

THE ‘RESPONSIBLE’ COMPANY**Dr Jehangir Bharucha, Associate Professor and Director, Post Graduate Studies****H R College, Mumbai.****Abstract**

Although corporate social responsibility (CSR) is being talking about more and more in recent years, it is also accompanied by many uncertainties and issues. The purpose of this research is to narrow the scope of these issues by interviewing 40 corporate and businessmen based in the city of Mumbai with an open ended questionnaire.

Key words: corporate social responsibility, profitability, philanthropy, perceptions.

Introduction:

There is no universally accepted definition of the term Corporate Social Responsibility, nor any definition that explains all the roots of CSR completely.

Most of the definitions focus on words like philanthropy, charity, social welfare, etc. However, the elaborated approach of CSR considers the activity that covers up several other aspects as well. CSR is a management activity that evens out the functioning of business firms, leading to even greater potential to earn profits and caters to the sustainable development of the society in particular.

Often in management it is believed that authority and responsibility goes hand in hand. Thus, when one has the authority to use various resources for running one’s business, one simultaneously holds the responsibility of giving it back to the society.

Corporate Social Responsibility is not just a task performed for a social cause; it is a task that is consciously being performed for maintaining balance in the corporate world that comes under the broader society. Thus, when the researcher has studied the various aspects of CSR by business firms, he has noted that, the firms undertaking CSR are not doing any great and out of the box work but, they are in fact being smart enough to keep their work environment stable by equating all the sources with each other. Thus, it is a way to achieve the triple bottom line that deals with the economic, environmental and social imperatives, simultaneously achieving the concern of the shareholders and stakeholders.

CSR in India

The CSR approach is characterized by different phases that explain its origin, growth and development. In phase one, CSR was considered to be an activity of noble deeds and charity. Till 1850 this had a list of activities like, making temples for the societies by the riches of the society, charity, etc. This approach then changed when the colonial rule came into the picture after 1850.

Later in 1990s, the industrialists like Tatas, Birlas, Modis, Godrej, Bajajs and Singhanias promoted this concept by setting up charitable foundations, educational and healthcare institutions, and trusts for community development.

In the second phase, the industrialists witnessed pressures to show their dedication towards the betterment of the society. Thus, the wealthy and powerful industrialists gave out resources to develop society.

The third phase witnessed a shift from a focus on PSUs for getting involved into economic and social growth to private sector units getting involved into activities enhancing growth and development of all the resources associated with an organization.

In the fourth phase of CSR development, from 1980 onwards, industries started considering CSR as a sustainable business strategy. With lesser restrictions and regulations on the industries since 1990s, the companies could then focus on their social responsibility and development of the society.

In the current scenario in India, the new companies act amended in December 2012 mandates the corporate to spend 2% of their average net profits of the last three financial years towards Corporate Social Responsibility. This is applicable for businesses with a turnover of 1000 Cr/ PAT of 5 Cr/ or net worth of 500 cr.

Research methodology:

In order to narrow the scope of the study the researcher conducted a survey among 40 industrialists and businessmen having their head offices in Mumbai. It is very essential to understand their personal approach towards the matter and then draw conclusions. The questionnaire contained open-ended questions in order to get a proper appraisal from the 40 companies.

Inferences and Observations:

Table 1- Responses on whether Corporate Social Responsibility is seen as a business or a duty

Options	Responses	Best Remark
Strategy	30%	It is something one does for one's resources to make them work in your desired way.
Duty	50%	One does not have a choice
Goes hand in hand	20%	When one make a strategy, its implementation becomes one's responsibility, when a responsibility is accomplished in a best way, it becomes a successful strategy.

The meaning and scope of CSR in the mind of a specific organization can be understood by the answer of this question. Also to check, how far is the performance of a company affected by undertaking CSR this question can open up roots for further unfolded areas.

The responses to the above question were somewhere seen to be genuine, considering the fact that CSR is not yet a widely accepted and understood concept in India.

50% of the respondents believe that CSR is a duty to be undertaken and not merely a strategy to enhance easy performance. 20% said that it is a duty as well as a responsibility. Thus, it is clearer and understood that, the industries of today take CSR as a growing activity to be undertaken as a duty to suffice their need along with taking care of the society.

Table 2 – Whether CSR activity affects business performance and how

Options	Responses	Best Remark
Yes	70%	CSR can be used as a wise strategy to win over the target audience as well as serving the resources that make our business activities run through smoothly.
No	30%	CSR activity will lead to a social image of the firm but will not affect the output and profits of the brand.

70% of the respondents feel that CSR is beneficial in terms of enhancing the performance of the firm. Whereas only 30% were of the view that CSR has no connection with the performance of the firm.

Thus, the companies that are growing at this stage and the ones that are already established are considering CSR to be an essential part of their functioning.

Table 3-Opinions on whether CSR should be made a compulsory/voluntary activity to be performed by the firms

	Responses	Best Remarks
Compulsory	40%	CSR when made compulsory will lead it to be a standard practice, thus ensuring an overall development of the country.
Voluntary	60%	It is not merely a duty but also a wise strategy that can be used to benefit the company as well as the concerned stakeholders.

Perhaps the debate which has generated the maximum heat in recent times is the mandate made on CSR contribution. It is important to note that, only 40% of the respondents want the mandate on CSR contribution whereas the others want it to be voluntary.

This focuses on the emergence of self realization of the firm about the need and importance of CSR activity for today's society as well as today's industrial world.

While majority work happens when it is made mandatory, it is also to be brought into notice that, work done into pure pressure and no compassion, does not lead to fruitful results. Contributing 2% of total profits as a compulsion towards CSR has become only a formality for some firms to direct some part of their earned profits towards any XYZ cause, where they make it sound like a noble social cause.

The purpose of next question is to understand the reach and awareness of Corporate Social Responsibility in today's world. It is important that CSR should now be a concern for the firm as a whole and not just the Management level issue. Thus, this question will help us gain the figures that show how far has CSR reached with a positive outlook.

Table 4- Opinion on whether CSR activity and decisions concern only of the higher management authority or the firm as a whole?

	Responses	Best Remarks
Management concern	80%	The management and higher authority officers are the people those who are experienced and well aware of all the company matters. Thus, it is advisable to let this matter be discussed only amongst the top management people.
Firm as a whole	20%	It is the right and responsibility of every individual related to a firm to be socially active for the resources concerned as well as the stakeholders.

Corporate Social Responsibility is a concept that needs acceptance of each and every individual related to the corporate world and not just the management level.

The above responses shows that only 20% firms considers their employees to take active part in CSR undertaking and decision making whereas the others consider it to be just within the top authority. As a result of this, CSR is now a concern of formality to be undertaken at the society level and not a step that is taken for the betterment of society along with the company. If every individual in a firm is associated with the decision making and CSR development then it will be a step or a strategy positively undertaken to gain profits both in monetary as well as non monetary level.

Conclusion:

Corporate social responsibility is a concept that has agreed upon to affect the firm's performance in many ways. It is also considered to be strategy to gain business benefits as well as securing the rights of the shareholders and stakeholders. The matter of concern is its awareness and people's involvement into it at a large scale.

For the same, the companies are advised to conduct training and informative sessions to make every employee aware about the importance and benefits of CSR on an individual as well as group point of view.

(No bibliography as this paper is based purely on interviews)