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THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY FOR ACHIEVING SUSTAINABLE DEVELOPMENT

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ABSTRACT

This paper is an attempt to highlight the importance of Corporate Social Responsibility as a tool to ensure greater participation of business entrepreneurs toward protecting the natural eco-system and enhancing the quality of life while undertaking a developmental activity. The study will also elucidate the theoretical and practical contribution of CSR toward achieving the goal of sustainable development in India.

To find out the relationship between Sustainable Development and Corporate Social Responsibility. Corporate social responsibility (CSR) refers to strategies corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. It is concluded that CSR is about business, government and civil society collaboration with the bottom line is the achievement of win-win situation.CSR organizations in many developing countries including India consist of local and international firms.

*Keywords:* *CSR, Sustainability.*

I. INTRODUCTION

We live in a global world and an increasingly competitive environment. The relationship between sustainable development and CSR does not remain on theoretical level but more and more practical initiatives indicate that companies have an increasing role in establishing sustainable development. The interaction between the conceptions of CSR and sustainable development has strengthened in recent years; CSR is considered to be an integral part of sustainable development (World Business Council for Sustainable Development, 2000). Corporate sustainability is the company version of sustainable development, while CSR is a voluntary managerial approach to sustainable development (Steurer, Langer, Konrad, & Martinuzzi, 2005). Corporate responsibility and corporate sustainability can be used as synonyms (United Nations Global Compact, 2013).

As a mode of implementing human rights, labour and environmental standards, Corporate Social Responsibility (CSR) have long been discussed as a possible remedy to the inequalities created and exacerbated by economic liberalization and globalization. It considers that a corporation is not just a self-centered profit-making entity but that the company and its actions are also integral to the economy, society and environment in which they operate (Herrman, 2004).For large companies, CSR is increasingly a strategic concern, addressing issues such as employee management, product quality, governance, and human rights. Managing such issues, which affect the core business, can deliver strategic benefits for supply chain efficiency and security, innovation, product development, attraction and retention of talent, and investor confidence. Over the past few decades, India has experienced an extraordinary economic rise, establishing the nucleus of a modern economy underpinned by a skilled middle class, a rapidly developing infrastructure, and an ambitious and successful business community. In contemporary socio-economic scenario the concept of CSR has become widely integrated with business ethic in all parts of the world. The need of CSR is even more urgent in developing countries where economic disparities are more pronounced and both ecology and society are even more vulnerable to human induced environmental hazards.

II.   CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is usually defined as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary

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basis" (European Commission, 2001:8). At its broadest, CSR can be defined as the overall contribution of business to sustainable development it is in that sense that it is used here. Corporate social responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customer, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. CSR is a way firms integrate social, environmental and economic concerns into their values, culture, decision-making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society. CSR is certainly a strategic approach for firms to anticipate and address issues associated with their interactions and others and, through those interactions, to succeed in their business endeavors. CSR is becoming a leading principle of top management and of entrepreneurs. Organizations can reexamine their pattern of behaviors in their business framework and begin their journey toward a sustainable approach that is integrated into their business strategy. The lines between corporate and community are shrinking, and the value of those from each sector is rapidly being understood and capitalized upon by the other.
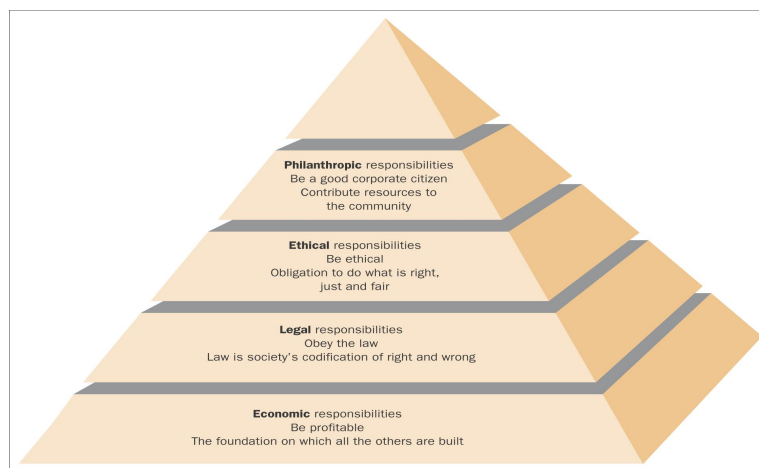
Carroll's Pyramid of Corporate Social Responsibility
Source: Adapted from Archie B. Carroll, 1991, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders," Vol. 34, No 4, p. 42.

