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Corporate Social Responsibility: Current Issues & Its Role in Community Development

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Abstract*--This paper looks at the subject of corporate social responsibility and how companies use it in their marketing communication activities. More firms today are beginning to realize the importance of corporate social responsibility (CSR), and its impact on societal well being, apart from the overall governance of the supply chain processes of every organization. In India companies are practicing the Corporate Social Responsibility (CSR) for decades. Nowadays CSR became a popular basis having such good glorious examples; Indian CSR is at its growth. A lack of understanding, inadequately trained personnel, coverage, policy etc further adds to the reach and effectiveness of CSR programs. Large number of companies are undertaking these activities superficially and promoting highlighting the activities in media. In recent years, the concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to succeed in its endeavor to uplift the downtrodden society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept, Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands.
Keywords--- Corporate Social Responsibility, Community Development, corporate social opportunity

I. INTRODUCTION

Corporate Social Responsibility has become a hot business topic in recent years and many well known business people have expressed their support for it. CSR has been in existence for a while but recently it has become central to the strategic decision making of every organization. There is no perfect definition of CSR upon which everyone would agree.

In layman language, CSR is relationship between business organization and the society with which they interact. It simply refers to strategies corporations or firms conduct their business in a way that is ethical and 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.

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.

This paper discuss the impact of CSR in community development also discuss the advantages of CSR like brand image & reputation, increased sales & customer loyalty, increased ability to attract & retain employees. CSR is not giving money to charity or just asking people not to print emails for the sake of Mother Earth! First & foremost, business exists to make profit, and this isn't mean to change a goal. The reality is that no organization operates in isolation; there is interaction with employees, customers, suppliers and stakeholders. CSR is about managing these relationships to produce an overall positive impact on society, while making money.

II. ROLE OF CSR IN COMMUNITY DEVELOPMENT

A. Community Development: Meaning

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,

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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.

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.

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 people in the issues that affect their lives and focuses on the relation between individuals and groups and the institutions which shape their everyday experience. It is a developmental process that is both a collective and individual experience. It is based on a commitment to equal partnership between all those involved to enable a sharing of skills, awareness, knowledge and experience in order to bring about change. It takes place in both neighborhoods and communities of interest, whenever people come together to identify what is relevant to them and act on issues of common concern.

The key purpose is to work with communities experiencing disadvantage, to enable them to collectively identify needs and rights, clarify objectives and take action to meet these within a democratic framework which respects the needs and rights of others. Community work recognizes the need to celebrate diversity and appreciate differences among ethnic and social groups in the community.

Common Roles of CSR in Community Development

The common roles of CSR in CD are discussed as follows:

A. To share the negative consequences as a result of industrialization.
B. Closer ties between corporations and community.
C. Helping to get talents.
D. Role in transfer of technology (TOT).
E. CSR helps to protect environment.
F. CSR is for human right corporate sustainability.
G. Interdependency between a corporation and community.
H. A CSR program can be seen as an aid to alleviate poverty.
I. A CSR program helps in data gathering for other public organization function.

III. AREAS OF CORPORATE SOCIAL RESPONSIBILITY

CSR simply refers to strategies corporations or firms conduct their business in a way that is ethical and society friendly. CSR can involve a range of activities such as working in partnership with local communities, socially sensitive investment, developing

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relationships with employees, customers and their families, and involving in activities for environmental conservation and sustainability.

Managers should pay particular attention to their social responsibility that can be grouped under eight headings as follows:

A. Ecology and environment quality:-
- *1)* To maintain pollution –free environment.
- *2)* To ensure dispersion or spread of industries.
- *3)* To ensure beautification and proper land use.

B. Consumption
- *1)* To provide true and fair business dealings.
- *2)* To provide product warranty and service.
- *3)* To ensure control of harmful products.
- *4)* Adequate information about product.

C. Community needs
- *1)* To provide expert service for local problems.
- *2)* To ensure healthcare facilities and education.

D. Government relations
- *1)* To encourage restriction on lobbying.
- *2)* Controls of business through political action.

