

# CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

## Abstract

An organization's responsibility towards society for implementing sustainable business practices is called as Corporate social responsibility (CSR). CSR comprises of the activities of an organization which have its impact on society. It is a medium by which an organization can take care of a large number of its stakeholders and also nature. Earlier CSR was considered only as charity; but slowly it expanded to philanthropy. In today's era CSR also addresses various social issues, leading to sustainability and better governance and also taking up efforts for development of society and people. Through this chapter, the readers can know the reasons and factors responsible for growth of CSR in India. Organizations should take the responsibilities to do business in a socially, economically and environmentally responsible manner to survive for a longer period. While they earn profits, they should simultaneously take up activities and business practices that are beneficial to society and planet. They can extend support through charity, sharing of human resources, developing greener business operations, etc. Needless to say, that CSR practices the concept of give and take.

**Keywords:** Corporate social responsibility, The Triple bottom line, sustainable development goals, ISO 26000

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## I. INTRODUCTION

Corporate social responsibility (CSR) is a disciplined business model that develops self-regulating norms. These norms identify the methods which help a company to be socially accountable to itself, its stakeholders, and the public. By discharging corporate social responsibility or acquiring corporate citizenship, companies can do self-assessment of themselves. The evaluation of the self-assessment is for the kind of impact they are having on all aspects of society i.e., economic, social, and environmental. Engaging in CSR activities means that during the ordinary course of business, while earning profits, a company will also adopt methods that will enhance societal and the environmental well-being instead of either neglecting or contributing negatively to them.

On April 1, 2014, marked a landmark when India became the first country to legally mandate corporate social responsibility. The amendments in Section 135 of India's Companies Act, companies having certain turnover and profitability as per norms set, must mandatorily spend two percent of their average net profit for the past three years on CSR. CSR has been extended and exhibited through activities like societal and people engagement, a socially responsible production process, and socially responsible employee relations and their welfare.

## II. TRIPLE BOTTOM LINE

Corporate social responsibility focuses on social accountability by a company to mark a positive impact on society. Multiple ways by which a company can discharge social responsibility are by taking care of people, the planet and also the profit. This is nothing but The Triple Bottom Line (TBL). The TBL dimensions were introduced by John Elkington for the sustainability concept, and are commonly called three Ps of sustainability. It led to identifying various parameters that a company can opt for doing social responsibility. The list can include: promoting the gender and economic equality and diversity, respecting employees at the workplace, opting steps that are environment and eco-friendly, taking business decisions that are ethical and contributing towards giving back to society, etc.



**Figure 1: The Triple Bottom Line**

### III. SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations drafted 17 Sustainable Development Goals and decided the attainment year as 2030. All 193 United Nations Member States agreed on these 17 goals to end poverty, ensure prosperity, and protect the planet. Down the line after few years, sustainable development will prove giving the solution to the fact as to how the countries plan their economic activities and growth without causing damage to the environment and ensure that a safer place is restored for the generations to come. The countries should also build up their economies and societies without neglecting the environment. The 17 SDGs are interlinked as the action in one area of the triple bottom line will affect the outcomes of other two, and that development must not be at the cost of social, economic and environmental sustainability.

The corporates must review and implement United Nations 17 Sustainable Development Goals as guidelines to follow and do appropriate corporate social responsibility and achieve sustainability.



Figure 2: The Sustainable Development Goals

### IV. THE DIMENSIONS OF SUSTAINABLE GOALS

There are 3 areas of sustainable development which are in accordance with 3 Ps of Triple Bottom Line viz. a. Environmental (Planet), b. Economic (Profit), c. Social (People)

The corporates opt many methods to achieve these sustainable goals. The manufacturing companies which have a large volume of carbon emission can opt for effective measures to reduce carbon footprints by taking steps towards clean and green energy, cleaning water bodies, waste management and waste disposal management. The companies can take steps towards rural development. Opting for such methods can lead to betterment of company as well as people and in turn society.

The companies can also opt for philanthropic or charity activities by donating money or in kind by means of product or services towards social cause or supporting not for profit organizations. The resources available with the companies that can benefit the society can be made available through various activities carried out by company itself or the non-profit/non-government organizations. Philanthropes and volunteers can spare their time for activities like imparting education, cultural contributions to raise funds, offering professional services like legal, medical, or any other without expecting anything in return.

