

A RUNDOWN ON CORPORATE ENVIRONMENTAL RESPONSIBILITY

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INTRODUCTION

Immense significance of Corporate Social Responsibility (CSR) has been realized and recognised by various industry experts and scholars over the period of time and more importantly, now International agencies like the World Bank, OECD, IMF and the United Nations have also understood and advocated the importance of CSR in today's world. Sustainable development was considered as a basic worldwide undertaking by World Commission on Environment and Development which addresses the issues of the present without trading off the capacity of future ages to address their very own issues. The progress from customary to sustainable advancement speaks to a noteworthy difference in monetary and social exercises, viewed as key for both developed and developing nations that intend to promote economy as well as keep humanity at peace.³

CSR can be directly linked with the performance of a business entity but there is a limited content available on environmental component of CSR and its connection with economic condition of the company that generally focuses on particular businesses, specific parts of CER (e.g., contamination or pollution of environment), or a particular nation (e.g., India). Diverse observations and ways to deal with CSR and CER exist among the private division, governments, and social associations. In this specific circumstance, firms need to execute approaches to decrease waste and emanations and expand effectiveness and profitability, and also to maintain their country's assets and advancement (He and Chen, 2009⁴; Lyon and Maxwell, 2008⁵).

Various businesses have been considering corporate social responsibility as real and deliberate exercise that could bring company's intensity and notoriety under the weight of various social and monetary operators. In both, developed and developing nations such as India, the governments as well as various International

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³ Orlitzky, M., Schmidt, F. L., & Ryes, S. L. (2003), corporate social and financial performance: A meta-analysis. *Organization Studies*, 24, 403-441

⁴ He, M. and Chen, J. (2009), "Sustainable development and corporate environmental responsibility: evidence from Chinese corporations", *Journal of Agricultural and Environmental Ethics*, Vol. 22 No. 4, pp. 323-39

⁵ Lyon, T.P. and Maxwell, J.W. (2008), "Corporate social responsibility and the environment: a theoretical perspective", *Review of Environmental Economics and Policy*, Vol. 2 No. 2, pp. 240-60.

Organizations have not just urged firms to work on environmental aspects of CSR intentionally yet in addition directed the companies to make progress in the direction of achieving sustainable development.

ENVIRONMENT AND CSR

In both the corporate and the scholastic world there is vulnerability with respect to how CSR ought to be characterized. CSR is for the most part observed as the business commitment to sustainable development which has been characterized as advancement that addresses the issues of the present without trading off the capacity of future generations to address their very own issues, and is by and large comprehended as focussing on the best way to accomplish the combination of financial, social and environmental objectives. Corporate social responsibility (CSR) is generally utilized and acknowledged by organizations, governments and standard non-government associations, and the most recent two decades has seen a fast increment in the usage of the term. The European Union has defined CSR in its Green Paper as: “CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (EU, 2001, p4). The concept of Corporate Social Responsibility was initially created by Bowen in 1953 (1953:42) in his book 'Social Responsibilities of the Businessman'. The term got advanced in the wake of natural outrages, for example, the compound calamities in Bhopal and Seveso and corporate wrongdoings like Enron. Corporate social responsibility is the company's thought of, and reaction to, issues past the tight monetary, specialized, and legitimate prerequisites of the firm to achieve social advantages alongside the customary financial increases which the firm looks for. Carol (1991:47) proposed a compact definition for a three dimensional model, which comprised of social obligation classifications, social issues, and methods of insight of social responsiveness. The idea of Corporate Social Responsibility is continually developing.

Since the Brundtland Report was circulated in 1987 as a result of World Commission on Environment work, business and corporate experts have been contemplating the subject of how and why companies ought to combine environmental concerns into their own policies and procedures. Important to note that today various companies have recognized their obligation to do no wickedness to the earth. Corporate Environmental Responsibility (CER), is described as the commitment to cover the ecological ramifications of the organization's activities, items and offices; kill waste and emanations; help the viability and benefit of its advantages; and utmost practices that may ominously impact the fulfillment in the country's advantages by who and what is to come. In the developing economy, where the Internet, the news media and the information rebellion shimmer light on business sharpens far and wide, companies are simply more a great part of the time settled on a choice dependent on their environment stewardship.

CER is known as the environmental perspective of corporate social obligation (CSR). Rehearsing CSR with the ecological insurance and reasonable improvement point of view would turn into the vital choice that impacts the inner advancement of the organizations, the relationship among partners, associations, and governments. Thus, firms should consider various angles, for example, monetary, natural, and social in supportability system advancement dependent on authenticity, financial, and social speculations (Szekely and Knirsch, 2005⁶).

