

I - BASICS

Corporate Social Responsibility



Series : Rise

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CSR Concept

Numerous definitions of CSR are available on a simple click on internet, which will show you a large variety of definition differing from each other in many aspects but at its core all definition speaks about care of stakeholder's interest, community growth, environment management and regulatory compliances.

"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"

World Business Council for Sustainable Development – 2003

For us CSR is behavior & concern of the company to run business in a manner that meets the ethical, legal, commercial, environmental and stakeholder's expectations. Giving back to society for next generation & taking affordable care of the community where the company operates or with whom the company relates their business.



People, Planet & Profit

From the above definitions, it is clear that:

- ❖ CSR approach needs to be holistic and integrated with the core business strategy for addressing social and environmental impacts of businesses.
- ❖ CSR needs to address the well-being of all stakeholders and not just the company's shareholders.
- ❖ Philanthropic activities are only a part of CSR, which otherwise constitutes a much larger set of activities entailing strategic business benefits.

CSR & Indian Ethics

The word CSR is not new to Indian society & culture; it is well embedded in our blood from the ancient period. It is the conversion & improvisation of our Ethics & moral values.

CSR has had a deep-rooted connection in India. The coining of term 'CSR' has link between 'karma' as espoused by sacred Indian texts and initiatives anchored by corporate as responsible citizens.

Management theories and concepts from the west have dominated the world for over two centuries. This dominance is due to the colonization, industrialization and widespread use of English. And over the period of time Indian concept of social responsibility has been neglected which have been there since the time of **Rig-Veda**.



अयं निजः परो वेति गणना लघुचेतसाम् ।
उदारचरितानां तु वसुधैव कुटुम्बकम् ॥

(महोपनिषद्, अध्याय ४, श्लोक ७१)

- ❖ *In R̥igveda, we come across the idea of an all-pervading cosmic order which stands for harmony and balance in nature and in human society.*
- ❖ *The guidelines and rules as appropriate behavior for human beings are prescribed in the Dharma Śāstras. The texts that tells our duties and obligations to members of society.*
- ❖ *In the Bhagavad-Gītā, selfless action (niśkāma karma) is advocated. It is an action which is required to be performed without consideration of personal consequences.*

- ❖ *Buddhist ethics of Four Noble Truths. (1) life is suffering, (2) there is a cause for suffering, (3) there is a way to remove it, and (4) it can be removed (through the eight-fold path).*
- ❖ *Jainism tells three most important things in life, called three gems (triratna).: right vision (samyaka dr̥ṣṭī), right knowledge (samyaka jñāna) and right conduct (samyaka cāritra).*
- ❖ *Guru Granth Sahibs scripture says compassion, charity, contentment, non enmity & selfless services are basic character of a Sikh.*
- ❖ *The Bhakti movement of India, Jayadeva, Nāmdev, Tulsīdās, Kabīr, Ravidās and Mīra they rejecting the distinctions of caste, color and creed, they spread the message of human equality, propagated the ideals of love, compassion, justice and selfless service.*
- ❖ *The Arthashastra and Principles of Neetishastra (also known as Chanakya Neeti) are two of the important works of Kautilya mainly emphasized over national security issues & administration of justice and economic development policies.*

One man's
march created
a nation .



Can't we
together build
a strong nation?

CSR Phases in India

First Phase

• Charity & Philanthropy

Second Phase

• Industrial Revolution

Third Phase

• Mahatma Gandhi's Trusteeship
(Birla, Tata, Dalmia & many other business houses)

Fourth Phase

• Mixed economy (Public & Private)

Fifth Phase

• Globalization & Economic liberalization

Sixth Phase

• Role of Indian Business & Social Activist

Seventh Phase

• The Indian Companies Act 2013 & CSR

Business, its Existence & Sustainability

Business is a process of an economic activity with single or group of people involved in continuous and regular production and distribution of goods and services to earn profit by satisfying human needs and rational use of resources under the periphery of law of the land as well as national & international legal parameters. Time has come when we realize that inclusive growth of the society is basic criteria of survival of Business.

Now the very basic question arises that the business or Industries are for what ?

For profit?

For charity?

To provide product & services?

To convert natural resources, raw material into product?

Or to engage certain people, or group of people and give them better life?



Why the Businesses Exist?

No doubt the answer is simply profit but the fact is that, a Company is a group of people who work together to accomplish organizational objectives. Meaning there by, this group of people (more clearly the promoters, investor, suppliers, employee, land owners, consumers, political players & regulators) are the stakeholders of the company.

A company directly or indirectly takes land, habitat, livelihood, pasture, source of water, social infrastructure & many more things to establish Business Empire. Without these, business could not be established, so is the role of many other stakeholders for business growth. Therefore it is essential for business fraternity to contribute in a way that there must be sustainable growth & development of every stakeholder.

Businesses cannot exist unless all of its above mentioned stakeholders are satisfied by its product, service, behavior, accountability, regulatory worthiness etc. Today's society expects more from a business. Since businesses earn profit from society, it expects that a part of the profit should be spent for the betterment of the society at large.

Businesses of today must run its activities in a socially acceptable way, if they desire to sustain in the long run. Businesses should operate without jeopardizing the fate of the future generation. And for that, businesses need to think for the society, environment, and stakeholders. Long run relationship with the stakeholders can ensure long run sustainability of a business. This is the reason why corporate social responsibility currently has gained so much importance.

The entirety of CSR can be discerned from the three words contained within its title phrase: 'Corporate', 'Social' and 'Responsibility.' Therefore, in broad terms, CSR covers the responsibilities of corporations towards the societies within which they are based and operate.

Business Sustainability

According to European Union (EU) that CSR is

“the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly, and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large”.

In other words success of the business lies on meeting the expectations of stakeholders by inclusion of economic, social and environmental considerations into a company's operations. It also means make profit by fair means, contribute positively to society and manage your organization's environmental impact.





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SNPL's social development team

The social development team at SNPL advises clients on the impact that the social development environment may have on their businesses, combining vision, policy and mandate with data analytics to help them develop their strategies for sustainable development and better SROI.

With the social environment expected to remain diverse and at large, risks as well as opportunities to integrate business with inclusive holistic growth of society. At the same time, organizations can benefit themselves by benefitting society, adhering ethics, social policy, regulations and socio economic development with an aim to contribute society, nation and ultimately the world.

The Sociostark team helps clients to identify risks and opportunities in their current and future social development investment for better SROI.

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