



Corporate Citizenship Vis-A-Vis Corporate Social Responsibility

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ABSTRACT Corporates, like an ordinary citizen, have acquired all the rights of a privileged citizen under law. So, they should take responsibilities in discharging some social obligations for the growth and development of the society. With the proper implementation of CSR activities, a company can attract and retain the best talent, prevent future costs, create a long lasting revenue source, strengthen brand value, enhance reputation, improve employee morale, and create a positive political and social environment to function it. Government of India has made an initiative to attract companies towards CSR work to develop, a system of CSR credits, similar to the carbon credits which are given to companies for the green initiatives. In order to attain the social objective, there is a need for framing a CSR policy in every company for prioritization of activities for social spending and allocation of separate funds for this purpose.

KEYWORDS: Corporate Social Responsibility, Value Proposition, Implementation

INTRODUCTION

The term corporate citizenship refers to the moral obligations of business to the society. As individuals, corporate are also constitute an integral part of the society and their behaviour shall be guided by certain social norms. An ordinary citizen is having, a limited life span and having unlimited liability whereas the Company law, created by society has provided corporate of limited liability and perpetual life. At the same time, corporations have also acquired all the rights of individuals under law. Thus, corporations have become privileged citizens of society. As the corporates enjoy more privileges, so they must take more responsibilities as compared to an ordinary human being.

EVOLUTION OF SOCIAL RESPONSIBILITY

The notion of corporate social responsibility (CSR) has been with us in India, ever since the concept of “Daan” of

giving voluntary for greater good. The country’s legendary business houses like the TATAs and the Birlas, actively promoted concepts of nation building and trusteeship in their corporate traditions, even before CSR became a popular cause. Jamshedji Tata had a letter to his son Dorab and instructed “Be sure to lay out wide streets planted with shady trees, every other one of a quick growing variety. Be sure there is plenty of space for lawns and gardens, reserve large areas for football, hockey and perks. Earmark areas for Hindu temples, Mohammedan mosques and Christian churches. No wonder Jamshedpur emerged as a beautiful and well developed city. TATA believed that the community was the reason for the very existence of the company.

1970, witnessed a land mark development when the articles of association of the company was amended to incorporate the social and moral responsibilities of the company to consumers, employees, shareholders, society and the local people. A decade later the Board of Directors of TISCO appointed a social audit committee to go in to

the question of whether and to what extent the company had fulfilled its social obligations laid down in the articles. This resulted in the first social audit ever undertaken by any company, public or private. In India, at a time it was not popular anywhere in the world. The report of the Committee was a glowing tribute to TISCO's endeavours in the discharge of its social obligations to the various segments of the society. TATA steel has won the National corporate governance award in 2000. For the disclosure in its annual reports about its strategies, current state of affairs, plans, operations, finances and initiatives in the social domain, contributed to the award being announced in its favour. The company has also has an effective system of communicating with shareholders, stock exchanges and the general public. It has also set in place practices and procedures that enable it to maintain friendly investor relations. Other reasons cited for bestowing the award on TATA steel included employee relations, support of rural and community development programmes, implementation of the ISO14001 environment management system and also the driving change within the company in terms of knowledge management systems, people processes and performance ethics.

Today, CSR has seen a movement away from mere funding to looking for a direct business impact. It is a social investment as opposed to philanthropy. A global survey by Price Water house coopers, which polled 1100 CEO's has come to a conclusion that CSR is important to profitability and can prevent the loss of customers, shareholders and even employees. With the proper implementation of CSR activities, a company can attract and retain the best talent, prevent future costs, create a long and lasting revenue source, strengthen brand value, enhance reputation, improve employee morale and create a positive political and social environment to function in.

After the scandals involving companies like Enron and Worldcom, investors are questioning companies an issues that goes beyond financial performance, like ethics, governance, business practices and environmental standards- all these are new part of CSR.

APPROACHES TOWARDS CSR

According to Milton Friedman "Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social

responsibility other than to make as much money for their stock holders as possible."

Soloman held the view "Profits are not the purpose of a business activity, but a means to building the business and rewarding employees, executives and investors."

Peter F. Drucker asserted that "Profit is not the explanation cause or ration able of a firm's behaviour and management decisions, but the test of their validity."

