

GALVANISING CORPORATE SOCIAL RESPONSIBILITY FOR SUSTAINABILITY

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Abstract

Corporate Social Responsibility (CSR) has come a long way and has gained unprecedented importance in India in the last couple of decades. CSR encompasses the fundamental responsibilities of the company and all its contributions to sustainability irrespective of whether the activities concerned form part of or lie outside the conventional boundary of its business. With this understanding, there has been a shift in the mindset of organizations implementing CSR - from simply writing a cheque to a charity to actually investing, not just money, but also skilled resources, company time and constant support to build a better community. Following the principle of sustainability itself, it covers all three dimensions of sustainability i.e. ecological, economic and social. With such a broad palette to work with, companies are now looking at methods to add strategic brand value through these investments, especially through human resources, thus, not limiting itself to a one-time, purely external activity, but making it an integral part of the organisational culture and a means to create employee engagement and employee value proposition for prospective employees. The paper investigates the role of CSR as a part of Company Strategy and Culture, and the impact it has on employees.

Keywords: Corporate Social Responsibility, Organisational Culture, Strategy, Sustainability

The concept of Corporate Social Responsibility has slowly evolved over the years and today is considered a vital part of the strategic business of large corporations. What began purely as a philanthropic activity by some as acts of benevolence has now become an official budgeted activity. With globalization, the idea has only grown stronger with increased linkages, as the action and consequence observed at one place immediately impacts another with added emphasis on sustainability. Sustainability ensures that the resources available now will continue to do so in future as well, thus helping the organization in the long run. So it makes 'business sense' to focus on it. It's not just a topic of discussion but part of policy with dedicated teams set up to manage it globally; bringing in the support of external and internal stakeholders to help make a difference. So much so that companies now effectively include it as part of their 'Culture' and 'Branding' initiatives to leverage it better than their competitors.

History of CSR

In the 1800s, post the Industrial Revolution, employers slowly started taking note of their employees' safety and general well being. This brought them not only committed employees but also increased their productivity. In the latter part of the century, some big industrialists started forging the way but at the time it was hard to distinguish between personal or individual philanthropy from business philanthropy. Social Responsibility (SR) of businesses as an idea was initiated in the early 1900s and Corporate Social Responsibility (CSR) as we know now started around 1950s. Howard R. Bowen's publication of his landmark book *Social Responsibilities of the Businessman* (1953) marks the beginning of the modern literature on the topic. After 1990, it has progressively grown not just within the industrial or national domain but even globally; with the aid of NGOs (Non Government Organizations), Government aided initiatives, associations/ organizations/ societies, public opinion, codes and standards. The essence of CSR has evolved over time as is evident from the changing definitions:

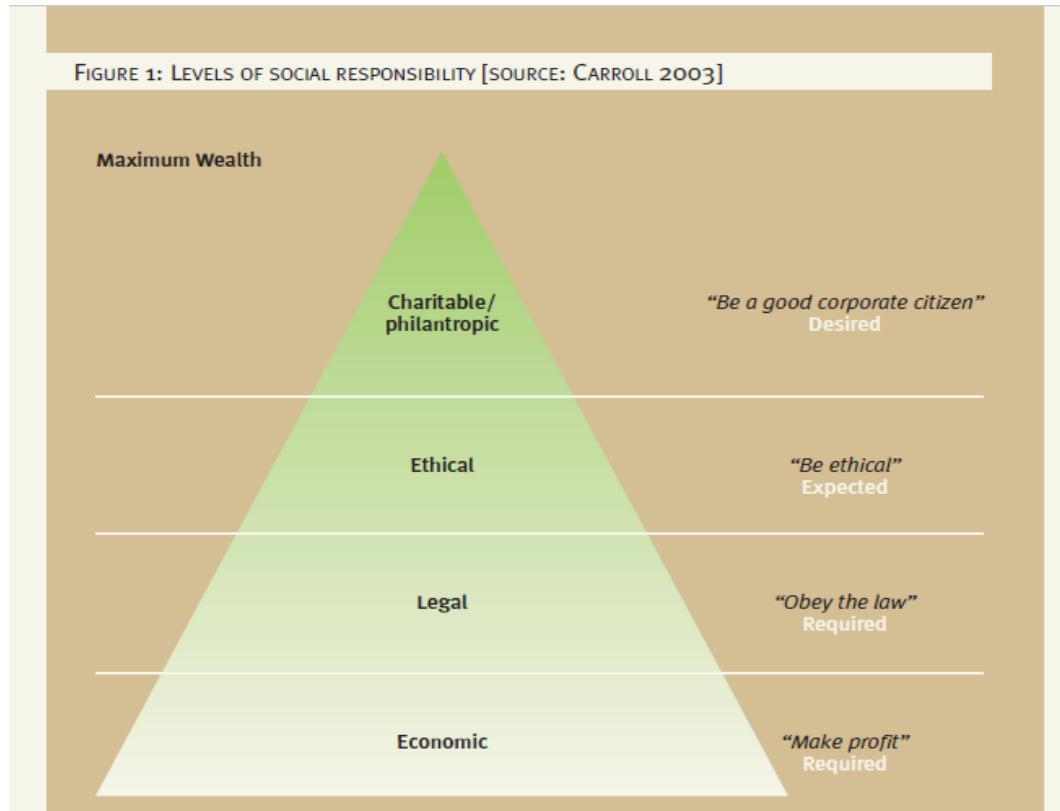
Fortune Magazine survey notes that 'businessmen ought to acquire a 'social consciousness' . . . businessmen were responsible for the consequences of their actions in a sphere somewhat wider than that covered by their profit-and-loss statements (Bowen 2013, 44).' According to him, CSR refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. Davis and Blomstrom (1966) posit that Social responsibility "refers to a person's obligation to consider the effects of his decisions and actions on the whole social system. Businessmen apply social responsibility when they consider the needs and interest of others who may be affected by business actions. In so doing, they look beyond their firm's narrow economic and technical interests."

