MOVING THE WORLD TOGETHER-CORPORATES' PROMISE TOWORDS CORPORATE RESPONSIBILITY

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ABSTRACT

Corporate Social Responsibility (CSR) is a concept whereby firms integrate social, environmental and health considerations in their business policy and operations and in their interactions with stakeholders on a voluntary basis. 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, 1979). As the world is shrinking due to economic process the concept of Corporate Social Responsibility (CSR) has non inheritable an undeniably high degree of relevance and scope during a sizeable sectors. Several academicians and practitioners are developing theory and practices of this idea of social responsibility among entrepreneurs. The Indian Companies Act, 1956 has been replaced by The Indian Companies Act, 2013, that places high degree obligation on the part of all companies, whether Indian or foreign companies, to concentrate additionally on CSR. This paper highlights the concept of CSR as obligation on the part of companies to its varied stakeholders and examples of various Indian companies following CSR practice.
Keywords: Corporate Social Responsibility, Stakeholders, Obligation and Companies.

I.   INTRODUCTION

"The integration of business operations and values whereby the interests of all stakeholders including customers, employees, investors and the environment are reflected in the company's policies and actions."   *-- The Corporate Social Responsibility Newswire Service*
Indian entrepreneurs and business enterprises have an extended tradition of operating among the values that have outlined our nation's character for millennia. India's ancient wisdom, that continues to be relevant now-a-days, inspires individual to work for the larger objective of the well-being of all stakeholders. These sound and wide values are even additional relevant in current times, as organizations grapple with the challenges of contemporary enterprise, the aspirations of stakeholders and of citizens desirous to be active participants in economic growth and development. Considering that the map of the stakeholders the enterprise interacts with is the base of the CSR, one have to be compelled to take into consideration solely those that constitute a major threat (or an opportunity) for the management or all the stakeholders, enclosed those who don't exercise voice or who aren't still alive (as for the future generations)?
According to M. Clarkson's definition "Stakeholders are people or groups with expectations, property titles, rights, or interests towards a company and all its activities. Primary stakeholders have high levels of interactivity and are vital for the survival of the organization. They are usually identified as shareholders, investors, customers and suppliers, together with what is typically defined as the group of public stakeholders (i.e. the Governments and the Communities who supply infrastructures, markets, laws and regulations). Secondary

stakeholders affect or are affected by the organization, but are generally not engaged in transactions with the organization and are not essential for its survival".

II. RESEARCH METHODOLOGY

Data Collection: Information has been sourced from various books, trade journals, online publications, newspapers, etc. the research is descriptive in nature.

Objectives of paper:

- To study of responsibilities shared by Stakeholders & Organization in respect of CSR.
- To have awareness about Indian companies who did recommended task of CSR.

III. ENTITIES LINED BY THE CSR OBLIGATIONS

Indian companies Act 2013 specify various entities for which following CSR is obligation currently. The threshold coverage levels for CSR are given below. Companies are subject to the CSR necessities if they need, for any financial year:
- Minimum net worth of rupees 500 Crore.
- Turnover up to "1000 Crore" and
- Having a net profit of at least '5crore'.

An entity or business that meets these specified thresholds should spend on CSR activities and report on these activities, or prepare to clarify why they did not. Amount need to spend is not less than **two percent of its average *net profit*** for its preceding three financial years. *Net profit* means company's profits as per its profit and loss account prepared in accordance with the New Act, however excludes profits from a company's operations outside India or dividends received from an Indian company that has itself met its CSR necessities. If the minimum CSR amount isn't spent, the board is needed to disclose this reality, with reasons therefore, in its annual Director's Report presented to the shareholders.