E. Minorities and backward communities
- *1)* To provide training to the unemployed.
- *2)* To provide equal employment opportunity.
- *3)* To locate plants and offices in minority areas.

F. Labour relations
- *1)* To maintain improved occupational health and safety.
- *2)* To provide options of flexible working hours.
- *3)* Employee's education and training practices.

G. Shareholder relations
- *1)* To take care of shareholders interests.
- *2)* To make improved financial disclosures.

IV. OBLIGATION OR RESPONSIBILITIES TOWARDS DIFFERENT GROUPS

The responsibilities of management towards various groups are discussed below:

Business to owners or shareholders.

Business to customers.

Business to government.

Business to suppliers

Business to community

Business to employees

A. Responsibility towards Shareholders Or Owners

1) Responsible Dividend: Shareholders are a source of funds for the company. They expect a high rate of dividend on the money invested by them and also the maximization of the value of their investment in the company

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2) Soundness: It is the duty of management to see that financial position of the company is sound and the company always looks for growth.
3) Information**:** It is the responsibility of the management to keep the shareholders well informed about the progress and financial position of the company
4) Protection of Assets: The assets of the company are purchased with the funds provided by the share holders. The management is responsible to safeguard these assets.

B. Responsibility towards Workers /Employees

1) Fair Wages: Every business should pay reasonable wages and salaries to its employees so that they may satisfy their needs and lead a good life.
2) Good working conditions: since workers spend about eight hours on every working day at their work place, they must be provided with good working conditions are necessary to maintain the health of the workers.
3) Co-operation: it is the responsibility of the management to win the co-operation of the workers by creating the condition in which workers are willing to put forward their best efforts towards the common goals of the business.
4) Opportunity for growth: the workers should be helped by training and other means to improve their skills. Management should give the workers adequate opportunities to develop their capabilities through training, education, and the enjoyment of freedom to the greatest possible extent.

C. Responsibilities towards Customers

Customer satisfaction is the ultimate aim of all economic activities. This involves more the over of products at the lowest possible price, adulteration of goods, poor quality, failure to give fair measure, lack of service and courtesy to the customers, misleading of dishonest advertising are some of the examples of violation by business of its obligations towards the customers of it s products. Therefore, it is the duty of management to take care of the following points:

1) Need satisfaction
2) Regular flow of goods
3) Courteous service
4) Right information
5) Fair trade practice

D. Responsibility towards Suppliers

Management should deal with the suppliers judiciously. Their dealings with the suppliers should be based on integrity and courtesy in the absence of which the suppliers will not supply them the goods on credit.

E. Responsibility towards Society

PETER DRUCKER suggested that the business should be so managed as to make the public good the private good of the enterprise. Thus, every business owes an obligation to the society at large. The specific responsibilities of business towards the society are discussed below:

1) Socio-economic objectives.
2) Improvement of local environment.
3) Employment opportunities
4) Welfare activities
5) Business ethics etc.

V. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES OF MAJOR COMPANIES OF INDIA :- AS A MARKETING TOOL

A. Tata consultancy services

Tata consultancy services is India’s largest software service company and has won the Asian CSR award for initiating community development work and implementing various programs and devoting leadership and sincerity as ongoing commitment in incorporating ethical values. Major focus of the company is on education sector. Company is working upon literacy program that

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cares TCS aim company is working on specific societal issues like designed computer based literacy model to teach adults environment, community development, health care,and this program is known as a adult literacy program.
Company is also working upon environment policy Company is committed towards the implementation and has been developing environment friendly products of its environmental policy in all of the company's and services.
TCS has also taken some footprints into the health many health sector too i.e. its actively supporting children's hospital in Mumbai. Success of all these CSR practices is shared by company with a three dimensional framework that comprises employees, management and work place.

B. Infosys

As a leading software company Infosys is into the providing language and computer education. The Company has special program for unprivileged children by which company teaches them various skills and change their outlook too. Company also donates carom, chess board, chocolates etc. to the needy ones. One of the Infosys team has been working with Kaliyuva mane that is an informal school for dropouts. Company believes that business have direct impact upon the environment through the use of energy, use of environmental resources and other operations. Business firms have to work accordingly so that they can minimize adverse effects of technology on local community and employees.
The Company is working on the concept of reengineering the process and to align them with green goals. Manufacturing of products and services has been done in such a way that the harmful impact on environment can be reduced to minimal possible level.

