Insights of Corporate Social Responsibility: Leadership personified

Monika Goyal.

Abstract: *Corporate Social Responsibility is something that is booming across the corporate world today.Corporate social responsibility is a form of corporate self-regulation integrated into a business model. CSR policy acts as a mechanism for regulating & business monitoring and aims to ensure its active acquiescence keeping in mind the law, ethical standards, and international norms. In a global economy, increasingly organizations have a responsibility to embrace, demonstrate and promote corporate social responsibility (CSR).*
Long-term sustainability demands that organizations rethink their business goals and objectives from solely focusing on making a profit to corporate citizenship. Today, the influence of CSR is beginning to be seen in communities throughout the world—from human rights and labor practices to health care and the environment.This paper aims to describe the concept of corporate social responsibility and its history along with its significance, currents trends in India viz-a-viz worldwide and the way forward. The paper also provides some of the most prominent examples leaders and their devotion, works and achievement towards corporate social responsibility.
Keywords: *Corporate social responsibility (CSR), Sustainability, Commercial logging, philanthropy, Efficient Leadership.*

I.   Introduction:

CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, customers, employees, communities, stakeholders.

The International Organization for Standardization known as ISO, strategic advisory group on CSR describes it as "a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society. CSR has always been a major influence in the business world and is growing in importance as it is increasingly supported by business models and standards. World Business Council for Sustainable Development defines CSR as the business commitment and contribution to the quality of life of employees, their families and the local community and society overall to support sustainable economic development.

1.1 History of Corporate Social Responsibility:

The history of social welfare and environmental concern about business is very old just like the business and trade. In Ancient Rome legislators protested against the inefficiency of businesses to contribute sufficient funds in order to contribute to their military campaigns. In the year 1622 disappointed stakeholders in the Dutch East India Company issued pamphlets complaining about management secrecy and "self-enrichment".

With the beginning of the industrialization, there was new scenario in the society and environment brought by businesses. The "corporate paternalists" in the late19[th] century and early 20th century started contributing some part of wealth into philanthropic ventures. In the 1920's social responsibilities fulfilled by the businesses resulted into modern CSR movement.

1.2 Evolution in India:

The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The directives and principles of corporate social responsibility states that corporate should also equally participate in welfare of the society.
The history of CSR in India has its four phases which run parallel to India's historical development and has resulted in different approaches towards CSR. However the phases are not static and the features of each phase may overlap other phases.

➢ **Phase I** – The first phase mainly focused on charity and philanthropy as the prime drivers of CSR. In pre industrialization period around prior to 1850, wealthy merchants contributed a part of their wealth for the

socio economic welfare of the society. These merchants supported the society by getting over phases like famines and epidemics by providing food and money and thus protecting their goodwill in the society. As soon as the colonial rule came in India the approach towards CSR changed and industrial families like Tata, Godrej, Birla, Modi strongly inclined themselves towards economic and social welfare.

➢ **Phase II -** In the second phase, at the time of independence the industrialists were asked to dedicate themselves towards social and economic welfare. Mahatma Gandhi introduced the concept of trusteeship in which all the big industrialists have to manage their wealth in order to benefit common man. ***"I desire to end capitalism almost, if not quite, as much as the most advanced socialist. But our methods differ. My theory of trusteeship is no make-shift, certainly no camouflage. I am confident that it will survive all other theories."*** This was Gandhi's words which highlights his argument towards his concept of "trusteeship". Mahatma Gandhi persuaded various industrialists to participate in the socio-economic development. According to Gandhi, Indian companies was supposed to be the "temples of modern India". With the concept of trusteeship and his influence industrialists established various schools, colleges, hospitals and various other training institutions.

➢ **Phase III -** The third phase of CSR that ranges from 1960–80 includes mixed economy in India, resulting in emergence of Public Sector Undertakings (PSUs) and laws relating labour and environmental standards. During this period the private sector was forced to set back .The public sector was seen as the prime mover of development. Due to hard and strict legal rules and regulations imposed on the private sector, the period was stated as an "era of command and control". This led to enactment of legislation regarding corporate governance, labour and environmental issues. The main motive to make PSU's as the prime motivator was to ensure effective and suitable distribution of resources like wealth food etc. However the public sector was effective only to a certain limited extent. This led to a shift of expectations from the public to the private sector and their active involvement in the socio-economic development of the country became absolutely necessary. In 1965 national workshops on CSR which aimed at reconcillation were set up by Indian academicians, politicians and businessmen.

