

**CHANGING LANDSCAPE OF  
CORPORATE GOVERNANCE  
& CORPORATE SOCIAL  
RESPONSIBILITY**

**Editors**

**Dr. J.K. Singh**

**Pardeep Singh**

*National Press Associates*

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# **CORPORATE SOCIAL RESPONSIBILITY: AN OVERVIEW OF CSR IN THE CORPORATE SECTOR**

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## **Abstract**

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. Its definition is well defined in the Schedule VII of the Companies Act 2013. Now it's a better and Philanthropic way to promote businesses a well projected agenda. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. In this paper it has found that CSR is one of the most important and ensuring theory to sustainable growth of the business firm. It ensures the fairness of the stakeholder of the firm. It has successfully included society into business. Different strategies and theory of CSR help a firm to create a good and healthy relationship with their customer. CSR would be faster if different corporate firm joined hand together with NGO and Governments.

**Keywords:** CSR, Business, Stakeholder, Corporate etc.

## **INTRODUCTION**

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. Its definition is well defined in the Schedule VII of the Companies Act 2013. Now it's a better and Philanthropic way to promote businesses a well projected agenda. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that. Key CSR issues: environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures. Bill Gates, the billionaire runs Bill & Melinda gates foundation to promote such activities. Organisations Have CSR teams to devise specific goals and policies and

strategies. Companies in India have quite been proactive in taking up CSR initiatives & integrating them in a organized manner. Triple Bottom line is new concept introduced in the CSR its totally different it ignores the traditional aspect of business and reveals it to the globally accepted world.

### **Literature Review**

*Enock & Basavaraji (2013)* showed the greater importance of CSR in Indian firm in 21<sup>st</sup> century. The study focuses the CSR practices and reporting methods of Indian company.

*Bhupender & Joshiya (2012)* stated their research that CSR interest expanded to both economic and social interests. This paper showed the challenges polices of CSR in India and how Indian company is dealt with these activities.

*Anupam and Kiran (2012)* found the implementation policy of CSR activity some big firms in India.

*Ghose(2012)* stated in her study regarding the wide range effect of CSR in emerging market in India with the help of reporting aspect.

*Gorski et.all (2014)* investigates the awareness level of CSR and identifies the degree of CSR activities are planned and organised in Romania

### **Objective of the study:**

The primary objectives of the study are -

- 1.To know the legal framework of CSR.
- 2.To find the role over corporate sector.

### **RESEARCH METHODOLOGY**

The paper performs an extensive research on the basis of the data and information obtained from secondary sources. It involves the use of journal, research paper, and various reports of ministry of corporate affairs and authenticate finance website and online resources etc. for the collection of secondary data needed in the analysis.

### **LEGAL FRAMEWORK OF CSR**

The first formal attempt by the Govt of India to put the CSR issue on table was in the issuance of Corporate Social Responsibility Voluntary Guidelines in 2009 by the ministry of Corporate Affairs. The guidelines specifically highlight the difference between Philanthropy activities and CSR. These guidelines were reportedly based on inputs received from "Vital Stakeholders" across the country and laid down nine principles for corporate to function in a new manner. The SEBI required the top listed 100 companies as a part of clause 55 of listing agreement to mandatorily disclose CSR activities in Business Reports .India's new companies act, 2013has introduced several new provisions which changed

the identity of Indian corporate business. Section 135 of the Companies act 2013 provides the threshold limit for applicability of CSR to a company.

- (a) Net worth of the company to be Rs 500crore or more
- (b) Turnover of the company is to be 1000 crore or more
- (c) Net profit of the company to be 5 crore or more.

Further the qualifying company will be required to constitute a CSR committee of the board of directors consisting 3 or more directors. The CSR committee shall formulate and recommend to the board a policy which shall indicate the board the activities to be undertaken.

