A study on vital role of corporate social responsibility with special reference to strategic management

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Abstract: The basic aim of the study is to gain familiarity or formulating a problem or to achieve new insights into it. In this particular study, an attempt has been made to comprehend and gain insight into behavior or attitude of companies entrepreneurs towards various aspects of social contribution of entrepreneurs in India. This study deals with the behavior of the corporate. It tries to identify complex behavior and set patterns in it. The present study relates to the attitude of 50 Companies in India so as to predict the behaviour. Why will any company give funds or services to a non-profit? The government will provide for funds and or services as it is responsible for the social welfare of the people. Similarly a charitable institution will do the same as it is their objective to help the social cause. An individual may donate to a nonprofit due to reasons of philanthropy, or in memory of some person etc. but why does a commercial organization contribute for a social cause? The basic objective of a commercial organization is to make profits. Why will it divert substantial funds to a nonprofit if there is no return on that investment? The objective of the study was to try and understand why an organization contributes to a social cause and what it expects to gain in the process. Is it philanthropy, is it a feeling of obligation to the society in general or is it for financial benefits in terms of tax exemptions, etc.

I. A STUDY ON VITAL ROLE OF CORPORATE SOCIAL RESPONSIBILITY WITH SPECIAL REFERENCE TO STRATEGIC MANAGEMENT

In India business by and large does not enjoy a good public image. A few leading business houses have made significant contributions to the economic and social well-being of the country. But instances of adulteration, hoarding, black marketing exploitation of workers, tax evasion, and other anti-social practices are very common. In order to ensure freedom of enterprise businessmen need to be more responsible towards the society. The Government industrial policy states that if industry acquires an increasing sense of social responsibility government can concentrate more on measures to help industry rather than to control it. In a mixed economy like ours, social responsibilities of business assume special significance. The main aspects of social responsibilities of Indian business are as follows:

- To make the best use of national resources so as to raise the level of national income and standard of living of the people.
- To create more and more employment opportunities for engineers, technicians and other skilled persons from educational institutions.
- To protect the national environment and ecological balance from all types of pollution.
- To contribute to the economic development of backward regions and weaker sections of society.
- To recognize and respect social values, business ethics and cultural heritage.
- To cooperate with the Government in solving problems like communalism, illiteracy, over-population, concentration of income and wealth, monopoly, etc.

To make the country economically self-reliant through export promotion and import substitution.

Defining Corporate social responsibility

Definitional issues regarding “corporate social responsibility” (CSR) have been debated since many years. Early CSR models was initiated in the early 1960s. It showed the “social” aspect of CSR as referring directly to those responsibilities above and beyond economic and legal obligations (Carroll, 1979; Waddock, 2004; Matten and Crane; 2005). Many considered corporate social responsibility synonymous with voluntary and philanthropic acts by business organizations which are designed to alleviate social ills or in order to benefit a disadvantaged group chosen by the corporation’s managers. The World Business Council for Sustainable Development in its publication “Making Good Business Sense” by Lord Holme and Richard Whatts, used the following definition. “Corporate Social Responsibility is the continuing commitment by 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 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 about business giving back to society. Traditionally, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving. In the words of Philip Kotler, “Corporate Social Responsibility: Doing the Most Good for your Company and Cause” does a terrific job of describing the range of corporate social initiative and suggests best practices for choosing, implementing and evaluating them.

Need for study

The basic aim of the study is to gain familiarity or formulating a problem or to achieve new insights into it. In this particular study, an attempt has been made to comprehend and gain insight into behavior or attitude of companies entrepreneurs towards various aspects of social contribution of entrepreneurs in India. This study deals with the behavior of the corporate. It tries to identify complex behavior and set patterns in it. The present study relates to the attitude of 50 Companies in India so as to predict the behavior.

Why will any company give funds or services to a nonprofit? The government will provide for funds and or services as it is responsible for the social welfare of the people. Similarly a charitable institution will do the same as it is their objective to help the social cause. An individual may donate to a nonprofit due to reasons of philanthropy, or in memory of some person etc, but why does a commercial organization contribute for a social cause? The basic objective of a commercial organization is to make profits. Why will it divert substantial funds to a nonprofit if there is no return on that investment?

The objective of the study was to try and understand why an organization contributes to a social cause and what it expects to gain in the process. Is it philanthropy, is it a feeling of obligation to the society in general or is it for financial benefits in terms of tax exemptions, etc.