1) *CSR Activities include:* Blood donation camp, eye donation camp and Infosys foundation has been working in the sectors of health care, education, environment preservation and social rehabilitation.

C. Nestle multinational

In 1921 Nestle build first factory in the developing world. For the success first Nestle had to work with the farmers, helping them to be productive and successful so that they could supply high quality milk, coffee and other raw materials. In 1962 Nestle wanted to enter Indian market and it received government's permission to build a dairy in the northern district of Moga. Poverty in the region was severe; people were without electricity, transportation, telephones, or medical care. A farmer typically owned less than five acres of poorly irrigated and infertile soil. Many kept a single buffalo cow that produced just enough milk for their own consumption. Nestle came to Moga to build a business, not to engage in CSR. But Nestlé's value chain, derived from the company's origins in Switzerland, depended on establishing local sources of milk from a large, diversified base of small farmers.
Nestle built refrigerated dairies as collection points for milk in each town and send its trucks to the dairies to collect the milk. When Nestle milk factory first opened, only 180 local farmers supplied milk. Today, Nestle buys milk from more than 75,000 farmers in the region. As the quality has improved, Nestle has been able to pay higher prices to farmers than those set by the government. Today, Moga has a significantly higher standard of living than other regions in the vicinity. Nestle looks at corporate social responsibility in terms of creating shared value. 'Creating shared value' is a very different approach to CSR, because it is not focused on meeting a set of standard external criteria, or on philanthropy. The idea of winners and losers does not fit this model of CSR: business can help societies progress and all sectors can help business to improve and flourish.

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Nestle Creating Shared Value System

