwoniak (2009), paper "The reputation of Corporate Social Responsibility industry in Australia" in Australian marketing journal, based on case study methodology. On the basis of the interview of key persons of industries in Australia, the term CSR has been explained. The industrialist revealed that CSR increasingly has become significant. They shared their views of CSR in economic, legal and ethical roles of business in society. Beside this, the industrialist viewed CSR as a model of corporate reputation.

Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc. In reverse, the

organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.

Mc William & S. Seigal (2010) provided the importance of CSR as a strategy of enhancing reputation of companies. The study indicated that firms selling convincing goods which comes under the umbrella of CSR activities, leads to consumer loyalty and increased revenue. Further the study also indicated the importance of advertising for providing information to consumers about the social welfare activities of the firm. Beside this the study also included the importance of media and T.V etc. in order to aware the consumers about firm's activities and increasing as well damaging the reputation. In this way the study concluded about the reputation of firm through CSR.

Hartman (2011), article "Corporate social Responsibility in the food sector" in European review of agriculture economics journal, analyzed the importance of CSR in food sector, particularly those companies which have high brand. CSR is an important part of these companies. But SME's are less capable in discharging their obligation towards society. Further, the research found that food sector always tries to improve the controlling and discharging its services towards consumers. Consumers also prefer those brands or food firms which give preference to CSR activities and provide good product and services.

Mallen (2012), In this article the researcher depicted that how the trends of CSR have changed from last so many years. This change has affected both the society and business. The researcher explained three basic things about the changes in trend. These are:

- Firstly, the relationship between business and society has changed. This is happening because of social and environmental problem around the world. Because of these conditions, business and society came closer.
- Second, the businessman's strategy of developing business also affected society a lot. Businesses new ideas, concept, developments also came with CSR management that reflects in their product and services.
- Third, the other parties like outside agencies and firm's own goals also interfere the firm's activity.

An article published at knowledge @ Wharton on 23 may 2012, recommended that according to changing generation CSR importance are also changing. The researcher said that the next generation of business will give undue importance to the CSR activities while past researchers like Milton Friedman referred CSR as window dressing for businesses. Further, in this article, with the help of several examples it has discussed that companies engaged in CSR are more profitable in terms of money, human capital and other resources. Some companies and researchers termed CSR as cost saver while some taken it as reputation building activities. Lastly, it was concluded that CSR is beneficial for the society as well as business.

## Objective

To study the corporate social responsibility and its role in community development

## Research Methodology:

The research paper is descriptive in nature, based on the secondary data sourced from journals, research paper, website and Books

Available secondary data was extensively used for the study. On the basis of collected data we study the responsibilities of corporate house towards community

## Meaning of Community Development

First of all community is generally defined as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, who live in close proximity and interact on a regular basis. There are shared expectations for all members of the group and responsibility taken from those expectations. The group is respectful and considerate of the individuality of other persons within the community. In a community there is a sense of community which is defined as the feelings of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one's self. Most important there exists community leaders who are responsible for the success of any community event, depending on the needs of the community, and the individual's own feelings. The community leaders are individuals who strive to influence others to take responsibility for their actions, their achievements, and the community welfare.

Community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities. These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community developers must understand both how to work with individuals and how to affect communities' positions within the context of larger social institutions.

CD is the process of developing active and sustainable communities based on social justice and mutual respect. It is about influencing power structures to remove the barriers that prevent people from participating in the issues that affect their lives. Community workers facilitate the participation of people in this process. They enable linkages to be made between communities and with the development of wider policies and programs. CD expresses values of fairness, equality, accountability, opportunity, choice, participation, mutuality, reciprocity and continuous learning. Educating, enabling and empowering are at the core of CD (Federation of Community Development Learning, 2009).

The widely used meaning of CD is the one given by the United Nations (United Nations, 1971) in which CD is an organized effort of individuals in a community conducted in such a way to help solve community problems with a minimum help from external organizations. External organizations include government and non-government organizations, and corporations of various types and sizes such as small and medium enterprises (SMEs) and multinational corporations (MNCs). The implication of UN's definition of CD is, therefore, emphasizing creativity and self-reliance in the community for short and long term goals, but not to defy the CSR roles of the various types of business firms. In relation to the people, the definition of CD is essentially both an educational and organizational process. Another term closely related to CD is community work, which is about the active involvement of CD is the combined processes, programs, strategies, and activities that make a community sustainable as compared to economic development which is the marketing of its potential for growth followed by local efforts to act on opportunities. The entire set of approaches to community development practice may be considered a specialized form addressing, coordinating and building the social infrastructure at a location. CD may be defined as a process of challenging the undesirable and unacceptable disparity of conditions and infrastructure that negatively affect the quality of life in a place where people live and work. It functions best as process in locations where all strata of society and citizenry are engaged with sense of community solidarity (Community Glossary, 2009). The widely used meaning of CD is the one given by the United Nations (United Nations, 1971) in which CD is an organized effort of individuals in a community conducted in such a way to help solve