Porter & Kramer (2006) argued that social and environmental responsibility of organizations have become an inevitable priority for business leaders in every country, whereas another work maintained that neglecting environmental issues may be costly in the long run, and emphasized also on the impact that it can have on the legitimacy of the organization. Holtbrügge & Dögl (2012) wrote that there has been a significant change in global climate and environmental conditions, and argued that these changes have resulted in a growing public awareness of corporate environmental responsibilities (CER) as an important topic for both the business world and in academic literature. Other scholars have argued on the growing stakeholder's awareness and pressure on organizations concerning the pursuit for CER within their various fields (e.g., Sindhi & Kumar, 2012). An empirical example to this effect was the pressure that Greenpeace exerted on Shell to avoid dumping the Brent Spar in the Atlantic, which reveals the impact of non-governmental organizations engagement on environmental issues (Porter & Kramer, 2006). Literature on the broader concept of corporate social responsibilities (CSR) shows that the concept has gained momentum and become a management trend and emerging global trend (Sahlin-Andersson, 2006). As such, Porter & Kramer (2006) argued that, in recent years; governments, activists, and the media are very proficient at holding organizations accountable for the social and environmental consequences of their business activities.

DRIVERS OF CER

As a result of industrialization and urban development, there is air pollution, water pollution, noise pollution, land pollution and so on. The list is virtually endless. Moreover, the seriousness of environmental problem may be judged in terms of the knowledge and skills required to understand a particular issue demanding solution. Humanity is in danger. Mankind faces overwhelming environmental problems which are large scale, long term and strike directly at most intimate links to the biosphere where human beings live.

- The key driver of corporate responsibility originates from dynamic business connected by managers and entrepreneurs. There is evidence suggesting that in emerging nations top managerial personnel

⁶ Szekely, F. and Knirsch, M. (2005), "Responsible leadership and corporate social responsibility: metrics for sustainable performance", *European Management Journal*, Vol. 23 No. 6, pp. 628-47

have confidence in immediate and real duty as good performers exploring decisions relating to social and environmental responsibility of their companies. This is particularly so while outside elements, for example, policy based abilities are as yet ailing in power. Authenticity is according to the spectator, making it a subtle quality, however it doesn't imply that organizations can't make strides that create authenticity. One of the drivers of CER is government strategy and directions. In numerous nations, government enactments, strategies, controls and orders assume an essential job in driving positive ecological conduct, e.g., fuel costs, charges, sponsorships, and so on.

- Another factor that drives CER activities is aggressive competition among companies. Numerous associations have bounced on the temporary fad to add CER activities into their business policies with the objective to have an upper hand. Some scholars deduced by their research that companies facing more pressure will probably play a better role in conducting CER activities along with associations that were creative.
- Pressure from media is another driver to CER activities. As far as the pressure from the media is concerned, Halkos and Evangelinos (2002) found in their research that associations whose employers saw that ecological or environmental issues could influence their associations market reputation will probably execute an environmental management system (EMS), e.g., ISO 14001. The media has been a solid driver of progress in contemporary business, and impacts general society's impression of associations.
- Pressure from clients and customers is also considered as a fundamental driver of CER activities. Clients have turned out to be all the more environmentally cognizant about association's exercises, items and management.
- The investors, shareholders and NGOs are also considered among those components that drive associations to start CER activities. While NGOs have a solid and thriving pressure on associations for a similar course yet with various other goals, investors and financial specialists encourage the usage of CER attributable to its potential for more income. As per Potoski and Prakash (2005), environmental management systems like ISO 14000 confirmation prompt ecological and environmental advancement.

In *Sachidanand Panda v. State of W.B.* (1987)⁷ Justice Chinappa Reddy discussed 'environment' in the following words, "every part of the earth is sacred ...every shining pine needle, every sandy shore, every mist in the dark woods, every daring and humming insect is holy in memory and experience of any people.

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The sap which courses through the trees carries the memories of red man... . We are part of the earth and it is part of us. The perfumed flowers are our sisters; the horse, the great eagle, these are our brothers. The rocky crusts, the juices in the meadows, the body heat of the pony, and man-all belong to the same family.”

It's the government and administration of a country which has embraced the primary obligation of keeping environment safe and furthermore has guided the corporates to abide by the directions, rules and regulations framed that stand at equal footing with the enactments confined by the legislature. Financial advancement without ecological contemplations can cause genuine natural harm influencing the personal satisfaction of the populace - present and future. There is, along these lines, an earnest requirement for guaranteeing sustainable development, which strikes a harmony between the requests of advancement and the levels of ecological security. It ought to, at any rate guarantee human welfare, if not going for augmentation of the net advantages of financial advancement.