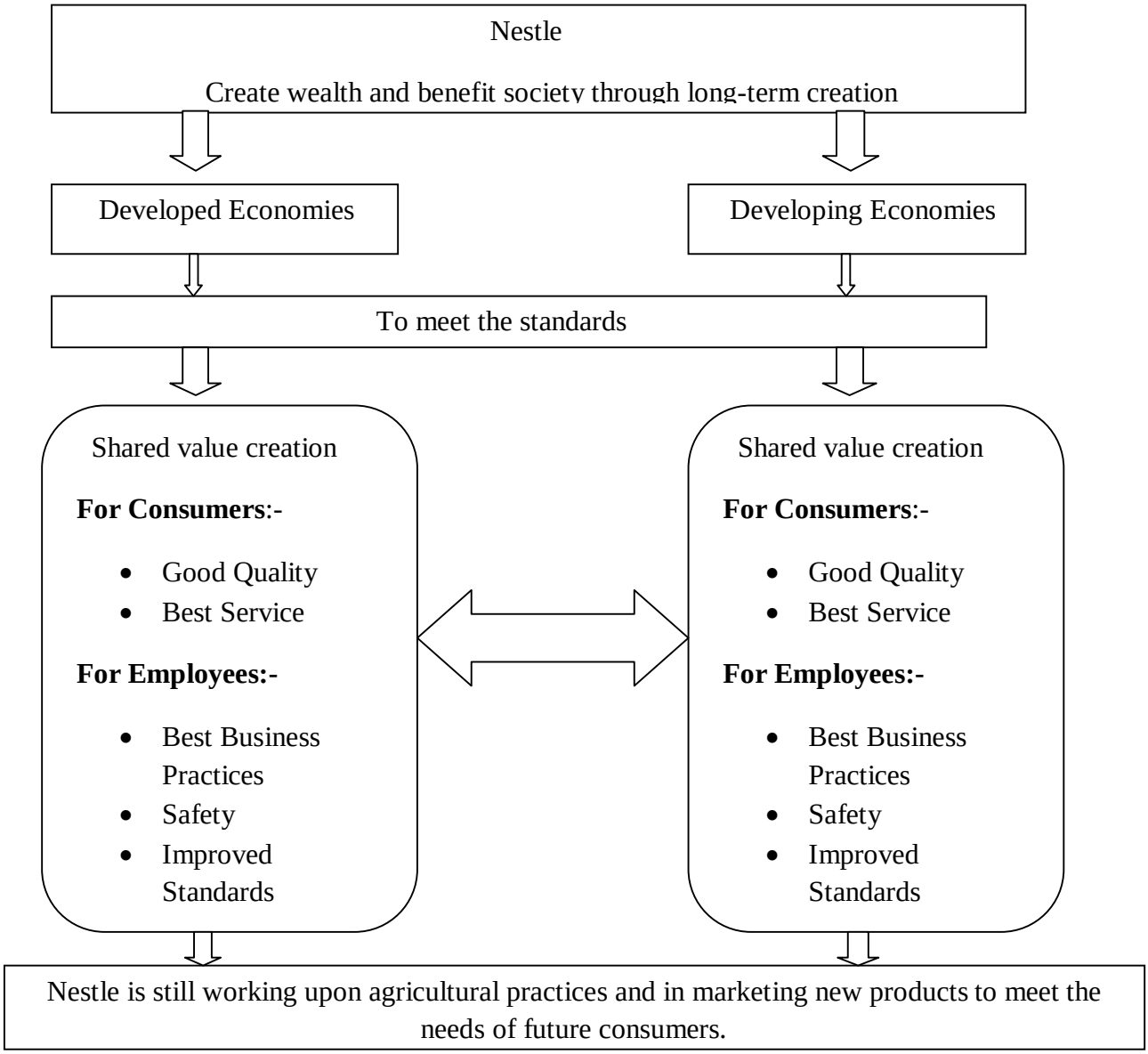

Fig 1: Nestle Creating Shared Value System

D. Britannia Industries Ltd

Britannia is one of the India's largest food brands recognized for its best and innovative products, services and marketing. In the year 1892 the company was started in Calcutta with just Rs. 295 and today the company is known as Britannia. In context to CSR initiatives has focused upon health care sector, by providing healthy food products at minimal prices and with best quality.

E. Bajaj Auto Ltd

Bajaj Auto Limited (Bajaj Auto) is the manufacturer of scooters, motorbikes and three-wheeler vehicles and provides spare parts too. The Company works in two segments: Automotive and Investments. Bajaj auto is world's fourth largest two and three wheeler manufacturers.

1) CSR Areas

a) Education sector

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b) Health sector
c) Women Empowerment
d) Self-Reliance
e) Rural Development projects
f) Environment & Natural Resources preservation

F. Maruti

As a responsible corporate citizen, Maruti Suzuki India Limited works as a most responsible corporate citizen. Company has always believed in having the highest standards of Corporate Governance. Company has key focus upon its employees and commitment towards providing best services to the customers and maintains the standards of corporate governance.

1) *CSR Areas:* Maruti Suzuki an automobile industry works upon global warming and global issues like climate change. Company has been strongly investing on environmental friendly products and manufacturing best products for the society. Maruti Suzuki is working upon conserving environment and preserving natural environment. Concept of reduce, reuse and recycle has been promoted by company in all the manufacturing units. Maruti Suzuki also introduced the road safety program to prevent accidents and also have own Maruti driving school to promote safe driving.

VI. NEW INDIAN CSR LAWS

The Indian Philanthropy, which is coming into its own and is set to embark on a new chapter with the new CSR laws, continues to be dictated by conversations on 'how much to give'. Two other important questions-where to give and how to give- don't receive the attention they deserve.

One in every three of the world's malnourished children lives in India. It's one of the country's biggest development challenges. Yet, Indian philanthropy, coaxed and cajoled out of the shadows, and coming into its own in recent years, skirts this issue. As it does too many others.

Indian philanthropy continues to be largely dictated by conversations on 'how much', and it is only lately that issue of impact, measurement and outcomes are beginning to be talked about.

The assumption is that the framework design and strategy of Indian philanthropy is just right, and therefore the leap from 'how much' to execution issues. A vital bit, the middle, of the three-step philanthropy journey is missing. And it's beginning to skew our $5 billion (about Rs 30,000 crore) or so philanthropy sector that is set to burgeon further if one was to add incremental corporate philanthropy or CSR spends mandated by the government the next financial year onwards.

