



JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)

An International Scholarly Open Access, Peer-reviewed, Refereed Journal

NEED OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES FOR EMPLOYEES

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Abstract: In the last years the nation has witnessed a significant increase on issues concerning sustainable development. This trend affected both companies and consumers and resulted in the concept of Corporate Social Responsibility. The companies must initiate themselves to engage in CSR activities in order to respond to an external demand, while considering the positive effects of CSR initiatives. The article presents the literature reviews on the need for CSR within the society. The concept of Corporate Social Responsibility (CSR) emerged, paving a way for businesses to return back to the society from the profits they earn.

Keywords: sustainability, corporate social responsibility, philanthropic activity, society, employees.

Introduction:

India is a fast growing economy which constitutes large no. of national and multinational firms. As a result, the economy faces challenges like poverty, population, corruption and illiteracy. Therefore in order to facilitate and create an enabling environment for the partnership between the civil society and business, it is more imperative for the Indian companies to adopt Corporate Social Responsibility in the right perspective.

CSR is a tool essential for every organization to fulfill its business purpose and achieve success in a sustainable society. The key component of CSR includes Corporate Governance, Business Ethics, Workplace and labour relations, Affirmative action/good practices, Supply Chain, Customers, Environment and Community.

CSR was made mandatory in India under the Companies Act, 2013. From 1st April 2014 every company which has

1. Net worth of rupees 500 cr., or,
2. Turnover of rupees 1000 cr. or more, or,
3. Net profit of rupees 5 cr. or more throughout any financial year shall contribute towards Corporate Social Responsibility.

According to the Companies Act, 2013 all the companies falling under the criteria eligible for CSR have to compulsorily contribute at least 2% of their net profit on the upliftment of the society as CSR. The ministry of corporate affairs has notified Section 135 and schedule VII of the Companies Act, 2013 that address Corporate Social Responsibility (CSR).

CSR refers to the continuous commitment of organizations to behave ethically for contributing towards economic development of the nation. Employees are nowadays more and more conscious about the obligations of firms towards the society. This shows that they too observe corporate social responsibility as one of the important issues to be considered nowadays.

The potential thought of Corporate Social Responsibility goes ahead of charity and thus requires the companies to integrate environmental, social and ethical concerns into process and act beyond their legal obligations.

Today businesses have emerged as one of the most dominant institution on the earth. They are expanding their operations by crossing geographical boundaries worldwide leading to globalization resulted in making the world smaller. India has constantly been among the fastest growing countries all over the world. The liberalization and globalization of the Indian economy aid in acceleration of growth rates.

Earlier in India, CSR has been seen as a philanthropic activity that was performed but not deliberated. But today, Indian companies are facing competition from multinationals who were offering identical services in their own backyard through widening their firms CSR activities. This resulted in the significant rise in the need of CSR performances in India.

The concept of CSR focus on sustainable approach that minimizes the use of wastes and emissions at organizations which consecutively reduces costs and further investments towards employee working conditions, education and health care. Therefore, company's productivity, its reputation and retention of employees is enhanced. The organizations at present do not work for mere profit making; instead, they work for greater transparency and accountability to act in a socially, economically and environmentally sustainable way.

Therefore, the companies must understand the potential of such initiatives and invest a part of their profits for the society that has provided them all the profits.

Literature Review:

In spite of the reviews published so far, the CSR literature remains highly fragmented. One reason for this fragmentation is that the study of CSR is done by different scholars through different disciplinary and conceptual lenses.

Garriga, E. and Mele, D. (2004) conclude that the nature of most of current CSR theories focus on four major aspects: (1) to meet objectives for producing long-term profits, (2) use business power in a responsible way, (3) integrate social demands and (4) contribute towards a good society by doing what is ethically correct.

Broomhill, R. (2007) believed that the three potential drivers of CSR that exist in the economy are:

- (i) CSR as a business strategy would avoid risks that threaten the interests of the shareholders and will promote innovation for the benefits of the company's interest;
- (ii) CSR as a policy based on ethical and moral values; and
- (iii) CSR as a means for achieving social sustainability.

Sharma, A. and Kiran, R. (2013) discussed the concept of Corporate Social Responsibility whereby companies incorporate social, environmental and health concerns in their business strategy, operations and in their interactions with stakeholders. CSR defines the interaction between the three factors, education, health, and environment i.e. 2E-H corporate social responsibility model, for undertaking CSR practices as these are at present the most preferred sectors in organizations.

Balasubramanian, B.N. (2014) emphasised on the first step that was initiated by the government in 2004 in terms of corporate crime and misdemeanours around the world. It was in the year 2013, a path breaking new Companies Act found its way in to the statute book.

Mehta, F. and Deodhar, S.Y. (2014) found that Indian government mandates firms meeting certain criteria to spend at least 2 per cent of their net profits on CSR activities. Voluntary CSR Initiatives by the private sector can be instrumental in providing impetus to inclusive and sustainable development. They help increase the competitiveness of a nation by following responsible business practices that increase productivity and performance. As a result, India is the only country in the world which has mandated CSR through a legal procedure.

Deodhar, S.Y. (2015) found that with the advent of Companies Act 2013, corporate charity has been blended with a mandatory element. If companies fail to do so, penalties are also in place. It was also been felt that industry observe imposition of this provision as coercive, impinging on profitability and thus on stock prices. Perhaps smaller companies which barely got covered by the new Act would have felt the impact more.

Need for CSR:

Corporate houses in India were voluntarily engaged in doing CSR activities, but this amendment relating to CSR provisions made it formal and has added greater responsibility on them. The major objective of Companies Act is to bring more companies into the fold and increase the total CSR spend. The CSR benefit the company by

improving financial performance, enhancing brand image, greater productivity and retain employees. CSR helps in the upliftment of the society and its people. The environmental benefit of CSR includes better product durability and functionality by integration of environmental management tools within business plans.

CSR Strategy:

A consistent strategy based on integrity, values and a long term approach offer benefits to companies to make a positive contribution to society. It helps businesses to provide opportunities to show their real face. The strategy requires open dialogue engagement and constructive partnerships with governments, non-governmental organizations, civil society and local communities. When implementing a CSR strategy, companies should recognize and respect local and cultural differences, while maintaining high and consistent global standards and policies. Being responsive to local differences means taking specific initiatives. (Hohnen, 2007)

Conclusion:

As organizations are increasingly involved in CSR, scholars have an important opportunity to engage in CSR research. To serve as a catalyst for this course of action, the primary goal of writing this article is to discuss the need of Corporate Social Responsibility Initiatives for Employees to a broader audience of scholars by synthesizing and integrating the vast and heterogeneous CSR literature. The major aim of writing this article is to identify key opportunity areas that would allow us to improve knowledge on CSR. By using CSR as a tool to test management theories in the context of society, CSR research may help us leave the world a better place than we found it. CSR research offers a golden opportunity to do just that.

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