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**DIMENSIONS OF CORPORATE SOCIAL  
RESPONSIBILITY**

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Social responsibility is important for every business. Economic criteria alone cannot justify the existence of business organisations. Social, moral and ethical aspects of business decisions are as important as economic aspects to judge the success of a business. A socially responsible firm not only meets the needs of the society but also creates long-term and sustainable market for its products.

For long time in the past, profit maximisation was the sole business objective but this view no more holds good. If companies want to survive and maintain growth in the market, if they want to become market leaders, they have to sacrifice part of the profits in favour of groups other than owners.

This outlook of business recognises the concept of social responsibility. It entails business organisation's obligations to look after the interests of society beyond their economic interests. Traditionally, providing goods and services to society, maximising corporate profits and creating job opportunities were viewed as social responsibilities of business.

Today, the focus has changed from economic aspects to social aspects of the business decisions. Business organisations help to solve a broad range of social problems like poverty, crime, pollution etc. They are expected to raise the level of education, create job opportunities, uplift the minority and weaker sections of society.

Managers have begun to realise that they owe responsibility to society as they owe to business enterprises.

“Social responsibility refers to the obligation of an organisation to seek actions that protect and improve the welfare of society along with its own interests”.

“Social responsibility is the implied, enforced or felt obligation of managers, acting in their official capacities to serve or protect the interest of groups other than themselves”.

“Social responsibility is an organisation's obligation to benefit society in ways that transcend the primary business objective of maximising profit”.

“CSR is about business giving back to society”.

“CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the Government”.

“CSR is the continuing commitment by the business to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

CSR should be core concern for all companies and part of each company's operations. CSR focuses on three dimensions of value creation; which are profit, people and planet.

Companies should make efforts to promote CSR throughout the value-creation chain that they are a part of. They should take responsibility for the social, economic and ecological consequences of their actions and also engage in dialogues with those who are involved in these dimensions.

Dialogues with stakeholders help them identify the social and environmental impacts of their actions. Companies should frame policies and objectives on the basis of these dialogues. CSR encompasses organization's commitment to behave in an economically and environmentally sustainable manner, while honoring interests of direct stakeholders.

The mission of the socially responsible organisation (SRO) is to influence the process of developing and advocating socially responsible business practices, which benefit not only the SRO and its employees, but also the greater community, the economy and the world environment. SROs seek to reshape the way business is done in both for-profit and not-for-profit areas.

## **CORPORATE SOCIAL RESPONSIBILITY**

The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility (CSR). **Corporate Social Responsibility (CSR, also called Corporate Conscience, Corporate Citizenship or Responsible Business)** is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "*actions that appear to further some social good, beyond the interests of the firm and that which is required by law*".

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company's level.

Corporate Social Responsibility (CSR) refers to voluntary actions undertaken by companies to either improve the living conditions (economic, social, environmental) of local communities or to reduce the negative impacts of mining projects. By definition, voluntary actions are those that go beyond legal obligations, contracts, and licence agreements.

CSR programs usually invest in infrastructure (potable water, electricity, schools, roads, hospitals, hospital equipment, drainage repairs, etc.), building social capital (providing high-school and university education, providing information on HIV prevention, workshops on gender issues, information on family planning, improving hygiene, etc.), and building human capital (training local people to be employed by the mining enterprise or to provide outsourced services, promote and provide skills on micro-business, aquaculture, crop cultivation, animal rearing, textile production, etc.).

The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed.

Business Dictionary defines CSR as

*"A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs and (3) by earning adequate returns on the employed resources".*

A broader definition expands from a focus on stakeholders to include philanthropy and volunteering.

### Consumer Perspectives

"Businesses have changed when the public came to expect and require different behavior [...] I predict that in the future, just as in the past, changes in public attitudes will be essential for changes in businesses' environmental practices."

- **Jared Diamond**  
*Big businesses and the environment*

### Dimensions of Corporate Social Responsibility

Business is the creation of society and must give back to society what it wants. Management should set examples by developing values towards society. The society comprises of various stakeholders like shareholders, employees, customer government etc.

Business organizations are responsible to the following groups:

- A. Shareholders
- B. Employees
- C. Customers
- D. Community
- E. Organizations
- F. Government

A. **Shareholders:** Shareholders bring capital for the business enterprise and facilitate its smooth functioning.

The business enterprise, in turn, owes the following responsibilities to shareholders:

i. **Payment of fair and regular dividends:** Shareholders give money to the company in return for dividends. The companies must, therefore, ensure regular

payment of dividends to them.

- ii.** **Increase in the value of investment:** Shareholders not only want regular dividends, they also want increase in the rate of dividends. The companies must, therefore, attempt to increase the dividends each succeeding year.
- iii.** **Safety of investment:** Equity shareholders are the last claimants of assets in the event of winding up. Companies must maintain sufficient assets to ensure safety of their investment during winding up.
- iv.** **Disclosure:** Companies must disclose their financial position in the annual reports so that shareholders know the progress of the company and the extent to which their interests are secured.