Today, there is increasingly a realisation among many that CSR is good for business. Further,, there is growing evidence that the larger the firm the greater its social responsibility. Any failure to measure up to the requirements, expectations and desire of the stakeholders, including the wider society, will have implications for the firm's reputation even when such failure does not result in any shortcomings or limitation concerning product or service quality.

In 1971, the Committee for Economic Development USA stated three approaches for CSR such as-(1) The Inner circle approach (2) Intermediate circle approach (3) Outer circle approach. The Inner circle approach includes the clear cut basic responsibilities for the efficient execution of the economic function products, jobs and economic growth. Intermediate circle involves a responsibility to exercise the economic function as stated above with a sensitive awareness of changing social values and priorities. It involves environmental conservation, hiring and relations with employees. Outer circle approach is broad and involves newly emerging and more responsibilities that a business should assume to become more broadly involved activities improving the social environment. The CSR principles have undergone a sea change over the period of time and it is now mainly confines in the following four categories such as economic, legal, ethical and discretionary.

VIEWS ABOUT CSR

Niall Fitz Erald (Former CEO, Uniliver) "Corporate social responsibility is a hard edged business decision, not because it is a nice thing to do so or because people are forcing us to do it because it is good for business."

William Ford J. (Chairman, Ford Motors) "Social obligation is much bigger than supporting worthy- causes, it involves anything that impacts people and the quality of their lives".

Jeroen vander veer (Managing Director Shell) "in my view the successful Companies of the future will be those that integrate business and employees personal values. The best people want to do that contributes to society with a company whose values they share, where their actions count and their views matter."

Courtney Pratt, Former CEO, Toronto Hydro- "Business has a responsibility beyond its basic responsibilities to its share holders, a responsibility to a broader constituency that includes its key stake holders, customers, employees, NGOs, Government- the people of the communities in which it operates."

N.R. Narayana Murthy-(Chairman and CEO of Infosys) "Corporate foremost social responsibility is to create maximum share holder value working under the circumstances where it is fair to all its share holders, workers, consumers, the community, government and the environment around us and not cheating our customers and workers, we might not gain anything in the short run, but in the long term it means greater profits and share holder value."

Aman Mehta, CEO, HSBC, Hong kong- "CSR as a concept different to different people and in different Countries. Fundamentally, CSR is balancing the conflicting interest put on the corporations from different stake holders

with the objectives a commercial organisation in such a way that there is minimum loss to anybody."

Bertrand Collomb, Chairman and CEO, Lafarge, France- "Company can't be successful in the long run without a happy community around and a motivated and happy workforce which would translate into greater labour productivity, lower wastage in manufacturing process and product rejection rate resulting in greater profits. According to him, international companies can exhibit a greater social responsibility by bringing in efficient manufacturing and business practices to be developing countries and training and educating local people in new skills and Knowledge"

CSR AND VALUE PROPOSITIONS

CSR is like social investment which the corporate houses make. It is an act of voluntary actions that business houses undertake to address both their competitiveness and the interests of society. It is about how business takes account of its economic, social and environmental impacts in the way it operates. The concept of CSR, however, goes beyond the philanthropic gestures i.e. donating money to good causes at the end of the financial year. Now, it has been realised that CSR is an all year round responsibilities that companies accept for the environment around them.

TABLE 1. CSR Initiative of TATA towards Employees

<i>Particulars</i>	<i>Year of Introduction</i>	<i>Govt. Enforced as Law</i>	<i>Legal measures</i>
Five Hour working day	1912	1948	Factories Act
Free medical aid	1915	1945	ESI Act
Welfare department	1917	1948	Factories Act
Works Committees	1919	1947	Industrial Dispute Act
Leave with Pay	1920	1948	Factories Act
Provident Fund	1920	1952	Employees PF Act
Accident compensation	1920	1924	Workmen's Compensation Act
Training of Apprentices	1921	1961	Apprentices Act
Maternity Benefit	1928	1961	Maternity Benefit Act
Profit sharing Bonous	1934	1965	Payment of Bonus Act
Gratuity	1937	11972	Gratuity Act

Source- Joshi and Sangam Kapoor- Business Environment- Page-116

World Bank has also realised that CSR can help in improving the national competitiveness and companies are using CSR standards to meet the loaning conditions of the IFC (International Financial Corporation). Good social and environmental performance standards are a requirement for

IFC investment.ifc has updated the performance standards of big corporate on social and environmental sustainability. The policies help IFC to understand opportunities and risks of their investments and assist the companies in minimising

potential negative social and environmental impact of their business.