III. SUSTAINABLE DEVELOPMENT

The idea of sustainability could be classified in a threefold concept; economic, social and environmental sustainability. Thus, we must ensure economic and social growth whilst respecting the environment in which we conduct these activities. The difficulty however, has been how to ensure a balance in achieving these goals. Today, sustainable development serves as a framework under which communities can use resources efficiently, create efficient infrastructures, protect and enhance the quality of life, protect the environment and create new businesses to strengthen their economies. Sustainable development was defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Many studies have underlined the fact that human kind is using natural resources at a faster rate than they are being replaced. If this continues, future generations will not have the resources they need for their development. CSR is an entry point for understanding sustainable development issues and responding to them in a firm's business strategy.

IV. CORPORATE SOCIAL RESPONSIBILITY

International and Local Impact
One thing that is for certainty is that there is a growing pressure on businesses to play a role in social issues and in the community that they operate; a trend that is emerging both globally and locally (Mallen, 2008). Ideally, this pressure is not likely to stay the same but it is more strongly to increase. 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. Harish (2012) lists in detail the social responsibility activities of multinational as well as Indian companies in India. Examples include Bajaj Auto, which has created a Trust to help promote development among the rural poor so as to raise rural living standards; Infosys Technologies, Ltd, which has a Foundation to support and promote underprivileged sections of society, such as training poor women in tailoring and donating sewing machines; and the Indian Oil Company, which has adopted as part of its strategic plans several environmental initiatives, especially the development of cleaner fuels (Harish, 2012). In India, moreover, the government is now involved legally in corporate social responsibility. Afsharipour (2011) indicates that in 2009 the Indian government, specifically the Ministry of Corporate Affairs (MCA), promulgated in 2009 Voluntary Guidelines for Corporate Social Responsibility. The Guidelines, relates Afsharipour (2011), are premised on a "fundamental principle," to wit: "Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, and that should be an integral part of overall business policy and aligned with a company's business goals...the policy should be framed with the participation of various level executives and should be approved and overseen by the board" (p. 1019). Moreover, "according to the CSR Guidelines, the CSR policy should cover the following core elements: (i) care for all stakeholders, including shareholders, employees, customers, suppliers, project-affected people, society at large…; (ii) ethical functioning, transparency, and accountability; (iii) respect for workers' rights and welfare; (iv) respect for the environment; and (vi) activities for social and inclusive development" (p. 1019).

There are many instances where corporate have played a dominant role in addressing issues of education, health, environment and livelihoods through their corporate social responsibility interventions across the country. Private business enterprises like, TATA, Birla and Reliance are practicing the CSR for decades, long before CSR emerged as a norm to develop a culture of social welfare and environmental sustainability among the leading economic giants of the country.

Importance of Corporate Responsibility
The most important aspects of CR to the company
- Ethical behaviour on the part of all staff
- High standards of CR
- Transparency in corporate dealings
- Labour practices and employee rights
- Environmental practices
- Equitable pricing and remuneration policies
- Philanthropy and charitable giving
- Ethical investments
- Higher employee morale and commitment
- Enhancement of the brand with customers
- Better relations with governments, local communities
- Competitive advantage over rivals

V. CSR AND ITS RELATION TO SUSTAINABLE DEVELOPMENT

According to Carroll (1999: 283), "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". Carroll has presented his definitional construct in the form of a pyramid and it appears earlier as Carroll's Pyramid of CSR (Carroll, 1991)..One way to effectively implement CSR is through a partnership between corporate bodies and the community concerned. This approach when well done has the potential of ensuring sustainability of projects and the community having a sense of ownership of products

done by the business organization. In most CSR frameworks, high priority is given to action on climate change. This is the leading issue for NGOs in most industrialized economies. Not so in leading developing countries. Consider this summary of leading sustainability concerns from India's National Environmental Report Environmental degradation is a major causal factor in enhancing and perpetuating poverty, particularly among the rural poor when such degradation impacts soil fertility, quantity and quality of water, air quality, forests, wildlife and fisheries.

VI. CONCLUSIONS

In an attempt to reconcile the achievement of social goals with business opportunity and competitiveness, Corporate Social Responsibility, as a voluntary incorporation of social and environmental concerns into corporate practices has established as an international guide largely supported and applauded by corporate executives, NGOs, governments, pressure groups, business academics and international and local development agencies alike. Corporate social responsibility presents itself as a very useful tool for the implementation of sustainable development if the policies are well applied. Defining sustainable development as one which ensures that the developmental needs of present generations are taken care without depriving future generations the ability to provide for their needs, one cannot overlook the importance of the corporate world in ensuring this. Social responsibility, therefore, should now be incorporated into business values, missions, and models by business leaders.

Moreover, as the authors have emphasized throughout this work, social responsibility clearly possesses instrumental value, because it can be used in a smart, shrewd, and strategic sense to help the business achieve and sustain successful performance. From the social point of view, CSR should benefit community because it consists of individuals with various levels of control of resources physically and intangibly.

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