**B.** **Employees:** Employees help in smooth administration of business and effective conversion of inputs into outputs.

The business organizations must, therefore, discharge the following obligations towards employees:

- i.** **Proper working conditions:** They should ensure proper working conditions for their employees. Basic facilities like lighting, ventilation and sanitation should be provided as good and healthy working conditions promote industrial productivity.
- ii.** **Financial benefits:** Financial benefits like pension, provident fund and perquisites like medical and recreational facilities must be provided in the organization for fulfillment of their physiological needs and a secured future.
- iii.** **Participation in decision-making processes:** Workers should be allowed to participate in managerial decision-making processes and express their views on organizational matters. This develops their thinking and provides management with useful and constructive suggestions.
- iv.** **Training and motivation:** Training programmes should be regularly conducted to update their knowledge and motivators (financial and non-financial) should be provided to increase their individual output.
- v.** **Recognition of rights:** Management should recognize the right of workers to form trade unions and bargain with managers about the wages, working hours and working conditions.
- vi.** **Obey the labour laws:** Management should obey labour laws with respect to wages, settlement of industrial disputes; payment of bonus, gratuity, compensation etc. Adherence to legislative measures ensures protection of workers' rights.

**vii.** **Job security:** Not only should organizations protect workers' rights; they must also provide them job security. Secured jobs promote satisfaction and greater output.

**C.** **Customers:** "Customer is the king" in the marketing world. Unless the customer buys goods, the company cannot exist.

Business firms owe the following responsibilities to customers:

**i.** **Provide quality goods:** Firms should provide goods of the right quality, at the right price, in the right quantity and the right place. This will satisfy customers' needs, and provide regular clientele to the firms.

**ii.** **Complete information:** Complete information about use and quality of goods should be given in the advertisement. The advertisement must express both, positive and negative features of the product.

**iii.** **Customer service:** After-sales services like installation, repair, warranty etc. promote goodwill and sale in the market.

**iv.** **Need-based products:** Companies should produce goods that satisfy needs of the customers rather than those that maximize their profits.

**v.** **Regular supply of goods:** Business firms should avoid practices like hoarding and black marketing and ensure steady supply of goods in the market. Customers should be able to buy the goods when needed.

**vi.** **Safety of products:** The products should conform to health and safety standards. Their consumption should be safe and not lead to health hazards.

**D.** **Community:** Various resources (financial and non-financial) are provided by the community and, therefore, their interests should be protected by the business organisations:

**i.** **Pollution-free environment:** The industrial machinery may produce noise and air pollution against health and safety of the community. Business firms should conform to pollution standards and provide clean and healthy environment to the community at large.

**ii.** **Promote art and culture:** Firms should donate funds for artistic and cultural development of community.

**iii.** **Urban and rural planning and development:** Business enterprises should assist the Government in urban and rural planning and development to raise the standard of the community and the nation.

- iv.** **Support local health-care programmes:** Business support for healthcare programmes will result in a healthy society. Healthy society will provide healthy workers and developed organisations.
- v.** **Employment opportunities:** Though capital-intensive technology develops an organization, it must also ensure enough employment opportunities for the people of its community.
- vi.** **Optimum utilization of resources:** Physical and financial resources are provided by the community members. It becomes the duty of business enterprises to optimally utilize these resources to produce maximum output at minimum cost.
- vii.** **Social programmes:** Business organizations should conduct social programmes like career counselling and provide career opportunities to people.
- viii.** **Solve social problems:** Business enterprises can solve social problems like untouchability, poverty, racism etc. as much as non-business organization can.
- ix.** **Conform to business ethics:** Business houses should conform to business ethics and a socially acceptable code of conduct. Unfair practices like hoarding, speculation and adulteration should be avoided.

**E.** **Organizations:** Organisations of the same trade compete for scarce resources. They should be responsible towards each other in the following areas:

- i.** **Healthy competition:** Firms should avoid cut-throat competition. Healthy competition will promote interests of firms in the same industry.
- ii.** **Sharing of resources:** The resources being scarce, organisations should share them to carry their productive and administrative processes smoothly.

**F.** **Government:** Government provides numerous facilities to business enterprises like transportation, electricity, water and sewerage, police and fire protection etc. Business organisations should also be responsible towards the Government.

- i.** **Pay taxes:** Firms should submit their yearly returns of income and pay taxes judiciously. Taxes are a source of revenue for the Government used for promoting business interests.
- ii.** **Obey the law:** Government has introduced a number of legislative measures to smoothen the business operations. The firms should obey the legislative machinery (income-tax law, company law, labour laws etc.) and support the Government.
- iii.** **Contribute to national goals:** Business objectives should contribute to national goals to promote industrial image of the country in the international market. This

| will also strengthen the foreign exchange reserves.

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