As per the survey conducted by McKinsey & Co, Thoughtful up-front choices on 'where to give' and 'how to give' lacks the focus they deserve." It has been identified that there are some of the biggest giving gaps in India and attempts have been made to find the reasons of such gaps.

"Over 90% of present-day donor contribution flow into just about 7-10 sub-sectors of the 50 we examined, The duo divided Indian developmental challenges, or areas of relevant donor interest, into 12 sectors and 50 sub-sectors. Of the 10 sub-sectors, eight are in education and healthcare.

A. Areas Of Neglect

Though educational sector received much attention. However, even within the wellendowed education sector, there is an aberration. Much of the money is allocated for primary education and higher education, leaving much less for pre-primary, secondary and special-needs education. The Indian scenario and its skews, however, is not very different from global trends in philanthropy, though some countries, notably the US, do display a greater breadth in terms of sectors addressed. A 2011 survey of US foundation giving, conducted by the Foundation Center, reveals that education (23.3%) and health (22.6%) take a prominent share, but areas like public affairs & society benefit (11.8%) and arts & culture (10.5 %) also attract donor interest, something absent in the Indian context.

In the US, even development and peace, or science and technology, attract sizeable monies. The big gaps in Indian donor interest include entire sub-sectors related to governance, human rights, employment, environment, food & agriculture, arts, culture & heritage. The reasons for this skew can be many. Take education. "Many of the HNI (high net worth individuals) donors have had a great education and they realise that it's one single factor that has helped them progress in their lives," explains Dhaval Udani, CEO of GiveIndia, a giving platform. "They also believe it gives them the maximum bang for the buck." Also, there is still a lot to be

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done in education and health.