### THEORIES OF CSR

UTILATARIAN THEORY	MANAGERIAL THEORY	RELATIONAL THEORY
<p>Theories on social costs functionalism:</p> <ul style="list-style-type: none"> <li>(a) The corporation serves as a part of economic system in which it is mechanically functioned.</li> <li>(b) The proponents of these theories are Porter &amp; Cramer and litz who viwed the theories as bases for the dynamic usage of natural resource</li> </ul>	<p>Corporate Social performance , social accountability , auditing and reporting (SAAR), social responsibility for multinationals :</p> <ul style="list-style-type: none"> <li>(a) It is based on the assumption that business depends on society for its growth and sustainability</li> <li>(b) Managerial theories are also strongly related to political theories based on the Conceptualization by Gargi &amp; mele</li> </ul>	<p>Business and society Stakeholder approach:</p> <ul style="list-style-type: none"> <li>(a) Corporate citizenship of the relational theory strongly depends on the type of community to which it is referred.</li> <li>(b) Stakeholders approach is defined as one of the strategies in improving the management of the firm.</li> </ul>

### COMMON ROLES OF CSR IN COMMUNITY DEVELOPMENT

This fact is undeniable that CSR has a major role in development of community it may be local, national or international. It has direct and indirect benefits received by the community as a result of social commitment of corporations to the overall society . some of the roles are mentioned below:

- (a) To share the negative impact as a result of industrialization
- (b) To maintain the relationship with the corporations & societies
- (c) A dynamic role In transfer of Technology form one MNC to another
- (d) To protect environment
- (e) CSR is for Human right corporate sustainability
- (f) Interdependent relations between between the corporation and the society

- (g) A CSR programme helps in Data collecting which helps in other public organizations functions
- (h) For achieving Corporate sustainability goals

### CSR MOTIVATIONS AND IMPACT ON CORPORATE IMAGE

Helping in image building can motivate CSR activities, indeed Organizations have improved corporate image with CSR. It may create tangible outcomes such as an increase in profits. Relational motive is engaging in CSR to benefit stakeholders especially employees. However a broader category of motives and its impact on corporations has been identified such as Extrinsic and Intrinsic motives. While the Public perception of CSR is aligned with Corporate Work both work or act simultaneously. Although CSR can act as a “strategically Differentiator” to drive Competitiveness. Previous studies shows that stronger CSR involvement led to a better corporate image due to the favourable gains earned as goodwill by the organizations. The image of social responsible organization leads to a better competitive advantage improves the reliability of the brand and creates impeccable image. The impact of CSR on Corporate image is emphasized by the fact that the image is composed of factual and emotional factors. This relationship of CSR and and corporate image can be found in the benefits which the socially responsible activities have on the image building of corporations:

- (a) Benefit to invite good employees
- (b) Benefit for Risk management
- (c) Benefit from Communicating with target and potential Audiences.