Steiner (1971) elaborates the concept by saying that "business is and must remain fundamentally an economic institution, but . . . it does have responsibilities to help society achieve its basic goals and does, therefore, have social responsibilities. The larger an organization becomes, the greater are these responsibilities, but all companies can assume some share of them at no cost and often at a short-run as well as a long-run profit." He further expounds that "It is a philosophy that looks at the social interest and the enlightened self-interest of business over the long run as compared with the old, narrow, unrestrained short-run self-interest."

Sethi (1975), distinguishing social obligation, social responsibility, and social responsiveness says that “social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance” (p. 62). Social responsiveness by contrast is “...the adaptation of corporate behavior to social needs.”

Management guru Peter Drucker (1984) notes that “the proper ‘social responsibility’ of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth.”

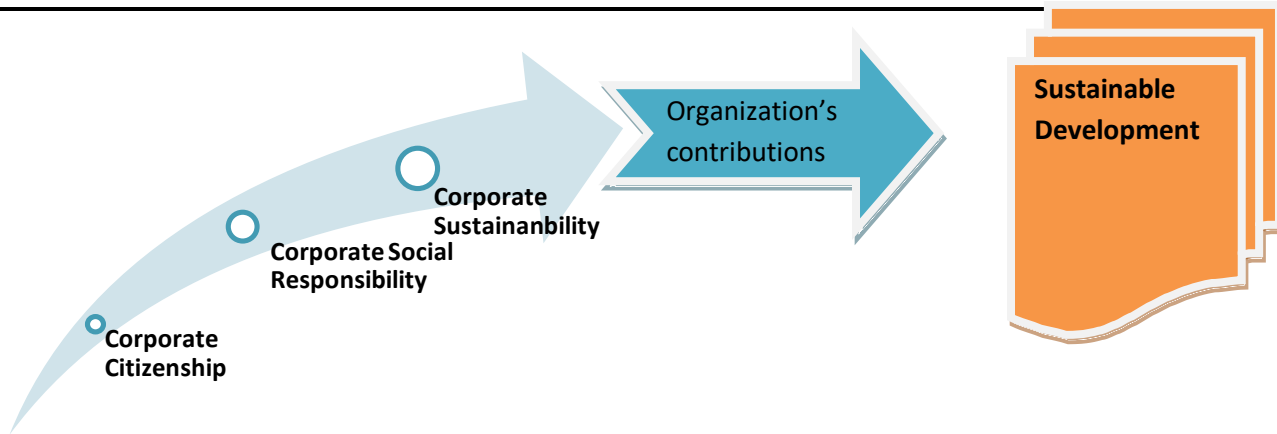
This progression can be portrayed graphically:



The above model by Archie Carroll is based on Maslow’s Theory that organizations too have their physiological, safety, affiliation, self esteem and self actualization needs.