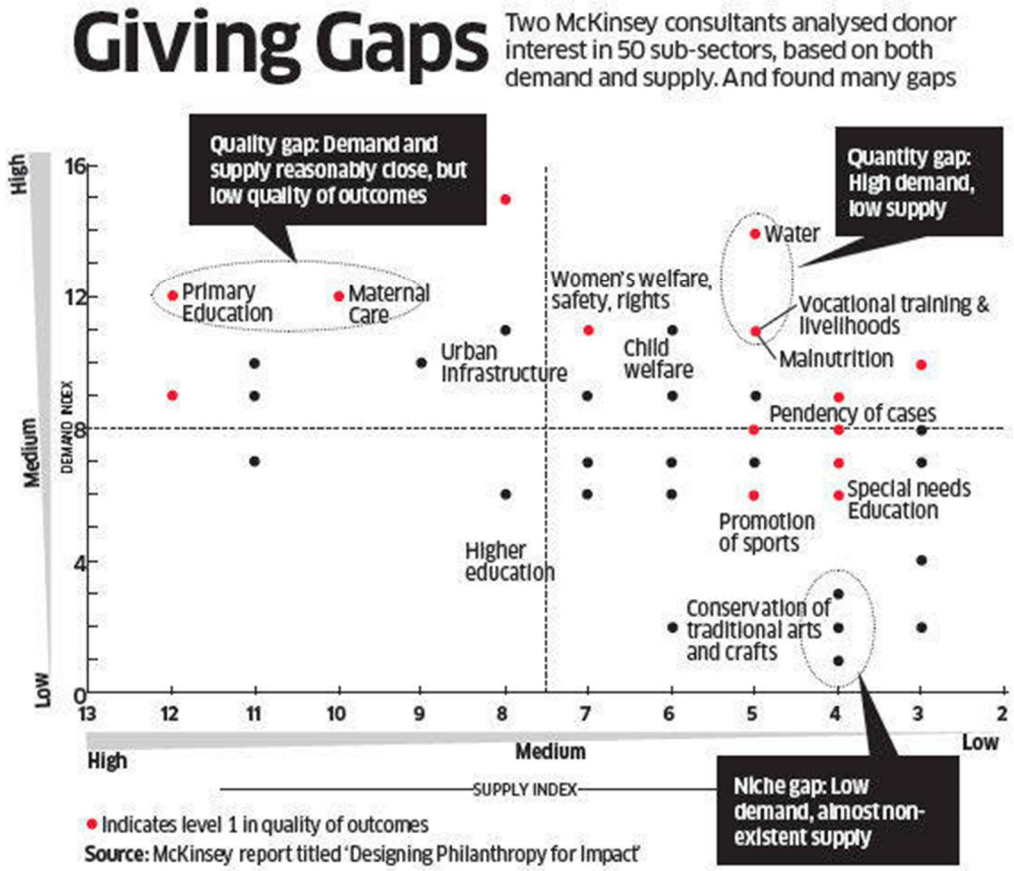

Fig 2

B. Three Kinds Of Gaps

It has been observed that there are basically three different types of gaps: quantity gaps (as already seen in malnutrition), niche gaps and quality gaps.

Primary education, for instance, has a high supply score (8 or above on a possible score of 12). But in terms of quality, its score is abysmal at 1 or 2 (the lowest possible levels). So, continued supply of philanthropic monies to primary education, without attempting to correct the underlying causes for the quality gap, only means providing more of the same; more of the mediocre. The realisation now is that donor attention has therefore got to move towards addressing systemic issues; capacity building, for instance. As for niche gaps, they have low overall demand scores.

Conservation of traditional arts and rehabilitation of prisoners are examples. In the case of special needs education—a population of around 10 million children— this sub-sector, as a niche, attracts a low demand score, but the supply is even lower than this requirement.

While the gaps, to varying extents, exist, a shift is indeed happening. As philanthropy in India evolves and matures, the gap challenges may be addressed. "Only ultra-HNI can begin to address larger issues of systemic or landscape changes. The risks of failure in this space are high. A bulk of the donors would therefore plod the tried and tested paths, but even among this lot, a small class of innovators are emerging.

C. Patient Grants From Renowned Businessmen

There are many businessmen who are willing to take risks and are keen to tap into a higher level of giving. As for system changing

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donors, there are the likes of Wipro's Azim Premji, who has had a shot at this by engaging with governments on institutional reforms, and capacity building of various stakeholders in education. The McKinsey report also dwells on the different modes of donor intervention. Premji, for instance, adopts a prudent mix of direct and indirect methodologies to usher change.

Lack of awareness on the most critical areas and insufficient perspectives on how to drive change are some of the reasons why some sub-sectors are starved of philanthropic monies. Several intermediaries in philanthropy like GiveIndia, Dasra and Samhita have been spreading awareness on the range and diversity of issues and models of interventions that donors can plug into. The response to recent GiveIndia workshops on livelihoods, skills and employment generation has been encouraging.

As for modes of intervention, the McKinsey study lays out a spectrum of the 'most direct' to 'most indirect'. A direct, category A intervention— like building a school or clinic, directly running operations, or providing mid-day meals—receives 60-65% of donor contributions.

By comparison, category D (most indirect) receives a pittance of 3%. A category D intervention can be long and tortuous, and difficult to measure, but it can bring about changes, through framework and policy changes, that are everlasting, and impacting large swathes of society. It could also mean 'taking on the system', the powers that be, and incurring their wrath. The Right to Information Act (RTI) and the Jan Lokpal movements, which were supported to some extent by Infosys founder NR Narayana Murthy, would be Category D donor intervention. As Indian philanthropy prepares to shift gears, it needs more such interventions.

In the nutshell, it can be concluded that Indian philanthropy sector is definitely going to burgeon further if one was to add incremental CSR spends mandated by the government the next financial year onwards.

VII. CONCLUSION

Corporate no doubt have made significant contributions towards the sustainable development of our country. Considering the limitations of the corporate in their CSR activities, some recommendations which can be used towards satisfaction like companies should extend their CSR activities in less privileged states rather than concentrate in resource rich states. It is essential that companies develop an effective value chain system of their products through their CSR activities, which is essential for competing in the global market. It will give better results if activities are based on a more practical & participatory approach and touch the grassroots level. Voluntarism among employees should be encouraged and institutionalized through recognition and incentives. There is also need for public-private partnership with well-defined controls and process for the best use of resources for social change. Special training needs to be given to business managers in working with social issues. Participation of small and medium business should be encouraged. Experience has shown that working with NGOs is more worthwhile and result-oriented. Joining hands with related NGOs is therefore advisable.