Numerous companies have started to pay heed to the matter at hand, i.e. environmental balance. Significance of Environmental Responsibility has increased manifold after witnessing various instance in the past such as the Bhopal debacle in 1984, Exxon Valdez oil slick in 1989, and the later Fukushima atomic fiasco in 2011. These man-made calamities have brought about immense amount of cash being spent on legal suits. To answer that and not have to go through any more compensation battles, most organizations pursue a list of steps while tending to their effect on environment:

- Environmental Policy: With a view to decrease their impact on environment, Companies form their internal rules and standards concerning environment. At least, such standards and their explanations express an organization's goals to regard the nature in its day to day activities of production and distribution of goods and services; to submit the organization to be in full consistence with all laws and go past consistence at whatever point conceivable; and set up an open-book arrangement whereby all the workers and representatives, individuals and society can be educated of any possibly unfavorable impacts the organization may have on the earth.
- Environmental Review: To abide by the rules and regulations pertaining to social and environmental responsibility it's very important that a company understands the same fully. For most organizations, this normally includes some sort of audit or ecological review. The objective of reviews is to comprehend the kind and nature of resources that that were exploited by an organization and also the kind of waste that is generated by its activities. A few organizations additionally attempt to measure this information monetarily to comprehend the ground level affect. This additionally helps an organization to figure out how it can serve the environment as well as make money simultaneously.

- Make environmental friendly products: Products be made all the more naturally well disposed that result in emission control, improved health, safety as well as a restriction on energy consumption.
- Buy greener products: To help guarantee that their items and procedures are ecologically mindful, numerous organizations look to procure greener items and materials from suppliers. A few companies participate in groups making their suppliers to ensure considering greener products.
- Involvement of Employees: many organizations perceive that to be viable, an environmental friendly approach should be borne by their representatives and employees all through the association and not restrict it to the people responsible or related with environment related activities. Organizations participate in a number of exercises enabling their workers to comprehend the environmental effect of their activities, such as educational programmes and to help their endeavors to roll out improvements. A few organizations go further, helping workers turn out to be all the more environment friendly, helping them generate and nurture a an environmentally ethical code of conduct. Other than training, numerous organizations make motivating forces, prizes and acknowledgment programs for workers and employees who show their natural responsibility.

CHALLENGES FOR CER

There are some eminent components that convey misfortunes to the advancement of adjusting CER by associations. Among these elements is what is considered as consistence and controllers cost. Prakash and Potoski (2012) depicted administrative and consistence cost as something with both positive and negative externalities and referred to the drawbacks of consistence cost to be a voluminous rulebook with unbending nature. The trouble for associations to stay up to date with administrative prerequisites and consistence costs hamper the advancement of ecological activities. Despite the fact that a few associations would need to embrace new innovations to lessen the environment effect of their business exercises, the commanding expenses can hinder these associations by and large executions.

Related expenses of receiving environment activities versus clients' ability to pay have been distinguished concurring our discoveries as a test. Partners' interest for environment proficiency keeps on rising and as Prakash and Potoski (2012) put it, despite the fact that a few organizations may effectively receive ecological activity, the expanding prerequisites and consistence cost may weaken add up to mix of the new activity to their business tasks.

CER activities in organizations are regulated due to partner's consciousness of the negative effects of business exercises on nature. Associations have dealt with the way that, partners' desires and requests are fundamental and must be reacted to, and furthermore meet different lawful and administrative necessities and norms keeping in mind the end goal to pick up authenticity. Drivers and difficulties of CER exercises

have been utilized to look at how associations utilize CER practices to cooperate with its institutional condition. Subsequently, associations may receive CER rehearses keeping in mind the end goal to accomplish social approval. Every organisation should decide minimum annual expenditure for the CER activities. In order to ensure, inclusive growth rural areas should get priority over urban areas in the matter of getting returns from CER activities. Public & private partnership can also be a better tool for effective implementation of CSR activities.

Having talked about the idea of CER it is now appropriate to specify some suggestions those appear to be fit to advance CER in India, such as: a) Organizations must reason to make CER a vital part of their everyday exercises; let it be given priority in the path as opposed to that routine authoritative exercises are organized. b) Environmental reviews ought to be directed in a consistent manner to ensure CER activities are governed rightfully and ethically. c) Adequate training is required to guarantee preparation and capacity to complete CER exercises. Particularly, management of corporates ought to be prepared to deal with CER activities. d) The consumers ought to be directed to pick what they truly require or tended to through CER exercises. e) Media should not be involved in covering CER activities of Corporates that do not showcase their day to day work conducted for the benefit of environment. It weakens the validity of their acts and it seems more of a publicity stunt by the corporate houses.

CONCLUSION

CER is an indispensable segment of corporates. A business thrives and benefits from the resources provided by environment and thereby, the society therefore it makes it even more important that the business gives back to the environment and society that they rightfully deserve. India, being a nation having extensive populace, is confronting some major natural issues in view of populace increase and requires extraordinary consideration on environmental issues. India is among those nations, which have an asset overflow, yet by accepting the biological weight of worldwide trade we are quickly losing the natural preferred standpoint of our culture and environment. Hence, it can't be escaped from rather the companies must concern themselves doing it the correct way. More research should be done that conveys to fore, appropriate issues in CER, going from inability to undertaking CER, to acts of neglect in the manner in which it is embraced, obliviousness in the manner in which it is done and CER exercises as contemporary social and environmental issues. CER ought to be a progressing responsibility established in corporate culture.

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