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### **Skills Needed by CSR Managers in Community Development**

The success of CSR is determined by both internal and external factors. Internal factors are economic considerations, culture of the firm including the CEO and employees, and ethical influences; while external factors are compliance with legal requirements and technological influences as well as national culture (Bichta, 2003). Skills possessed by CSR managers are among the internal factors determining the success of CSR practices especially in helping community. Because CSR profession is so new, transferable skills and knowledge from other related specialization such as environmental management, business ethics, community development, and human resource development are valuable.

Specific skills for CSR managers are very hard to clarify due to the diverse roles and range of disciplines involved. However, based on the UK's experience in CSR (Career Service, 2009), three main areas of skills are relevant. They are business skills, people skills and technical skills. Business skills include building insight, communication skills, decision making, commercial awareness, information technology, innovation, strategic awareness, leadership and problem solving. People skills cover adaptability and empathy, developing others in the community, influencing without power, integrity, political awareness, altruism, volunteerism, and adult learning. Finally, technical skills include technical expertise, understanding evaluation and impacts, stakeholder dialogue, human rights and understanding sustainability.

Based on the above skills grouping, CSR managers should have six core competencies. They are understanding community and community development, building capacity, questioning business beyond profit making, stakeholder relations, strategic business and community partnership, and harnessing diversity. Hence, CSR managers have a wide range of career options such as in marketing, human resources, health and safety, environmental management, ethical investment, public relations, ethical science, community resource development and social research.

### **Corporate Social Responsibility Towards community**

- To make available opportunities for employment
- To avoid polluting the environment and work for the improvement of local environment
- To contribute to the raising of standard of living
- To be a partner in social development by establishing charitable institutions dispensaries educational institutions, etc
- Not to resort to indecent advertisements
- To provide high quality products to society
- To preserve and promote social and cultural values
- To take safety measures against possible health hazards and untoward incidence [like Bhopal gas leakage tragedy in which thousands of people were killed.]
- To help in the development of economically backward region, by setting up industries in backward areas.

### **CSR in India:**

India has a long rich history of close business involvement in social causes for national development. In India, CSR is known from ancient time as social duty or charity, which through different ages is changing its nature in broader aspect, now generally known as CSR. From the origin of business, which leads towards excess wealth, social and environmental issues have deep roots in the history of business. India has had a long tradition of corporate philanthropy and industrial welfare has been put to practice since late 1800s. Historically, the philanthropy of business people in India has resembled western philanthropy in being rooted in religious belief. Business practices in the 1900s that could be termed socially responsible took different forms: philanthropic donations to charity, service to the community, enhancing employee welfare and promoting religious conduct. Corporations may give funds to charitable or educational institutions and may argue for them as great humanitarian deeds, when in fact they are simply trying to buy community good will. The ideology of CSR in the 1950s was primarily based on an assumption of the obligation of business to society.

In initial years there was little documentation of social responsibility initiatives in India. Since then there is a growing realization towards contribution to social activities globally with a desire to improve the immediate environment. It has also been found that to a growing degree companies that pay genuine attention to the principles of socially responsible behavior are also favored by the public and preferred for their goods and services. This has given rise to the concept to CSR.

### **Social responsibility activities undertaken by indian corporate house**

#### **Company/group**

- **Tatas**

Indian institute of science

Tata institute of social science

Tata energy research institute

Tata Energy research institute

National centre for performing arts

Indian institute of science

- **Bajaj**

Institute of Gandhian studies

Shiksha Mandal

Gandhi gyan mandir

Jamnallal bajaj institute of management

Gita mandir

- **Shri ram(DCM group) :**

Vidhyadham higher secondary school

Shri ram mitar mandal

Shri ram collage of commerce

Shri ram institute of industrial research

- **Godrej**

Godrej sailing club

Godrej sailing club

Sp hakim ji

Foundation for medical research

- **MODi's**

Mm modi degree collage

Sanskrit pathshala

Sainik bhawan

- **BIRLAS**

Birla institute of technology pilani & rachi

Bm birla heart institute

Birla economic research foundation

Birla academy of arts and culture

### **Ten-point charter of corporate social responsibility**

Hon'able ex-prime minister Dr. manmohan singh suggested a 10-point charter of corporate social responsibility in india. These 10 points are as follows;

