

Corporate social Responsibility – The changing perspective

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Corporate social responsibility has in recent years, witnessed tremendous increase in awareness and control in the global arena. CSR that emerged in 1960 was an attempt to link business with society. Corporate social responsibility refers to strategies that Corporations or firms employ to conduct their business in a way that is ethical, society friendly and beneficial to the community in terms of development. It is a concept where business organisations apart from their profitability and growth show interest in societal and environmental welfare by taking the responsibility of impact of their activities on stakeholders, employees, shareholders, customers, suppliers and civil society. It takes into consideration the social and environmental implications of Corporate financial decisions. With the increasing need for economic development across the globe, there is demand for Financial Institutions and Business Conglomerates to take a pivotal role in the efforts to eliminate poverty, achieve equitable and accountable systems of governance and ensure environmental security. While, several Indian corporates are fulfilling this task admirably, the onus of sustaining the continuing efforts and building on them will have to spread to larger numbers. The Government of India, is probably the first in the world to bring CSR within the ambit of law. For the first time, it is incumbent upon the business organisation to create a structured path for undertaking socially responsible activities and also report these to the stakeholders for their understanding. For the first time the concept of Corporate citizenship is being taken seriously by the business classes.

Companies' act 2013, Section 135

1. Every company having a net worth of rupees five hundred crore or more, or a turnover of rupees one thousand crore or more (200 million or more), or a net profit of rupees five crore or more, or a net profit of rupees five crore or more during any financial year shall constitute a corporate social responsibility committee of the board consisting of three or more directors, out of which at least one director shall be an independent director.
2. The Board's report shall disclose the composition of the Corporate social responsibility committee.
3. The CSR Committee shall;
 - i) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company.
 - ii) Monitor the CSR policy of the company from time to time.
 - iii) Recommend the amount of expenditure to be incurred on the activities.

CSR is becoming an increasingly important activity to businesses nationally and internationally. As globalisation accelerates and large corporations serve as global providers, they progressively recognise the benefits of providing CSR programs for adding greater value to their organisations. CSR programs for adding greater value to their organisations. CSR activities are now being undertaken across the globe. It is also linked to the concept of Triple Bottom line Reporting (TBL). Now what do we mean by TBL? TBL today is used as a framework for measuring an organisation's performance against economic, social and environmental parameters.

Rationale:

It is all about building sustainable businesses, which need healthy economies, markets and communities. There is a little doubt that companies need to build businesses that grow with time. Both external and internal environments in which companies operate are crucial. While conscious efforts are made by managements to understand the external environment and prepare strategies to cope with them, very often the top brass falter in the dealings with employees and their aspirations. There are tons of examples of internal strife nixing company more fortunes. Here the managements require being more alert; after all a car a must move on a well-oiled engine and strong set of tyres.

Key Drivers:

Enlightened self-interest-creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labour and communities are able to function seamlessly. Many companies are managing long-term risk by stepping up compliance issues related to sustainability –either current or expected regulations. There are the supply chain pressures as well, which is why large retail entities all over the world for instance, are forcing sustainability and CSR initiatives on vendors through various sustainability indices and codes of conduct. Importantly, measures such as sustainability strategies help to refine business processes, cut costs and improve margins. A key pillar of CSR is strategic philanthropy –supporting and engaging a cause or causes that are compatible with the company’s core values. Many companies do this without having a CSR platform. For those companies, it’s an easy step up to a fuller CSR commitment.

Social Investment- Contributing to physical infrastructure and social capital. This is increasingly seen integral to doing business. Social investment is all about seeking out valuable and non-bankable projects, facilitating their move into more enterprising ventures subsequently strengthening them and bringing them to scale innovative ideas. Companies today are not averse to bringing finance, knowledge and expertise to help civil society organisations to help civil society organisations to improve their infrastructure, increase capacity and help them bid for projects which offer sustainable development opportunities to sections of the target groups in the society.

Transparency and trust – Business has low ratings of trust in public perception. It is true that expectations are building from companies to become more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas.

Increased public expectations of business- Globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment.

CSR- BETTER UNDERSTANDING OF STAKEHOLDERS AND COMMUNITY

CSR has gone mainstream .But unless companies communicate CSR wisely, they might be misunderstood and may be even be accused of “green washing” Once peripheral, CSR has become standard practice with increasing number of companies engaging in socially responsible activities. What perhaps is pleasing is that quite a large number of companies believe in this responsibility. Hence the legislation of the CSR practice has only strengthened that resolve. Companies consider CSR a high priority area. In 2007, a research found over 50 per cent of companies adopting CSR, significantly up from 30 per cent just three years ago in 2004. More recently that figure has gone up to as much 70 per cent.

