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CSR is a step forward towards sustainable development

Sifat Khan

Research Scholar, Bhagwant University

Dr. Jatin Yadav

Assistant Professor, Department of Commerce, Bhagwant University

Dr. Rajkumari Jain

Associate Professor, Department of Commerce, S.P.C.G.C.A

Abstract

Sustainable development has famously been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Corporate social responsibility defines the responsibility of the large corporate giants to contribute in areas that encourage a cleaner and sustainable environment. So, both the concepts can be interlinked in a significant manner moving towards corporate sustainability.

Keywords

Corporate Social Responsibility, Sustainability, SDG

Introduction

Corporate social responsibility (CSR) is a self-regulating business model that helps a company to be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. Corporate social responsibility means to be useful for the society and to contribute in the balanced development of the society by providing services to the stakeholders, for example, employees, customers, shareholders, suppliers, general public, etc. Corporate social responsibility (CSR) is the manner by which companies manage their business processes to produce an overall positive effect on society. In short, Corporate social responsibility is defined as “the ethical behaviour of companies towards the society”

The evolution of CSR in India can be broadly divided into four phases:

The first phase of CSR was motivated by noble deeds of philanthropists and charity. It was influenced by family values, traditions, culture and religion along with industrialization. Till 1850, the wealthy businessmen shared their reserves with the society by either setting up temples or religious institutions. In 1900s, the industrialist families like Tatas, Birlas, Modis, Godrej, Bajajs and Singhanias and others promoted this concept by setting up charitable foundations, educational and healthcare institutions, and trusts for community development.

The second phase was the period of independence struggle when the industrialists were rushed to show their dedication towards the benefit of the society. Mahatma Gandhi pushes for to the powerful industrialists to share their wealth for the benefit of underprivileged section of the society.

In the third phase from 1960-1980, CSR was influenced by the emergence of public sector entities to ensure proper distribution of wealth in the country. The policy of industrial licensing, high taxes and restrictions on the private sector led to corporate misconducts. This led to endorsement of legislation regarding corporate governance, labour and environment issues.

In the fourth phase from 1980 onwards, Indian corporate entities integrated CSR into a sustainable business strategy. With globalization and economic liberalization in 1990s and withdrawal of controls and licensing systems, there was a boom in the economic growth of the country. This led to a bigger thrust in industrial growth making it possible for the companies to contribute more towards social responsibility.

Today, in India CSR has gone beyond merely charity and donations, and is approached in a more structured manner which gives rise to the scope of inclusion of concepts like sustainability and sustainable development.

CSR and Sustainability

Corporate Sustainability is created from the notion of sustainable development. It essentially signifies the share that corporations can play in congregation for the schedule of sustainable development and requires a steady methodology for economic progress, social progress, and environmental stewardship.

CSR in India inclines to highlight on what is ended with profits after they are made. On the other hand, sustainability is about factoring the social and environmental consequences of managing business, that is, how profits are created. Hence, much of the Indian custom of CSR is a vibrant component of sustainability or responsible business, which is a bigger idea, a deed that is evident from numerous sustainability frameworks. Comprehensively, the view of CSR and sustainability appears to be bonding, as is clear from the several explanations of CSR put forward by international associations. The source of this conjunction can be apparent from the introduction to the lately released draft rules connecting to the CSR clause within the Companies Act, 2013 which talks about stakeholders and totalling it with the social, environmental and economic purposes, all of which determine the hint of a triple bottom line approach. It is also perceptible in the Standards on CSR and Sustainability for Central Public Sector Enterprises released by the DPE in April 2013.

CSR in India giving a boost to Sustainable Development Goals

The SDGs are a bold universal set of 17 Goals and 169 targets to help organise and streamline development actions for greater achievement of human wellbeing, while leaving no one behind – by 2030 Agenda for sustainable development.

The SDGs that came into being in January, 2016, collided with India's very own Corporate Social Responsibility (CSR) mandate under the Companies Act, 2013 which came into operation from April, 2014. The Schedule VII (Appendix 1) of this Act, through repeated revisions, since its formulation, helps the Indian Companies with certain inclusion criteria as laid down by Section 135 of the Act (Appendix 2) to prioritise the areas of intervention for the most rapid developmental results in India and creates the possibility of delivering high impact outcomes while achieving stringent CSR norms and goals (Chatterjee & Mitra, 2017). This CSR mandate has been created 'For India, By India, In India', keeping in mind the unique Indian context and is ‘linked to the inclusive development agenda of the nation' (Chatterjee & Mitra, 2016 b)

Conclusion

CSR has resonance within sustainable development. It could perhaps even be said that CSR is a term for summarising the contribution of businesses towards sustainable development. It is certainly true that businesses have a major role to play in sustainable development, and this can be seen in the 17 SDGs; in each of which it is possible to see a role for the corporates. Eradicating poverty, hunger, healthcare and promoting education are the priority sectors in the CSR activities which are also a part of the Sustainable Development Goals. This concludes that sustainable development is inevitable without the social responsiveness of the corporates in the form of CSR.

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