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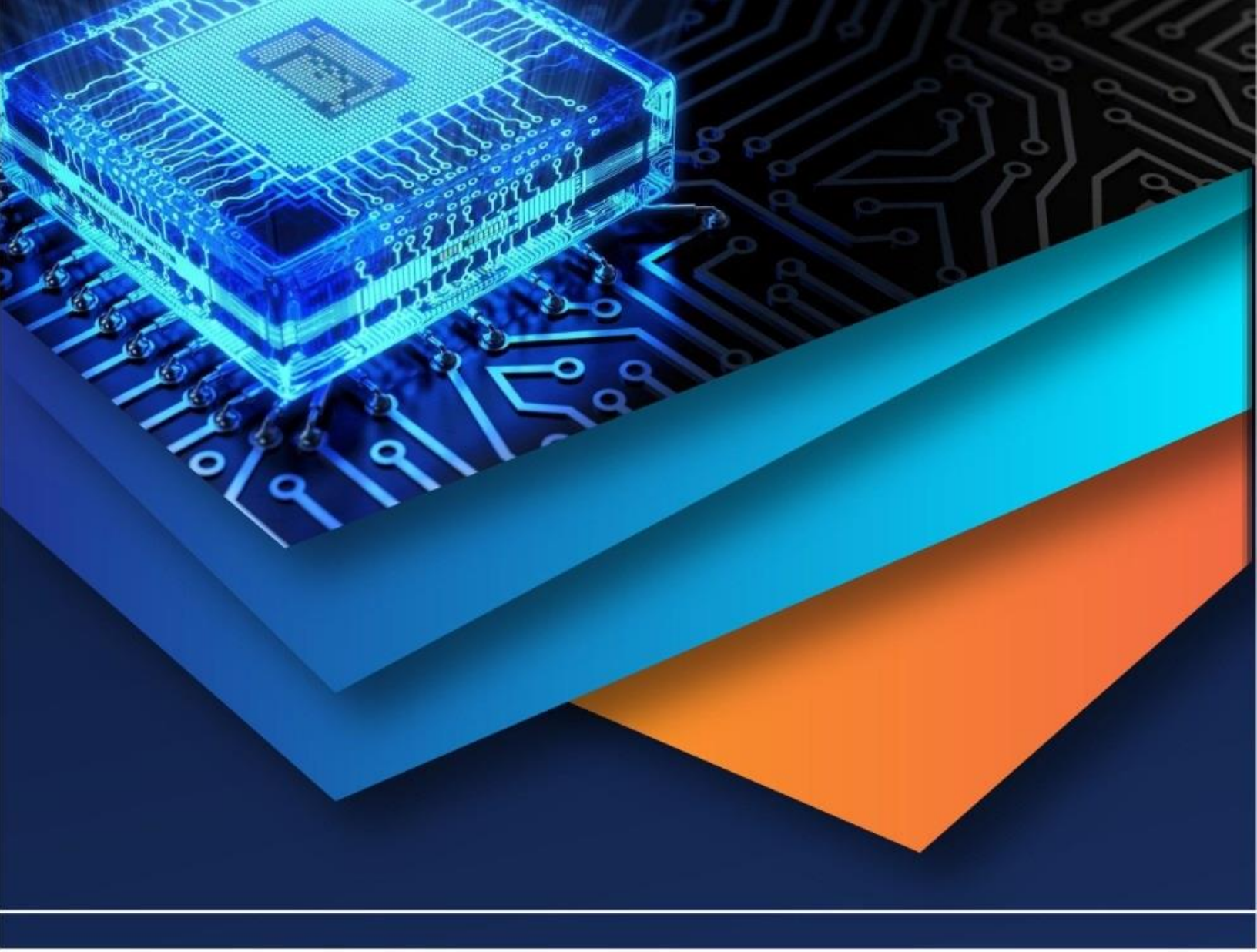

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