IFC has prescribed three standards for sanctioning the project finance lending to leading commercial financial institutions. Standard one focuses on client management system. The objective of this standard is that social and environmental requirements are complied in the basic operating systems of a company.

Standard two requires an integrated social and environmental risk assessment of the proposed projects. This is the fundamental way to get into the DNA of a company and to find out how the corporate solve the potential risks and minimise the risk element. These standards require early and ongoing community engagement. All the institutions who are in need of project finance must disclose information essential to the health and welfare of affected communities and consult with them on these issues throughout the life of the project, not just at the initial development phase.

IMPLEMENTATION OF SOCIAL RESPONSIBILITY

TATA first introduced many welfare measures for the benefit of their employees and the Government made them compulsory later for other business groups to follow. CSR initiatives of TATA towards its employees is mentioned below in Table-1.

CSR AS BUSINESS STRATEGY

CSR can be much more than a cost, a constraint or a charitable deed- it can be a source of opportunity, innovation and competitive advantage. Globally there are many companies who have managed the CSR goals with greater efficiency. For example – Nestle get permission from the Government of India in 1962 to set up a diary plant in Moga, Punjab. At that time, the milk output of the livestock with farmers was very pathetic and there was high mortality rate of calves. Due to the poor infrastructure and lack of resources, milk could not be transferred over even short distances. Nestle, taken a bold step in transporting the milk to Switzerland by creating a large base of small farmers. Gradually, the value chain extended and there was social transformation of the value chain. In due course of time, the company built refrigerated

Lorries as collection points in each town and along with the Lorries it also sent all kinds of experts such as vet nary surgeons and agronomist to provide farmers with technical expertise. Nestle provided farmers financial and technical assistance for constructing deep bore wells and fulfilled the irrigation requirements and improved the quality of livestock's feed crop, thereby, not only improving milk yields but also increasing their life style. The project has resulted in higher living standards in Moga. Now,90% of households having access to electricity and telephones. Nestle got access to its raw material and its rural suppliers gained a higher standard of living. Today, the place became the hub centre for milk export and now milk is supplied from this place to Brazil.

Doing business with a strong sense of values is a win-win game for all consumers, employees, suppliers and investors trust organisations that live by a clear set of values. Trust is invaluable and is intrinsic to building a strong brand equity which commands a premium. Within the same industry companies that enjoy a score higher on ethics and principles also seem to command more respect.

STEPS OF CSR LADDER

Corporations interact with civil society in five different manners- (1) Accountability to investors and lenders- it is also known as financial. In this domain major emphasis is given on corporate accounting, auditing, company law, stock market regulators and main focus is on corporate governance. (2) Value creation- In this ladder customers, employees, vendors, labour laws, and commercial contracts are given prime importance. Basically corporate management is given special attention. (3) Physical Environment- environmental influences such as external and internal are to be analysed to take up the pro-active measures instead of reactive steps. (4) Human Factor- In this domain health, education, employment and cultural needs in the community etc. is given utmost importance. (5) Political Environment- Accountability for the political health of the societies in which corporate operates, human rights,, fair democratic practices etc, are to be looked upon. All the corporate are the more takers of permissions from the society. These five domains are like steps of a ladder of corporate social responsibility. Many corporate are still on the first two ladders. So it is advisable that should gradually move up to the 5th level for the better management of CSR.

MODELS OF CSR

CSR requires careful planning like any major business venture of an organisation. There are three ways of making CSR sustainable they are such as – (1) CSR may be competence driven (2) Community driven (3) Consumer driven. To take an example of *competence driven model* it has been seen that excel industry, an agro based company, shows its competence and volunteered to recycle garbage in Mumbai. This innovative act benefited them, as well as the community at large and earned much name and fame as a business house.