Implementing of ethical labour and social practices also leads to achieving several sustainable development goals. Providing good working conditions like work-space, work culture, working policies, wages; showing concern towards employees' families by celebrating festivals, child care centre for female workers, campus clinic, etc.

Bhutan has constraints of industrialization, employment and wages, geographical terrains, etc. The sustainable goals defined by the UN were simplified by Bhutan to fit its values and resources. It was planned that three core goals will be developed with each goal containing measurable indicators. These three interconnected goals linked with three Ps of the Triple bottom line can prove as model for the emerging nations globally for developing similar approaches to sustainability. The three major goals that need to be integrated are:

**Table 1: Integration of the Triple Bottom Line with Bhutan's Goal**

| Sr. No. | Triple Bottom Line P | Parameter             | Bhutan's goal                      | Aligning of Values and the aspiration of Bhutan  |
|---------|----------------------|-----------------------|------------------------------------|--|
| 1       | Profit               | Wealth                | The GDP (Gross Domestic Product)   | Align with their middle-income aspiration, and providing good opportunities for fair employment.                   |
| 2       | Planet               | Gas Emission          | The GHG Emission (Green House Gas) | Align with maintenance of carbon at a neutral level, which can't be controlled by most of the national commitments |
| 3       | The People           | People's satisfaction | The GNH (Gross National Happiness) | Align with their socio-economic goals.   |

Bhutan has three major goals (three G's) shown in Figure 1 that need to be integrated:

- **Wealth:** The GDP which can grow and help them to become a middle-income economy
- **Carbon Emissions:** The GHG that is maintained at a carbon neutral level; and
- **Happiness:** The Gross National Happiness (GNH) which is constantly growing.

## V. CSR AND COMPANIES ACT 2013

The amendments in India's Companies Act 2013 (Companies Act) has made Corporate Social Responsibility (CSR) as a mandatory expenditure for corporates. This is

with the intention of giving back to society as a gesture of thankfulness. As per CSR Policy every qualifying company as per the norms requires spending of at least 2% of its average net profit for the immediately preceding 3 financial years on CSR activities. The companies should discharge CSR in local areas (if possible, adopt those areas) and also those areas where the company operates. There are the threshold limit for applicability of the CSR to a Company as per the Section 135 of the Companies Act. They are:

- Net worth of the company to be Rs 500 crore or more
- Turnover of the company to be Rs 1000 crore or more
- Net profit of the company to be Rs 5 crore or more.

## **VI. THE ISO 26000 – GUIDANCE ON SOCIAL RESPONSIBILITY**

The ISO 26000 is a set of voluntary international standards which was developed and is instrumental in helping companies/ organizations for effectively assessing and addressing social responsibilities. Due care is also taken to ensure that these CSR activities are relevant and significant to their mission and vision; their modus operandi, operations and processes. The set is also important for their major stakeholders viz. customers, employees, social and environmental communities, and other stakeholders; It also has an environmental as well as social impact. This set is instrumental in providing guidance in what corporate social responsibilities are and how the social responsibilities can be carried out practically keeping the principles intact. There are no constraints with regards to location, activity or size of organization.

The seven key underlying principles of social responsibility are:

- Accountability and Ethical behaviour
- Transparency in operations
- Showing respect for stakeholders' interests
- Showing respect for the rule of law
- Showing respect for international norms and behavior
- Showing respect for human rights

The diverse societal, environmental, legal, cultural, political and organizational aspects in which the different organizations operate should be considered when applying for ISO 26000 standards for an organization. Consistency in the differences in economic conditions with international norms of behaviour should also be considered.

## **VII. PILLARS OF SUSTAINABLE DEVELOPMENT**

There are four pillars of sustainable development. They are:

- 1. Social sustainability:** Social sustainability takes responsibility of preserving human capital and at large the society by conceptualizing, developing, investing, sponsoring and creating services that make the structure of our society. The concept drives a correlation between the earth and different communities, different cultures and also globalization. It aims at preserving natural and depleting resources for future generations and to take responsibility and acknowledge the impact on the world of these exhausting resources.