It is still not clear whether failure to obey is a legal offense of any kind. Thus, the new Act could also be the advent of a new regime in Indian corporation law of the concept of "comply or explain." What is clear, however, is that failure to clarify non-compliance may be punishable offence under the New Act. It is so probably that any company that fails to go with its CSR obligations are subject to investigation by the Indian authorities.
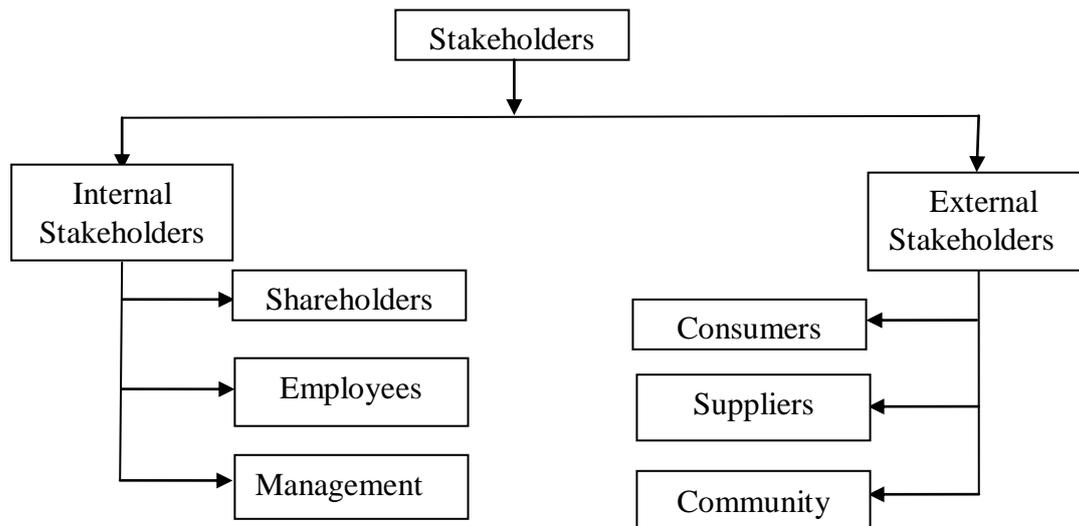
IV. CORPORATE RESPONSIBILITY- STAKEHOLDERS

For business to achieve successful it's necessary to take care of good relationships with all their stakeholders. These relationships will be strengthening, if organizations fulfill their obligations towards their stakeholders like stakeholders are fulfilling their responsibilities towards organization.

Relationship between CSR & Stakeholders
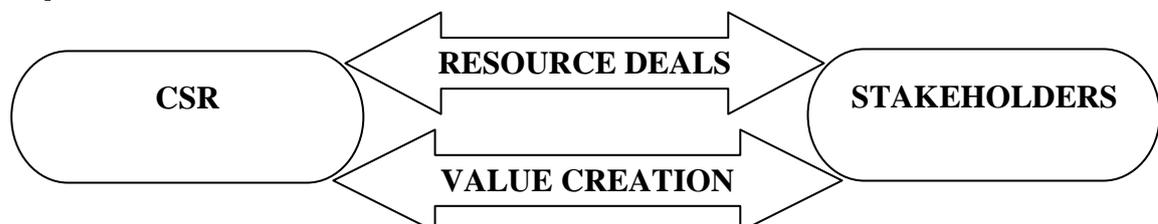
STAKEHOLDERS- AN OUTLINE

The stakeholders of a corporation are all those that participate in some way within the activities of the organization. The target of most businesses was to reinforce the shareholder worth, however currently the target is on satisfying all stakeholders by permitting them to share within the profits of the corporation. Supported their relationship with organization, stakeholder can be categorized as:

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                          ┌─────────────────┐
                          │  Stakeholders   │
                          └─────────────────┘
              ┌──────────────────┴──────────────────┐
     ┌─────────────────┐                    ┌─────────────────┐
     │    Internal     │                    │    External     │
     │  Stakeholders   │                    │  Stakeholders   │
     └─────────────────┘                    └─────────────────┘
          │    ┌──────────────┐        ┌──────────────┐    │
          ├──→ │ Shareholders │        │  Consumers   │ ←──┤
          │    └──────────────┘        └──────────────┘    │
          │    ┌──────────────┐        ┌──────────────┐    │
          ├──→ │  Employees   │        │  Suppliers   │ ←──┤
          │    └──────────────┘        └──────────────┘    │
          │    ┌──────────────┐        ┌──────────────┐    │
          └──→ │  Management  │        │  Community   │ ←──┤
               └──────────────┘        └──────────────┘
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INTERNAL STAKEHOLDERS & CSR:

SHAREHOLDERS: Shareholders have a primary stake within the business. They are considered to be the "owners" and "members" of the corporation as they assist to realize the company's goals by their investment. However typically in efforts to satisfy corporate objectives like cost minimization and profit maximization, corporations tend to disregard the interest of their shareholders. Following points specifies the responsibilities shareholders and organization have for each other:

Responsibilities of Shareholders: As owners of the corporate they have certain responsibilities towards the organizations that include:
  ➢ Maintaining good relationships with top management.
  ➢ Exercising their voting rights.

