

CORPORATE SOCIAL RESPONSIBILITY

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Abstract: In recent years, the understanding of CSR has gained increasing interest by all sorts of business entities in the world. It may be topic of debate that this appropriate as most of the economies of the world are moving towards the growth and a move market based orientation. Moreover, a huge number of these economies have totally different legal framework, political interface, cultural influences and socio-economic environment. These factors undoubtedly affect the ways and means for pursuing CSR. In view of the increasing importance of the concept of CSR, it is imperative to study all the major types of CSR which are broadly divided into four categories namely Economic Responsibility, Legal Responsibility, Ethical Responsibility and Philanthropy Responsibility. There are some other forms of CSR such as Environmental Responsibility, Social Responsibility etc. But this paper focuses on the four major types only.

Keywords: Corporate Social Responsibility, Business philanthropy, Management.

1.0 Introduction

Business is one of the most important economic activity having a key role of job and wealth creation. From time immemorial the main motive of business has been profit maximization, but in recent decades, business executives recognized that they have responsibility to do more than earning profits for the shareholders. It led to the emergence of the concept of CSR. CSR is the responsibility of business towards the society that exist around it, to act in a social responsible way. It is also a form of self-regulations expressed in strategies depending on an organization's goals. CSR can also be termed as the way an organization achieves a balance between economical, environmental and social imperatives while addressing the expectation of shareholders and all the stakeholders. Having mentioned all above perspectives, it is quite evident that CSR is an evolving concept that is yet to command a standard definition. Still its importance can not be underestimated. Not only giant business houses, but small business also create CSR programs, therefore it cannot be denied that CSR is a universal phenomenon. CSR has countless benefits and reasons for the enterprise to pursue CSR. Some of the advantages are brand recognition, investor relations and low labor turnover.

2.0 Types of Corporate Social Responsibility

Generally there are four main types of CSR. A single specific rubric is yet to be developed for the evaluation of CSR of all the organizations.

2.1 Economic Responsibility:

Just like human beings are considered as social creatures, Businesses are considered as economic entities, created to make goods and services to social members. It's prime role is to provide goods & services to satisfy needs and requirements of consumer while generating reasonable profits by working efficiently and effectively. Gradually, the motive of earning reasonable profit get transformed into the profit maximization while all the other responsibilities towards different stakeholders lost their importance. The fact that economic responsibility is mandatory for the very survival and existence of the business entities. It can never face denial as business has a key role in job and wealth creation. Further, the meaning and definition of business itself emphasizes on profit making by saying that an

organization without aim of earning profit can not be termed as business, which implies business without profit motive can not be termed as business. This is not only the responsibility of business but also the objectives of the same.

2.2 Legal Responsibility:

In addition to the economic responsibilities, businesses are also expected to follow laws and regulations enacted by various departments of Governments e.g. Environmental regulations, Labor laws, Wage Act, Laws related to unfair trade practices, Laws pertaining to registration, license requirements and many more. In other words, Business need to achieve the economic aim within the boundaries of laws. These boundaries are necessary for maintaining the balance between the objectives of profit maximization and social welfare. A lawful entity is the one which can be termed as socially responsible. Although an enterprise has freedom to operate in whatever way it wants but with due diligence to limits set by different laws. It is not an exaggeration to say that, the way individuals need to comply with the legal responsibilities in the society, the same goes for the businesses in the society. To illustrate further, it is duty of a business to pay taxes to the government honestly and timely, and to maintain proper books of accounts to make it easy for the government to keep track of the economic status of the company.

2.3 Ethical Responsibility:

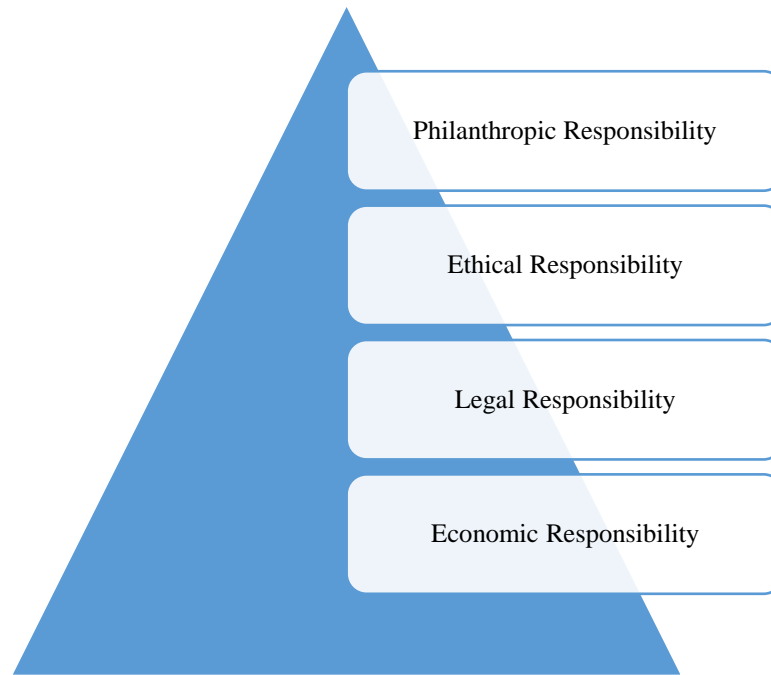
Ethical responsibilities embrace those practices and behavior of the firm, which are not codified into laws by the government but are either expected to fulfill or prohibited by the members of the society. Ethical responsibilities include standards, norms, and fair practices regarded as just and fair by consumers, employees, shareholders and communities. It is common belief that ethical values age before law and order came into existence. Therefore, ethical responsibilities established elevated standards of performance than what is required by the law. Firm has separate ethical responsibilities towards each stakeholder group. There are basically three major ethical approaches namely-

- (a) Immoral Management:- It means where no regard is given to ethics by the managers. Managers pay no heed to ethical responsibilities not only in making due decisions but also in his personal conduct.
- (b) Amoral Management:- Here, the managers does not fall in either immoral or moral categories. Under this type of management, it is perfectly legit to pursue any course of action by managers being within the legal and regulatory framework.
- (c) Moral Management:- When the managers follow elevated standards of behavior in personal actions as well as in business activities. He is said to be following moral management. He pursues business goals within the parameters of ethical norms.

4.4 Philanthropic Responsibility:-

The individuals are expected by the society to be good citizens. In the similar way, businesses and its actions should appear to be good corporate citizens, as the society expects. The businesses should behave in a way, in which they encourage human welfare and goodwill. Firms are desired by the stakeholders to contribute its financial resources, human resources, and facilities towards their betterment, but if they fail to contribute to desired level, it can not be labeled as unethical which implies that philanthropy is more voluntary than mandatory. Sometimes, philanthropy responsibility and ethical responsibility are mistakenly considered to be the same but they differ in the manner that the former one is considered to be less important than the latter one.

Fig. 1 CSR Pyramid



3.0 Conclusions

Since the 1950s, the concept of corporate social responsibility (CSR) has been the subject of debate. However, it wasn't until much later that people began to comprehend its significance, impact, and meaning. After being defined in Pyramid of Corporate Social Responsibility, CSR in its current form gained popularity. The Pyramid has become one of the most widely accepted corporate CSR theories since because of its simplicity and ability to describe the concept of CSR in four areas. According to pyramid, businesses are required to fulfill four levels of responsibility: economic, legal, ethical, and philanthropic. Beyond the four primary types of corporate social responsibility strategies, there are a number of additional areas in which businesses can focus on being socially responsible for their employees and society as a whole. These areas include diversity and inclusion, employee engagement, well-being, environmental issues, and so on.

4.0 References

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