In community driven model CSR is achieved by linking the company's business interest to community development. For example- Lipton in "Etah" started Veterinary hospitals in the region from where it bought milk. This helped Lipton to get an assured supply of milk which kept the community of dairy farmers happy and brought general prosperity to the region. To take another example- IKEA has a massive education project in the districts of east Uttar Pradesh. In fact, IKEA has taken the further step of evaluating its educational interventions in terms of the impact it had on the actual employment of child labour in carpet factories of these districts.

CSR RATINGS

TABLE 2. Necessary parameters that make a company eligible for a particular rating level

<i>Necessary Criteria</i>	<i>Explanation</i>	<i>Rating Level</i>
If undertaking any CSR Activity	Where any kind of social, developmental or community work is done	Level 1
If CSR is linked to reducing the negative impacts of company's own products or processes	CSR activities that aim to improve processes and products of the company.	Level 2
If CSR initiatives are for the local community	CSR activities that are focused on those who are affected directly by the company	Level 3
If CSR is embedded in the business operations	CSR activities form a part of the daily business activities of the company.	Level 4
If innovative ideas and practices are developed for CSR	CSR activities enable sustainable and replicable solutions to problems faced by society.	Level 5

TABLE 3. Sufficient Criteria for Minimum Rating

If the company is doing this, they automatically get this rating at least

<i>Sufficient Criteria</i>	<i>What this means</i>	<i>Rating Level</i>
Company fulfilling the basic needs of society e.g. manufacture of food	The products and services of the company are useful and benefits society	Level 1
Unique CSR activity which would not otherwise happen e.g. Developing a mapping and tracking software for adoption in India	The CSR activity being undertaken by the company is not being done by government, NGOs, etc.	Level 1
Company reducing negative impact of others e.g. A company that makes water purification & waste recycling systems	The company's products or services provide solutions to mitigate harm caused by actions of companies, their products, etc.	Level 1
Company adopting the GRI Framework for CSR reporting	The company is committed to measuring and reporting its CSR initiatives as per a voluntary globally accepted framework.	Level 2
Company's annual expenditure on CSR = 0.2% of sales	The company is committed to a minimum expenditure on CSR annually, and thus considers CSR as an integral part of its business	Level 3

Source- Karmayoag CSR Ratings-2008

TABLE 4. Negative Criteria that usually determine the maximum possible Rating

Companies in this category will not normally get a higher rating than the one shown

<i>Negative Criteria</i>	<i>Reason</i>	<i>Rating Level</i>
Companies that make liquor, tobacco, genetically modified crops	These products are not needed by society, and cause harm to people and the environment. The CSR to do is to stop making these products.	Level 0
Companies that violate laws/rules/regulations	CSR is not limited just to how a company spends its money, but also to how it makes that money in the first place	Level 1
Companies engaged in high impact processes	Processes that severely damage the environment require extraordinary efforts by the company to reduce and repair the damage, and require greater contributions to benefit society	Level 1

Source- Karmayoag CSR Ratings-2008

TABLE 5. Consolidated Sector Wise CSR Ratings

<i>S. No.</i>	<i>Industry Sector</i>	<i>No. of Cos.</i>	<i>Sales in Rs. crores</i>	<i>Level 5</i>	<i>Level 4</i>	<i>Level 3</i>	<i>Level 2</i>	<i>Level 1</i>	<i>Level 0</i>
1	Auto Ancillaries	48	45000	0	0	1	11	10	26
2	Automobiles	13	100000	0	0	4	4	0	5
3	Banking	40	260000	0	0	6	9	8	17
4	Cement	30	47000	0	1	0	11	11	7
5	Chemicals	63	45000	0	1	3	14	19	26
6	Computers	7	21000	0	1	0	0	2	4
7	Construction	57	65000	0	0	2	9	10	36
8	Diversified	13	24000	0	0	0	4	4	5
9	Electronics	18	35000	0	0	1	2	3	12
10	Engineering	44	40000	0	0	3	10	9	22
11	Entertainment & Media	15	8000	0	0	0	3	1	11
12	Fertilizers	19	41000	0	0	0	10	6	3
13	Financial Services	32	50000	0	1	1	2	6	22
14	FMCG & Consumer Durables	60	75000	0	0	4	15	14	27
15	Heavy Engineering	10	31000	0	0	1	1	6	2
16	Hotels	9	5300	0	0	0	3	2	4
17	Iron and Steel	93	180000	0	1	2	18	17	55
18	Jewelry	11	19000	0	0	0	0	4	7
19	Logistics	17	27000	0	0	1	6	5	5
20	Metals	14	51000	0	0	1	7	2	4
21	Mining	6	13000	0	0	0	3	2	1
22	Miscellaneous	42	45000	0	1	1	4	10	26
23	Oil and Gas	19	750000	0	0	2	5	8	4
24	Packaging	10	6300	0	0	0	0	3	7
25	Paper	13	7400	0	1	1	6	2	3
26	Petroleum and Petrochemicals	7	6800	0	0	0	1	2	4
27	Pharmaceuticals	49	43000	0	1	1	16	17	14
28	Polymers and Plastics	10	7000	0	0	1	0	5	4
29	Power	46	140000	0	0	2	11	8	25
30	Retail	5	8000	0	0	0	1	2	2
31	Software & ITES	40	88000	0	2	2	13	6	17
32	Sugar	25	15000	0	0	0	7	3	15
33	Telecommunication	20	64000	0	0	2	2	6	10
34	Textiles	77	57000	0	0	2	10	16	49
35	Trading	18	68000	0	0	1	2	2	13
	Total	1000	2487800	0	10	45	220	231	494