Responsibilities of Organization: As owners shareholders are investing money for organization growth, successively organization have to be compelled to do following:
  ➢ Managing the corporate with efficiency so as to secure a fair and competitive return on their investment.
  ➢ Respecting the shareholders requests, suggestions, complaints and formal resolutions.
  ➢ Disclosing relevant data to shareholders, subject solely to legal necessities and competitive constraints.
  ➢ Protecting & increasing shareholder's assets.

EMPLOYEES: A legal contract of employment governs the link between the organization and the employee. This relationship is considered necessary by the society because employees majorly contribute their efforts for the development of the organization that indirectly improves society. The employment contract places sure responsibilities of employer and employees for each other. The scope of those responsibilities is determined by the character of employment.

Responsibilities of Employees:
  ➢ Contribute their efforts and time towards the development of the organization that successively improves society.
  ➢ Be loyal towards the organization.

Responsibilities of the Organization:
  ➢ To give adequate compensation.
  ➢ To give good working conditions those shield each employee's health.
  ➢ To encourage and assist employees in developing skills and knowledge those are needed for accomplishing the task.
  ➢ To interact in negotiation once conflict arises.

MCDonald's- Commitment to employees (Leading Example)

McDonald's and its freelance owners/operators have created five people principles that replicate McDonald's values, culture and additionally describe their commitment fulfillment for employees.

1. Respect and Recognition

a) Employees are respected and valued.

b) Employees are recognized formally for good work performance, additional effort, teamwork, and client service.

2. Values and Leadership Behaviors

a) We communicate openly, listening for understanding and valuing various opinions.

b) All of us act within the best interest of the company.

3. Competitive Pay and Benefits

a) Pay is at or higher than market rates.

b) Employees value their pay and advantages.

4. Learning, Development and Personal Growth

a) Employees receive work expertise that teaches skills and values that last a lifespan.

b) Employees are provided with the tools they need to develop personally and professionally.

5. Resources to Get the Work Done

a) Employees have the resources they have to serve the customer.

b) Restaurants are adequately staffed to permit for a good customer experience in addition to provide schedule flexibility, work-life balance and time for coaching.

It is the employees who work in the organization and their skills & knowledge actually matter. Therefore, treating them badly can hurt the companies in the long run.

MANAGEMENT: All the decisions that management takes have direct impact on the stakeholders. They work as an employee and also as an welfarist for the organization and its stakeholders.

Responsibilities of Management:

➢ Duty of safeguarding the welfare of the corporation.

➢ To balance multiple claims of various stakeholders like high returns for owners, higher wages for employees, environment friendly equipment for local people, etc.

Responsibilities of Organization: No doubt, each and every control of organization is within the hands of management however in certain aspects organization has some responsibilities for management.

➢ Have correct implicit and explicit employment contract.

➢ Not to interfere in each activity and each decision of management.

EXTERNAL STAKEHOLDERS & CSR:

CONSUMERS: Like as, blood is needed for survival of individual, customers are needed for the survival of organization. Consumers exchange resources for the products of the firms and return receive the advantages of the products. Therefore by providing attention to customer wants, management automatically fulfills the requirements of suppliers and owners. Following are the responsibilities customers and organizations have for each other:

Responsibilities of Consumers:

➢ To make timely payment for organization goods and services.

➢ Not make false claims.

Responsibilities of Organization:

> ➢ Producing goods as per the requirements of consumers.
> ➢ Improving their standard of living by manufacturing high quality goods and services.
> ➢ Ensuring safety by not producing unsafe product.
> ➢ Providing adequate and fast service.