➢ **Phase IV** - In the fourth phase (1980 until the present) Indian companies aborted the traditional approach for CSR and adopted new business strategies. LPG was introduced in the India system which includes liberalization, privatization and globalization. In 1990s the first initiation towards globalization and economic liberalization were undertaken. Restrictions and licensing system were removed away from the private sector which gave a boost to the Indian economy. Due to increased growth momentum of the economy Indian companies contributed quite well effectively to the socio economic development of the economy. Globalization has transformed India into an important destination in terms of production and manufacturing. As Western markets are becoming more and more concerned about and labour and environmental standards in the developing countries, Indian companies who export and produce goods for the developed world need to pay a close attention to compliance with the international standards.

II. Significance of CSR:
In order to gain long-term sustainability organizations should give a rethought to their business goals by solely focusing on making profit to corporate citizenship. The concepts of Corporate Social responsibility have been applied for years through qualitatively and have proved to be practical and profitable while emphasizing sustainable performance by valuing people and society. Therefore, the right thing for business and the right thing ethically become one and the same.

Some of the benefits of CSR are:
  • Product manufacturing and integrity.
  • Disclosure labeling and packaging.
  •Marketing and advertising.
  • Selling practices.
  • Pricing.
  • Distribution.

CSR contributes to businesses organizations in the following ways:
  • Reducing and limiting litigation.
  • Protection of brand image.
  • Increasing customer satisfaction.
  • Reducing rate of attrition

III. Current State of CSR in India viz-a-viz worldwide:

Corporate social responsibility is not new in India. Since the inception of CSR corporates like Tata Group, Aditya Birla Group, Hindustan Unilever Limited and many others are contributing to the welfare of the society. A large number of corporate take CSR as a source of protecting goodwill and reputation rather than an indirect expense. Corporate recruits and set up special teams that sets and formulates strategies for corporate social responsibility heading towards the socio economic welfare. Various CSR programs range from education to health and sanitation facilities. Many organizations like Maruti Suzuki India Limited, Bharat Petroleum and Hindustan Unilever Limited provides improved medical and health care facilities, infrastructure facilities like building housing societies and up gradation of villages and other rural areas. Many of the companies are helping other peoples by providing them good standard of living.

GlaxoSmithKline focuses on providing health care facilities to the society by setting up medical camps in tribal areas. These camps provides free medical checkups and treatments to the people residing in the areas. These corporations funds many non-profit organizations that carries education and vocational training programs. On the other hand, the CSR programs of corporations like GlaxoSmithKline Pharmaceuticals' focus on the health aspect of the community.

Recently it has been mandated by the Government of India that every large company has to spend 2 % of its profits towards CSR.

IV. Role of leadership in implementing CSR:

"Leadership refers to the trade-off between more or less managerial control and the ability of individuals to influence a group to realize a given objective." Social responsibility can be accomplished only if it is practiced by an efficient leader. It is an art of leadership. Nowadays, the financial communities are reviewing organizations' CSR report cards and their risk profile. The expeditious rise in social responsibility of investments reflects that corporate citizenship is becoming an important measure. CSR has a positive impact on company's competitive advantage today. This is driven by two key value drivers that are company's goodwill and brand image and workforce. In order to implement CSR strategies, companies should acknowledge and regard local and cultural differences keeping in mind high and consistent global standards and policies & this can only be possible if there is a good leader in the organization who can manage all these efficiently.

V. The way forward:

In the coming future, CSR will be practiced efficiently by the corporates which will innovate various ways to root cause unsustainability and irresponsibilities. This will be done by innovating various business models to implement CSR and developing various business processes.

Studies have shown that women leaders have fairly contributed in implementing CSR in the economy by bringing diverse perspectives and efficiently distributed resources amongst the people which will in turn broaden the company's commitment towards CSR.

- In the coming time most of the international companies will go through four stages of CSR that are defensive, charitable, promotional and strategic. They will also participate in various degrees of CSR which will increase and improve dynamism and leadership skills.
- In future, the companies will be judged entirely on the basis of adoption of various international standards like ISO 140001, SA 8000 etc and also on innovative strategies practiced by them to implement CSR.
- In the future, self-selecting 'ethical consumers' will become less relevant as a force for change. Companies – strongly encouraged by government policies and incentives – will scale up their choice-editing, i.e. ceasing to offer 'less ethical' product ranges, thus allowing guilt-free shopping. Cross sector partnerships will act as astrength to continue CSR. We face many problems daily that are multifaceted, dynamic complex and global in nature that cannot be solved by a single institution only.
- The role of the government will become very crucial in the coming time. Various issues which CSR is currently tackling on voluntarily basis will become mandatory in the future. Also as in Generally Accepted Accounting Practices (GAAP) there are principles and mandates methods and approaches there will be specified rules and approaches for CSR as well. Also, emergence of CSR rating agencies will take place in the near future. In the future, many of today's CSR practices will be mandatory requirements.