Source- Karmayog CSR Ratings-2008

TABLE 6. Expected CSR initiatives for different sectors

<i>S. No.</i>	<i>Industry Sector</i>	<i>Example of expected CSR</i>
1	Automobiles & Auto Ancillaries	Reduction of auto emissions
2	Banking	Support small entrepreneurs
3	Cement	Quarry Rehabilitation
4	Chemicals	Minimise air and water pollution
5	Construction	Low cost housing
6	Computers	E-Waste management
7	Electronics	Energy efficient products
8	Engineering	Reduce material content and wastage
9	Entertainment and Media	Raising awareness on social issues
10	Fertilizers	Promote use of organic fertilizers
11	Financial Services	Support small entrepreneurs
12	FMCG and Consumer Durables	Reduce packaging
13	Heavy Engineering	Mitigating impact on environment
14	Hotels	Promote local tourism
15	Iron and Steel	Environment restoration
16	Jewelery	Promote local artisans and craftspeople
17	Logistics	Fuel efficient vehicles
18	Metal	Environmental restoration
19	Mining	Quarry rehabilitation
20	Oil and Gas	Promote and develop alternate energy resources
21	Packaging	Use of recyclable material
22	Paper	Farm Forestry
23	Petroleum and Petrochemicals	Environmental restoration
24	Pharmaceuticals	Focus on prevention of diseases
25	Polymers and Plastics	Environmental restoration
26	Power	Use of renewable energy sources
27	Retail	Reduce use of plastic and packaging
28	Software and ITES	Green IT
29	Sugar	Using by-products and waste to generate energy
30	Telecommunications	Improving connectivity and services in rural areas
31	Textiles	Use of environmentally friendly materials

Source- Karmayog CSR Ratings-2008

INDUSTRY SECTOR-SPECIFIC CSR INITIATIVES

The CSR study helped to identify several sector-specific CSR initiatives that should be taken up by companies of that industry sector, as these initiatives are directly connected to the processes and products of that industry sector. As a society, we would expect any company working in these sectors to be doing the following as an integral part of their CSR initiatives:

GOVERNMENT SOPS TOWARDS CSR

The Ministry of corporate affairs is working on the board contours of a code that will require all profit making

companies to set aside an amount proportionate to their turnover or profits for Corporate Social Responsibility (CSR) initiatives. Once finalised, the code may be woven into the companies' bill, 2009. The proposal if implemented will see private companies stepping up their CSR activity. Currently, profit making PSUs are required to shell out up to 2% of their net profit towards CSR work. Minister for corporate affairs Salman Khurshid had recently said that companies may even be extended fiscal relief for their involvement in CSR work. The Minister had said that one of the ways to attract companies towards CSR work is to develop a system of CSR credits, similar to carbon credits which are given to companies for green initiatives. The sops could be in the form of fiscal benefits equivalent to the credit points they have earned.