Merely doing CSR will not be enough from the point of view of the Corporates whose continued existence depends on growth. So while growing company activities is central to long term sustainability, equally critical is the aspect of communication that instills and inspires confidence among stakeholders, chiefly investors.

Similarly, CSR activities need to be communicated well to all stakeholders.

So what should be the strategy?

Just a zero communication is a damper, excessive also in more cases than not proves counterproductive. Over publicity runs contrary to intentions- that of communicating succinctly to various target groups. This can lead to ‘boomerang response’ or achievements can be perceived as ‘green washing’.

Now what is ‘green washing’?

In its narrow sense it refers to use of environmentalism or green credentials to suggest the policies and the products of the company are environment friendly. More broadly, it alludes to an erroneous impression created by a company of doing CSR ,though it does not do so. It is reasonable to be concerned that even companies which seriously pursue CSR are often eyed with cynicism by all stakeholders or sections of them. After all , most stakeholders do not have the opportunity to directly witness CSR activities undertaken and have to depend entirely on the reporting by companies themselves.

What is the chief objective of the communication then?

A key challenge of the manager is to minimise stakeholder cynicism. It may be useful to understand the importance of CSR communication from the experiences of companies in Europe and other Western nations. A collaborative effort of IE School of IE University, Judge Business School of Cambridge University and Fondazione University and the global alliance for Public Relations and Communication Management (GAPR) has revealed interesting facets to CSR communication. Two-hundred and fifty one companies were investigated and some 69 CSR managers from across eleven industries were interviewed. These companies are located in countries such as Denmark, France, Italy, Spain, Switzerland and the UK. Although the sample included only European companies, which have been in the forefront of adopting CSR practises, the findings have global relevance as dealing with CSR becomes increasingly important for corporations everywhere.

Myths, risks and lessons: Negative news spreads faster than positive. This puts communication at a greater risk than it usually is. Often companies offer panic reactions or just simply shut themselves off from public glare. But in today's digital world, hiding is next to impossible. Hence, the more sensible thing would be to be open about critical situations. That manages crisis better. Thus, companies which are more open and candid about situations and always remain ready to face adversity have little reason to be in perpetual fear.

Do not underestimate the public and do not be afraid of the media- Creating information for consumption of the general public is often attempted. But this too, can be extremely damaging in the long run as public cannot be fooled. While on one hand, public may be somewhat skeptical about CSR activities of Corporates, a large section of people now are keen to know and understand socially responsible activities. To add up to this, also being apprehensive of the media can be counterproductive. There is a belief among sections of communicators that good news is not news for the media. While, it may not necessarily be untrue, it is important to continuously engage with the media nevertheless. Studies have shown that there is a section of media which is willing to absorb good news items and are more likely to report honestly on CSR issues of companies.

Address big issues head on: The stakeholders generally tend to seek direct answers on different issues on different issues pertaining to corporate functions. Equally evasive are companies in willing to disseminate information. Rather, they are more focused on addressing peripheral issues. This needs to be avoided when the issues relate to the company's CSR.

CSR – An essential component of development communication

One of the goals as a development organization is to make critical market systems more inclusive of the poor, who often lack information or access to markets. When the market systems function better, they involve the poor as producers, consumers, or employees and ensure large-scale and sustainable impact. In the back yard of Kolkata, where not too many Corporates occupy the CSR space with a big heart, there are a large number of NGOs working towards rehabilitation and sustainable development of a substantially large population which struggles for either livelihood or attaining the basic quality of life. While a number of such civil society groups work deep within the masses that dwell in perennial poverty, in equal measure one will find NGO's working largely towards skill development and training simultaneously offering funding opportunities to entrepreneurial enterprise among the weaker sections of society. Ankur Kala, for instance, is dedicated fully towards women empowerment. Bringing a semblance of honour to these downtrodden, destitute and often completely neglected women, the organisation focuses not only on training them in different disciplines, but inculcates within them the belief to become an entrepreneur. The organisation also hand holds them to a point where they are able to move ahead on their own. These women are not only from cities, but rural areas as well, etc: are some of the areas where it concentrates to constantly create markets for them both inside the country and abroad.

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