Thus, significant understanding came with the recognition of the fact that companies that accepted and embraced these responsibilities are actively able to shape their relationship with society. This exerting of influence by companies on their social environment came to be known as corporate social responsiveness. Which in turn lead to more and more synergies aimed at doing good, which not only helped improve their image in the market, improve employer branding but also increased shareholders value. As time progressed it was observed that it can even result in win-win situations for the organization & bring down prices of raw materials (e.g. ITC’s e choupal). It was proven that CSR, apart from being socially responsible could actually help organizations achieve their business goals. With all this, CEOs started including it in their official mandates, in terms of integrating CSR in all that they do. From an additional expenditure it became an investment!

Especially companies which are in the FMCG domain, sustainability has become a priority. It ensures steady flow of raw materials, synergies with farmers for good inputs and maintaining good water levels, both of which helps them.



Thus, conscious steps are taken towards it and HR is now at the helm of affairs, as the business partner who ensures that companies are actually implementing, what they say publicly.

CSR and Sustainability

Sustainability follows the concept of “We nurture for the future”. In the current scenario of globalization, increased competition, limited resources, global warming and ozone layer depletion, sustainability paves the way to make sure we have enough and continue to have it. Sustainability in itself is three pronged: Ecological, Social and Economical. Any corporate today has a direct impact on each of the three areas, whether long term or short term. Being sustainable allows any organization to help preserve the very environment it exists and thrives in. Sustainability allows an organization inclusive growth.

Role of HR

As the Human Resources team works at every level of the organization’s hierarchy and with every department within the organization knowing how every team works, they are the best drivers for CSR. It begins from the top (vision, mission, values & ethics) and flows down into systems, processes and employees making it both a business strategy and people strategy understanding and implementing how specific values can help build a stronger organization. Once the vision, mission and values framework is defined, the firm is ready to undertake development of its CSR strategy. The role of human resources at this phase is central to all other steps: it is critical that the human resource function be represented at the table in the development of the CSR business plan and strategic direction. They have an important ‘people perspective’ to contribute and are involved in implementing key measures. To cite an example, Holcim has health and safety as their overarching value. Their aim is to conduct business with goal of zero harm health & safety for all their stakeholders - employees, contractors, communities and customers.

Areas of Strategic Inclusion

Corporate Image

The corporate image is considered as an overall assessment of a company in the minds of the people. Having the image of a socially responsible organization adds a positive light on overall corporate image. Organizations with a strong sense of ethics, supportive to employees and their families, supporting causes with or without the aid of NGOs and helping both the environment and society at times of need elicit a very good response from people all over. The idea that an organization goes beyond being purely profit driven brings in a sense of warmth.

Brand Image

Brand image is the current view/ impression of the product held by its consumers (both current & prospective) and more and more companies are making CSR part of their brand image. One of the top, if not the most important benefits is that it immediately improves the brand image of the organization being environmentally and socially conscious. It helps improve brand awareness, brand association, brand loyalty and perception of quality. Today’s socially and environmentally conscious consumer base, want products and services which align with their beliefs. Energy companies, which are often considered to be the worst climate offenders, are investing in environment-friendly projects which serve to mitigate their risks from a reputation point of view.

Shareholder Relationship

Both of the above mentioned points result in better brand equity. This has been proved by research as well. Just like consumers, shareholders too want to be where they feel like they make a difference. Also with better brand and corporate image the financials of the sustainable organization are better than of those who do not contribute towards CSR.

Processes - Implement & Encourage Green Practices

Implementing and encouraging green practices which help increase material efficiency in reducing waste and responsible disposing of the waste created promotes both personal and corporate accountability. It starts with reducing the carbon footprint of each employee. To cite an example, Coca Cola has gone miles in terms of supporting water stewardship, women entrepreneurs and sustainability in their production. From packaging to detailed disclosure and reporting is all part of their of their sustainability agenda.

Conclusion

Today CSR is a manifestation of a organization's values, its relationship not just with the external stakeholder but also with their internal stakeholders – employees. The aim is to maximize profitability but going beyond financial returns to add value through active collaborative relationship with a range of community groups. Organizations are moving away from the traditional philanthropic projects to strategic CSR implementation.

High performing CSR companies foster a culture of CSR and fully integrate it throughout their operations, rewarding and incentivizing CSR decisions and initiatives. Effective CSR strategies are achieved with aligning CSR (both the idea and initiatives) closely with the business goals, thereby self incentivizing the implementation of the same making it a part of their DNA. More and more employees, especially now (freshers) prefer to work with companies who are better aligned with making the world a better place, not just locally but also globally. In companies where CSR is part of their mission, it is visibly seen in happier and better engaged employees. So much so that it becomes part of their memories when they leave the organization, it lives on as cherished memories.

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