VI. Conclusion:

The objective behind Corporate Social responsibility is to make significant difference in the society and to improve the quality of life of society. This can be achieved by going through various phases of CSR(defensive, charitable, promotional and strategic). Not one but all the corporate or business should

contribute towards CSR in order to bring a positive and influential change in the society. Partnerships, joint ventures between the companies and NGO's should be promoted such that their combination reflects their strategic thinking, expertise, human resource and finances for socio- economic welfare. This will require much more efficacy and dynamism in leadership style and quality. Thus there is a lot more to happen in world of Corporate Social Responsibility and will require a lot more technical, efficient and complex know how and leadership skills for efficient implementation of CSR as per the changing demand of the environment.

References

[1]. Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. 1985. An empirical examination of the relationship between corporate social responsibility and profitability. Academy of Management Journal: 446-463.

Aupperle, K. E. 1991. The Use of Forced-Choice Survey Procedures in Assessing Corporate Social Orientation. Research in Corporate Social Performance and Policy: A Research Annual: 269

[2]. Brammer, S. & Millington, A. 2008. Does it pay to be different? An analysis of the relationship between corporate social and financial performance. Strategic Management Journal, 29(12): 1325-1343.

[3]. Carroll, A. B. 1991. CSP measurement: A commentary on methods for evaluating an elusive construct. Research in Corporate Social Performance and Policy: A Research Annual, 12: 385-401.

[4]. Fombrun, C. 2005. Building corporate reputation through CSR initiatives: evolving standards. Corporate Reputation Review, 8(1): 7-11.

Freeman, R. 1984. Strategic Management: A stakeholder perspective. Boston, MA: Piman.

[5]. Gephart Jr, R. P. 1991. Multiple methods for tracking corporate social performance: Insights from a study of major industrial accidents. Research in corporate social performance and policy, 12: 359-385.

Marcus, A. & Geffen, D. 1998. The dialectics of competency acquisition: Pollution prevention in electric generation. Strategic Management Journal, 19(12): 1145-1168.

[6]. Miles, R. H. 1987. Managing the corporate social environment: A grounded theory: Prentice Hall.

Boulstridge, E. and Carrigan, M., (2000), "Do Consumers Really Care about Corporate Responsibility? Highlighting the attitude-behaviour gap", in Journal of Communication Management, Volume 4, No. 4, pp. 355-368.

[7]. Idowu, S.O. and Towler, B.A., (2004), "A Comparative Study of the Contents of Corporate Social Responsibility of UK Companies", in Management of Environmental Quality, Volume 15, No. 4, pp. 420-437

[8]. Rondinelli, A.D. and London, T., (2002), "Stakeholder and Corporate Responsibilities in Cross-sectoral Environment Collaborations: building value, legitimacy and trust", in Andriof, J., Waddock, S., Husted, B. and Rahman, S.S., (eds.), Unfolding Stakeholder Thinking, pp. 201-217, Sheffield UK: Greenleaf Publishing.

Online references:

- http://en.wikipedia.org/wiki/Corporate_social_responsibility
- http://www.trikal.org/ictbm11/pdf/csr/d1142-done.pdf
- www.ojs.ijacp.org/index.php/ISG/article/download/26/28
- http://www.irjcjournals.org/ijmssr/Dec2012/10.pdf
- http://www.mallenbaker.net/csr/page.php?Story_ID=2143
- http://india-inc.in/csr.html
- http://www.ukessays.com/essays/business/leadership-and-corporate-social-responsibility-the-indian-way-business-essay.php
- http://en.wikipedia.org/wiki/Evolution_of_corporate_social_responsibility_in_India
- http://www.infosys.com/sustainability/Pages/corporate-social-responsibility.aspx
- http://www.managementparadise.com/forums/indian-management-thoughts-practices/200239-leadership-style-mr-n-r-narayan-murthy.html
- http://www.ib-sm.org/LEADERSHIP%20AND%20CSR.pdf
- http://www.waynevisser.com/wp-content/uploads/2012/04/inspiration_csr_trends_wvisser.pd