- 2. Human sustainability:** Human sustainability undertakes responsibility of maintaining and improvising the human capital in society. Efforts and investments are being made to improve health and education systems, knowledge and skills sets of people, access to various services are made available, nutrition to every living being under the umbrella of human sustainability. As natural resources and places available for habitation are limited, there is a need to balance continual growth with improvements in health and simultaneously striving to achieve economic wellbeing for everyone.
- 3. Economic sustainability:** Economic sustainability looks into maintaining the monetary factor intact. Walking hand in hand as social sustainability is implemented to improvise social equality, economic sustainability targets improvisation of the standard of living. In context of business and manufacturing processes, it emphasizes on the efficient use of assets to maintain company profitability over time.
- 4. Environmental sustainability:** Environmental sustainability focuses on protection of natural resources like land, air, water, ores and minerals, crude oil and other fuels etc., for improving human welfare. The initiatives and programs which ensure that the peoples' needs are met without the risk of overlooking and compromising the needs of future generations are said to be environmentally sustainable.

## **VIII. INDIAN VALUES AND ETHICS- GUIDING FORCE FOR CSR**

The Indian values and ethics comprising of non-violence, cooperation, respect for elders, need for security, rights and duties towards elders and dependants including the employees, following ethics in work life, the Holistic relationship between man and nature form the base and help in formulating the guidelines for CSR of many organizations.

The WBCSD defines CSR as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.” Thus, Corporate Social Responsibility aims to take responsibility for the company’s activities and modus operandi and reflect a good image by working for the environment, consumers, employees, communities and various stakeholders.

The initiatives to be taken are for areas falling under the Triple Bottom Line keeping in mind sustainable development goals. The corporates are joining hands with NGO and carrying out programs by utilizing the expertise of the NGO. These programs may include

### **1. Rehabilitation of**

- Flood affected people
- Tsunami affected people
- Acid attack victims
- Stray dogs
- Land-slide affected people
- Prostitutes
- Refugees

## 2. Providing education to

- Kids of stone quarry workers,
- Rag picking children
- Kids of prostitutes
- Professional Skill development education to acid attack survivors,
- Orphan children living on the street due to any natural calamity or pandemic
- Orphans and widows of those serving the country.

## 3. Economic support for

- Rebuilding of houses of people which are lost due to natural calamity
- Developing sports skills to those who cannot afford the expenses
- Women who are members of the Self-Help Group (SHG) which promote selling of home-made products
- Imparting technical skills related to computer hardware and software
- Treatment of diseases which require expensive medication,
- Artificial Limbs implants
- Working for nature's conservation
- Cleanliness drives of rivers, sea beaches, forts, and other places of national heritage
- Setting up mechanisms for an alternative and green source of energy
- Green packaging
- Waste elimination

## 4. Various drives for

- Rural development
- Eliminate hunger
- Eradicate poverty, malnutrition, etc
- People belonging to the marginalized community
- Sponsoring education/ scholarship
- Gender equality and women empowerment
- Generating livelihood and job opportunities for needy people
- Budding entrepreneurs
- Extending support of professional services like legal, medical
- Clean water and air and sanitization and life below water and on planet
- Infrastructure development
- Responsible consuming of resources and adapting environment and people friendly production processes
- Peace and justice

## IX. CONCLUSION

Father of nation, Mahatma Gandhi opined that “**Earth provides enough to satisfy every man's need but not any man's greed.**” His opinion becomes the guiding force for sustainable development. The guidelines lead to thought process that the current generation should use the resources wisely, and also take care of environment. This will lead to

availability of resources for the generations to come and there will not be any situation leading to compromising the needs of future generation.

While looking for profit the organizations should also develop a sense of sincere commitment to the locality where the organization is set up. Appropriate methods should be responsibly adopted for development of global supply chain ensuring fair business practices and sustainability. Considering the planet aspect of the Triple Bottom Line the economical use of natural resources and activities involving protection of the climate and environment should be encouraged by corporates. To take care of people aspect of the Triple Bottom Line the human resource management of the organization should focus on employee-oriented practices so that employees work whole heartedly. The concept of CSR is based on our old barter system of give and take. Companies take resources from society and nature in the form of raw materials for production, energy, fuel, and society by ways of human resources for professional and skill-based activities. The CSR activities taken up by the companies are honest attempts to return the society and planet leading to sustainable growth of all.

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