- [1] Respect workers and protect their welfare.
- [2] offer jobs to SCs,STs,BCs and OBCs.
- [3] Resist excessive remuneration of promoters and senior executive.
- [4] Avoid conspicuous consumption.
- [5] Invest in employees and improve their skills.
- [6] End cartels that keep high prices.
- [7] Promote research and development.
- [8] Adopt eco-friendly technologies.
- [9] Fight corruption at all levels.
- [10] Promote socially responsible media and undertaken social projects.

### **Advantage of corporate social responsibility to a company**

**[1] Good public image:** All businessmen must enhance their public image to secure more customers. To establish a good public image, the businessman will have to fulfill social responsibility. Hence, better public image will attract customer. This will result in increased profits.

**[2] avoidance of government interference:** when business voluntarily discharge social obligation, government intervention is avoided. For instance, if business takes care of water pollution, air pollution voluntarily, then government will not interfere in the activities of such business on the ground of environment protection. On the other hand, if business is spreading pollution, government will take action to close the business or to change its location. More ever, such intervention of the government will badly damage the image of such business in society.

**[3] Moral justification:** Every business uses capital, physical and human resources of the society.it also depend upon society for sale of good and service.further,business firm make use of common facilities provided by society like road, railways, power supply,water supply,law and order etc. so it is moral responsibility to contribute to well-being of society.

**[4] To avoid class conflicts:** If business fulfill its social responsibility towards its employees like providing them good working environment condition, housing,medical facilities, retirement benefits,etc . then it will improve morale of employees and the will no go for strikes. It will improve the productivity of employees which in turn will benefit the organization in term of increased production, increased profits.

**[5] Consumer's consciousness:** Now-a-days, consumer have become more conscious of their rights. They are aware of their legal rights. In big cities, consumer for their registerd association. If any manufacture cheat consumer by supplying inferior goods, then consumer association take action against such business units. So to avoid conflict with customer, business units should assume social responsibility and produce good quality products.

**[6] business is a part of society:** Since business organization are part of society they must have a positive attitude towards the needs of society. Business is only a sub-system of society and this sub-system must contribute to the welfare of the main system. Therefore, while taking decisions, business manager should take into consideration the welfare of not only his organization but also the welfare of other sub-system,so that the entire society or the complete system benefitted.

**[7] lon-term interest of business:** The social responsibility of business,if taken care of in the present ensures the success of the organization in future. It is possible that in the beginning an organization may have to bear the financial burden for meeting its social responsibility but the future of the organization become secured. Thus, by fulfilling social responsibility, business is benefited in the long run

### **Suggestions:**

Business from society not society from business.Buisness have to fulfill all their responsibilities towards society. Although various business unit have undertaken various social responsibility activities ,but the percentage of such business unit is very small. In the growing commercialization many business unit are engaged in unfair trade practice so as to earn more and more profit these business unit ignoring their social responsibility. The government should take some legislative measures in which fiscal concession (tax rebate)can be given to such business . which are incurring expenditure on meeting social responsibility .government can even fix a specific percentage of profit to be spent by business unit on meeting social responsibilities . federation of commerce too should issue its ethical code of conduct to meet social responsibility.it is also in the interest of business unit as it help in creating long term positive image in the society

Training, conferences and seminars could be organised by companies to disseminate and generate new knowledge and information in this sector. A strong budgetary support would definitely help to grow this sector and research related to respective industry would enhance their organization's contribution further. Companies need to involve their stakeholders in order to build meaningful and long term partnerships which would lead to creating a strong image and brand identity. All this would also lead to benchmark CSR activities.

### **Conclusion**

Corporate social responsibility refer to strategies corporation or firm conduct their business in a way that is ethical , society friendly and beneficial to community in term of development. On the basis of this data we conclude that there is a closer ties and interdependencies between corporation and community. Society provide many inputs to the business units and also society bear many cost.so that business have to pursue those polices and decision which are desirable in term of its objective and value of our society .business units have to contribute in the development of community like avoid polluting environment, raising standard of living, employment opportunity etc .CSR have positive effect on the society it will improve the public image of business and it will create a favorable environment for long term prosperity of business.it is based on the assumption that if business is fulfilling its responsibility towards society ,then society also gives benefits to business in the form of increased sale ,increased profit , better public image, etc

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