For the success of corporation customer's satisfaction is crucial. By positive 'word of mouth' of customers sale of a product will increase at high level. So, corporations have to be compelled to fulfill their responsibilities through **five R's- Right Quality, Right Quantity, Right Time, Right Place & Right Price.**

SUPPLIERS: Suppliers aren't directly considered as firm's stakeholders. But, suppliers' plays important role in the success of business, raw materials they provide will determine the final product's quality & value.

Responsibilities of Suppliers:
> ➢ Not to charge excess value.
> ➢ Provide good quality of raw material.
> ➢ Not to take advantage of firm's position.

Responsibilities of Organization:
> ➢ Share information with suppliers & integrate them within the planning processes.
> ➢ Ensure that business activities are free from coercion & fraud.
> ➢ Pay suppliers on time & in accordance with terms agreed.
> ➢ Make long term relationship that results in stability.

COMMUNITY: Community provides the business right to build or rent facilities, benefit from the tax revenues, infrastructure etc. In return, the firm ought to act in responsible way. The firm cannot harm the community by providing hazards in the sort of pollution & waste product.

Responsibilities of Community:
> ➢ To give all resources which firm required.
> ➢ Provide correct infrastructure for their development.

Responsibilities of Organizations:
> ➢ Respecting human rights.
> ➢ Supporting peace, security & social integration.
> ➢ Collaborating efforts that aim at raising the standards of health, education, workplace safety & well-being.
> ➢ Promoting sustainable development and playing a leading role in preserving, enhancing the physical surroundings & protecting the earth's resources.

Dabur- Social Responsibility towards community

"What is that life worth that cannot bring comfort to others', these words of Dr. S.K. Burman have inspired generation of Dabur. Keeping these golden words in mind, Sundesh or Sustainable Development Society was set up to carry out welfare activities aimed toward raising the standard of life of the rural people in its area of operation. This society is given complete financial and managerial support by Dabur India Limited. Sundesh is engaged in providing health services, non-formal education and training in financial gain generating activities.

V. RECOMMENDED WORK OF VARIOUS COMPANIES

Bharat Petroleum Corporation
Its rain water harvesting project Boond, in association with the Oil Industries Development Board, selects draught-stricken villages to turn them from "water-scarce to water-positive". Number of BPCL's different social programmes includes adoption of villages, prevention and care for HIV/AIDS and rural health care.

Reliance Industries Ltd
They have launched a countrywide initiative referred to as "Project Drishti", to revive the eye sights of visually challenged Indians from the economically weaker sections of the society. This

project, started by one among India's corporate giants has brightened up the lives of over 5000 individuals so far.

Tata Steel

It comes out with the Human Development Index (HDI), a composite index of health, education and financial gain levels, to assess the impact of its work in rural areas. Health care is one among its main considerations. The Tata Steel Rural Development Society aims to boost agricultural productivity and lift farmers' standard of living.

The Times of India

"Lead India Campaign" by Time of India is ideal example for brand building through CSR. This was the brought by times of India to achieve amendment in society. It was more of business/brand building strategy than CSR. Such activities knowingly or unknowingly prepare a picture in mind of viewers and therefore building image.

Delhi Metro Rail Corporation

The Delhi Metro Rail Corporation (DMRC) has planned a children's home for 50 girls as a part of its corporate social responsibility. DMRC had informed that a children's home in Delhi named 'Arman' has been created by them as a part of their corporate social responsibility. The home is run by a Non Governmental Organisation (NGO) Salam Balak Trust, Roy said." While the initial cost of furniture, utensils etc. was borne by the DMRC, the day to day expenditure is made by the NGO".

VI.   CONCLUSION

Societal marketing concept of companies has given rise to Corporate Social Responsibility. Several leading corporations across the globe had realized the importance of being related to socially relevant causes as a method of promoting their brands. The concept that corporations bears a responsibility that stretches on the far side of their shareholders is not new. The sector of corporate social responsibility (CSR) has grown exponentially within the last decade. Nearly all leading organizations in India are involved in corporate social responsibility (CSR) programs such as areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Dabur, Delhi metro rail corporation, Times of India, Tata steel and lots of others.

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