

## Corporate Social Responsibility: An Overview

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### Abstract:

Most of the companies or business enterprises derive a number of benefits from the society in which they are located and functioning but the activities of some of the enterprises are causing damage to the society and environment therefore the business enterprises have an important responsibility towards various section of the society. In this background, this research paper analyses the concept of 'Corporate Social Responsibility' by a brief analysis of responsibilities of corporate units towards owners, employees, customers, society, governments.

**Keywords:** Corporate Social Responsibility, Business sustainability, corporate conscience, Environmental sustainability, Community involvement, Ethical marketing, Stake holders.

### INTRODUCTION

Today's organizations particularly large corporations exist in a complex world because they are part of larger community and therefore the organizations have an obligation towards the society as a whole. Initially, managers were more concerned with making their business successful than they were with any environmental and social effects. Today as business has such a tremendous impact on society, the manager's job has taken a new dimension. Managers realized that their business concerns should not only be economical & efficient but also have a corporate conscience & obligation to the society from which they are obtaining a number of benefits & the society in which they exist & functioning. Corporate social responsibility is also called as corporate conscience, corporate citizenship or responsible business. CSR is a management concept as well as it is a very broad concept. It covers various topics such as human rights, corporate governance, healthy & safety measures, environmental effects, working conditions & contribution to economic development. The purpose of CSR is to drive change towards sustainability.

### CORPORATE SOCIAL RESPONSIBILITY- DEFINITION & MEANING

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 through their waste and pollution reduction processes, by contributing educational and social programs and by earning adequate returns on the employed resources". Wikipedia

"Corporate Social Responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stake holders".

- Wikipedia

"Corporate Social Responsibility is the continuing commitment by business to behave ethically & contribute to economic development while improving the quality of life to the work force & their families as well as the local community & society at large".

- Lord Holme & Richard Watts.

"CSR is a duty of every corporate body to protect the interest of the society at large. Even though the main objective of business is to earn profit, corporate should take initiative for welfare of the society & should perform its activities within the framework of environmental norms.

### COMMON ACTIONS

**Common CSR actions include:**

A) Environmental Sustainability:

Recycling waste management, water management, renewable energy, reusable materials, reducing paper use.

B) Community involvement:

This can include raising money for local charities, providing volunteers, sponsoring local events, employing local workers, supporting local economic growth, engaging in fair trade practices.

C) Ethical marketing:

Nowadays companies are placing a higher value on their consumers/customers & respecting them as people who are ends in themselves. They do not try to manipulate or flashily advertise to potential consumers. This is important for companies that want to be viewed as ethical.

D) Implementation:

CSR may be based within the human resources, business development or public relations, departments of an organisation, or may be a separate unit reporting to the CEO or the board of directors.

E) Engagement plan:

A corporate social responsibility is an individual or team plans for achieving the goals & objectives of the organisation.

#### **PROVISIONS UNDER NEW COMPANIES ACT:**

Clause 135 of New Companies Act includes following criteria for Corporate Social Responsibility:

- Net worth- Rs 500 crores or more
- Turnover- Rs 1000 crores or more

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- Net profit- Rs 5 crores or more

If any country during any of the financial year fulfills any of the conditions then it should-

a) Constitute a CSR committee of Board which shall consist of minimum three directors.

b) The committee shall formulate & recommend CSR policy indicating companies activities.

c) At least 2 % of the average Net profit of the immediately preceding three financial years of the company shall be used for spending in accordance with CSR policy.

d) The company shall give preference to its local area from where it operates for CSR activities.

#### **CONCLUSION -**

- 1) Previously it was voluntary for all the corporate to take steps for betterment of the society except government rules & regulations related to protection of environment. But now with the massive efforts of Mr. Sachin pilot & other parliamentary members, CSR has gained importance in New Companies Act, 2013.
- 2) Nowadays many companies adhere to a sense of CSR by being environmentally friendly or by giving their employees good health & financial benefits.