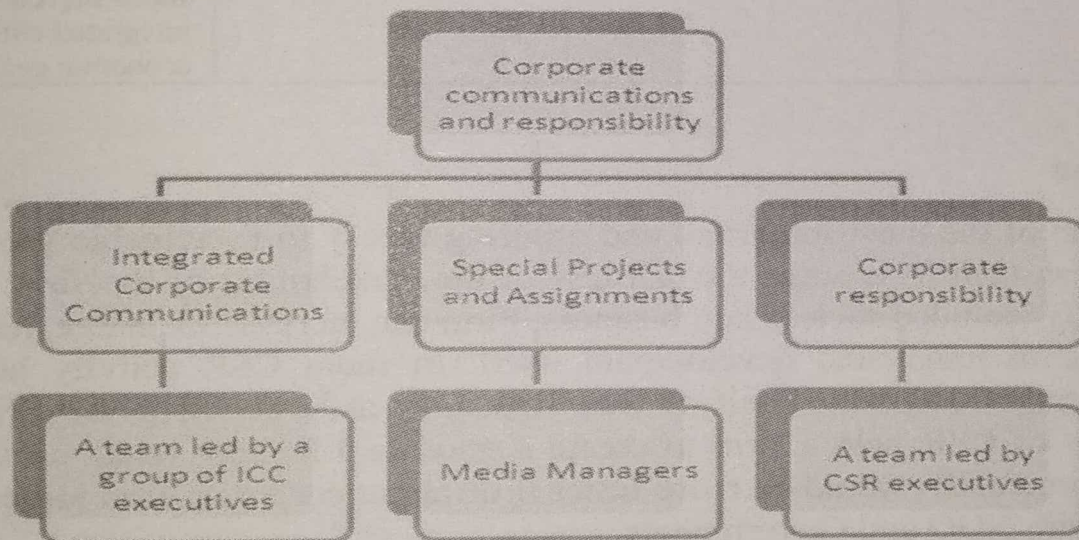


Source : Internet



## **CSR IN DEVELOPING CORPORATE COMMUNICATION**

Corporate communication is a management function that offers a framework for the coordination and bond in Corporations and society. It is a major tool nowadays to develop communication as well as brand image for the organization and for creating sustainability for the society. The communication should be well defined and relevant to create on its primary communicators as well as secondary. For example to create relationship between Corporation and stakeholders. As well as to develop relations with the government and other Corporations communication is a strategic tool to be established nowadays. Corporate communication in the context of CSR builds, manages and maintains Corporate image and goodwill through the dissemination of information. Channels through CSR communication are varied traditional communication channels are used but social platforms are primarily preferred. For example Twitter handle of the Company Zomato is well known for its customer service frequently and awarded several times for it. CSR'S web based communication influences the legitimacy of the practices by the stakeholders enhancing their positive perceptions. The new social media communication tool of communication helps to build a symmetric communication model. The achievement of objectives of CSR should be well planned and professionally implemented to reach to the target masses. A new concept has been introduced in the Corporate communication is Automunication which is Automation of Communication for example Chatbots developed by Artificial intelligence for providing immediate preliminary support to the Customer by the BPO or It oriented companies.



**Source: Internet**

## **CSR IN DEVELOPING CORPORATE STRATEGY**

Most Conceptualization of Strategy defines that there are mainly two levels making strategy Corporate strategy and & business unit strategy. Corporate strategy is concerned with the scope of firm in terms of industries and markets in

which terms it competes. But nowadays decision making is strategically moving towards CSR. Some of the CSR mode corporate strategies are listed below:

SHAREHOLDER STRATEGY	ALTRUISTIC STRATEGY	RECIPROCAL STRATEGY	CITIZENSHIP STRATEGY
The shareholder strategy presents and approach to CSR as a main component of overall motive profit and exclusively focused on maximizing shareholders return. This strategy is a legitimate option with respect to CSR. However legal actions or regulations may force corporations with high profit motive to follow csr and be self reliant and reliable to perform its functions.	Altruistic CSR strategy goes beyond the basic requirements that any business must adhere to. Such a Act never directly influence to make profit. It's a Philanthropic approach. These types of approach always have a negative stigma towards the shareholders but a positive stigma towards society In terms of CSR.	This strategic option is pragmatic. It seeks to resolve the conflict between economic objectives and social objectives. In this strategy firms are more proactive with respect to being socially responsible. It has a twofold concept to benefit society while providing an economic benefit to the corporation. Cause related marketing is also a technique in this strategy it is designed to promote organizations sales and profitability.	The citizenship strategy has a broader concept than other strategic options. Here a corporation beliefs that stakeholders have different interests and expectations including customers, Employees and environment. To be sure balancing the competing demand of the various groups that are affected by or have an interest in a firm is a feature of this strategy. In this strategy stakeholder needs are integral to corporate strategy and social objectives are integrated with economic goals.

### Conclusion

CSR is one of the most important and ensuring theory to sustainable growth of the business firm. It ensures the fairness of the stakeholder of the firm. It has successfully included society into business. Firm can increase its image, its brand loyalty etc to judge and development itself. In India CSR activity helps to development of corporate itself as well as society at large. Different strategies and theory of CSR help a firm to create a good and healthy relationship with their customer. CSR would be more faster if different corporate firm joined hand together with NGO and Governments.

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