II. RESEARCH DESIGN

To understand the reason why an organization contributes to a social cause, it was necessary to get an insight into the strategic entrepreneurs view of the business, its views, its policies, the reasons why it contributes and its objectives and relationships with all its stakeholders i.e. employees, customers, suppliers, shareholders and society. The questionnaire was designed accordingly to get the relevant information from the respondents. In this study the researchers have adopted convenience sampling. Population of study includes companies located in India.

The research consists of the application of both primary and secondary data. Primary data was collected by administering questionnaire. The secondary data was collected through websites and from various journals and magazines. Reasons for contribution to CSR by organizations were a sensitive issue. The questionnaire was administered to various companies HR of Chennai. Anonymity of responses was promised. While it was sent to about 60 companies responded. The responses were obtained. The responses were obtained through the human resource departments of the company or indirectly through the concerned department or official handling the area.

Limitations

The sample size being very small, the result of the study may not represent the whole population.

III. FINDINGS

Views toward profit oriented Entrepreneurs: 82.4% of the Entrepreneurs seem to strongly agree that business means maximizing benefits, making money and doing your work well. No company disagrees on this point. 17.6% more agree than disagree to the same. 76.5% says that business is making money. 88.2% strongly agree as well as agree that it is all about social responsibility while 17.8% more disagree.

Business ethics: 88.3% believe that there is place for ethics in business. However, a small majority, 11.8% strongly feel that there is no place for ethics in business.

Industrial & Economic attitude: 82.3% believe that industrial needs only an economic attitude while 17.7% respondents felt that business does not need an economic attitude, however, what is needed is balance feel.

Loyal Customers: 47.1% have their objectives towards the loyal customer as satisfying them by providing quality, and within this, 50% term their relationship as friendly. Another 29.4% objective is to give good value and satisfactory service.

Shareholders: 41.2% objectives are more towards good returns and 35.3% express the real picture of the company, while 23.5% assure profit to its shareholders.

Employees: 64.7% feel that their objective towards the employees is to motivate to achieve goals and rewards, 23.5% satisfy by fulfilling needs while 5.9% feel that their relationship is that of family feeling and another 5.9% provide them with an opportunity for self development.

Community: Over 52.9% of the companies have social welfare as the objective towards the community. 11.8% companies have stated that their relationship with the community is that of a family member so as to provide help to the target group who needs it and 17.6% have stated that their relationship is cordial and friendly. They are sensitive to the needs of the community and another 17.6% include community welfare in the objectives of the company.
As per Remarkable survey shows the Status of Corporate Social Responsibility in India

- About 36 per cent of companies surveyed had some sort of a policy on supporting social development.
- Only 7 per cent of the companies surveyed had a written policy.
- Of those having a written policy, as many as 86 per cent were supporting activities.
- Almost 60 per cent of companies with a policy had a person or department responsible for implementation.
- Of the companies surveyed, 46 per cent were involved in development activities. These companies were mostly large and old companies.
- Over 80 per cent of companies were working with NGOs of which Rotary and Lions Clubs received the largest mention. This means the NGO still has a minor mention in corporate social development initiatives.
- Cash donation was overwhelmingly the most preferred form of support.
- Companies with a policy were significantly large providers.

(This is based on finding of a survey of 647 companies commissioned by Partners in Change / Actionaid and conducted by SRI/IMRB)

IV. STRATEGIES FOR SOCIAL RESPONSIBILITIES

The following steps may be taken to make the entrepreneurs discharge its social responsibilities:

1. Legislative measures. The companies Act may be amended to make the following provisions:
   (a) Social responsibilities clause to be specified by every big company in its Memorandum of Association;
   (b) Representation of social groups in the Board of Directors and annual general meeting of a company;
   (c) Social audit to judge the contribution of a company towards social welfare.

2. Voluntary measures. Law alone cannot make businessmen socially responsible. The following voluntary measures may also be adopted for this purpose:
   (a) Shareholders should form their associations to exercise effective control over company managements;
   (b) Consumers should form their associations to force businessmen discharge their obligations;
   (c) Trade associations and chambers of commerce should exercise effective control to prevent anti-social practices among businessmen;
   (d) Business enterprises should develop an organisational culture conducive to the assumption and discharging of social responsibilities.

V. SUGGESTION AND CONCLUSION

Entrepreneurs have proved their competence and leadership in solving economic problems. Society expects them to use their competence to solve problems and thereby play a vital role.

REFERENCES