TABLE 7. Sector wise Allocation and Actual Expenditure towards CSR

Name of the sector/ company	Allocation (Rs. in lakh)	Actual Expenditure (Rs. in lakh)	Unutilised amount (Rs. In lakh)	Percentage of unutilised amount over allocation
Oil and Natural Gas Sector				
Bongaigaon Refinery & Petrochemicals Limited	135.00	109.15	25.85	19.15
Numaligarh Refinery Limited	543.25	349.84	193.41	35.60
Balmer Lawrie & Company Limited	36.00	34.50	1.5	4.17
Biecco Lawrie Limited	1.00	0.46	0.54	54.00
Bharat Petroleum Corporation Limited.	903.00	566.00	337.00	37.32
Hindustan Petroleum Corporation Limited	124.45	84.00	40.45	32.50
Mangalore Refinery Project Limited.	250.00	151.16	98.84	39.54
Oil India Limited	1717.00	642.07	1074.93	62.61
GAIL(India) Limited	1751.26	1666.07	85.19	4.86
Indian Oil Corporation Limited	5952.51	5426.72	525.79	8.83
Total	11413.47	9029.97	2383.50	
Power Sector				
Nuclear Power Corporation of India Limited	279.00	170.89	108.11	38.75
NHPC Limited	200.00	96.05	103.95	51.98
Narmada Hydro Development Corporation Limited	55.00	40.49	14.51	26.38
NTPC Limited	1401.00	759.00	642.00	45.82
NTPC-SAIL Power Company (P) Limited	74.87	46.12	28.75	38.40
Power Grid Corporation Limited	45.00	37.50	7.50	16.67
Total	2054.87	1150.05	904.82	
Coal Sector				
South Eastern Coalfields Limited	858.45	732.98	125.47	14.62
Western Coalfields Limited	439.07	351.46	87.61	19.95
Bharat Coking Coal Limited	240.00	*185.78	54.22	22.59
Central Coalfields Limited	500.00	*385.28	114.72	22.94
Mahanadi Coalfields Limited	1832.88	*1832.88	0.00	0
Eastern Coalfields Limited	200.00	*387.68	-	-
North Eastern Coalfields Limited	0.00	*14.91	-	-
Northern Coalfields Limited	250.00	*441.33	-	-
Total	4320.40		382.02	
Grand Total	17788.74		3670.34	

Source- Report No. CA-22 of 2009-10

CSR POLICY

Keeping in view the importance of PSUs in discharging social obligation, a limited review on the initiatives taken

by the PSUs in selected sectors viz. Oil and Natural Gas Sector, Coal and Power Sector towards CSR was conducted, Out of the total 28 companies in Coal Sector, Power sector and Oil and Natural Gas Sector selected for examination, it was observed that 19 companies (5

companies in Power Sector, 8 companies in Coal Sector and 6 Companies in Oil and Natural Gas Sector) had approved CSR policy during 2007-08. The list of companies having CSR Policy and a list of companies not having CSR policy covered in the review are given in Table – 7. The Oil and Natural Gas Sector and Coal Sector Companies made the budget allocation for CSR activities as per the policy directions of their respective Ministries. While the Coal companies provided one rupee per tonne of coal produced, companies in Oil and Natural Gas Sector provided 0.5 *per cent* to one *per cent* of the profit for CSR activities. However, in case of Power Sector companies no structured guidelines existed for budget provision as emerged from the following Table.

RECOMMENDATIONS AND POLICY IMPLICATIONS

1. Social Obligations and SCBA

Sachar Committee has recommended that Social cost benefit Analysis (SCBA) is to be accepted as one of the prime considerations for making any investment in the public sector. The same principle must be applied towards the private corporate sector in the matter of investment. The private corporate sector should take up social accountability as a part of the discharge of its social obligations in the course of its own economic operations. In India while lot of companies are actively engaged in CSR activities, but till now CSR reporting is not obligatory under the companies Act, 1956. But as per the report of the Sachar Committee CSR reporting must be made compulsory for both the public as well as private companies.

2. Role of Stake Holders

Stake holders should create a better reporting environment and should help in rewarding the socially conscious companies

3. Matrices of Reporting

The World Bank states that there is no single reporting system or model of corporate reporting for CSR which create many social or environmental problems. Therefore, it is necessary that the stake holders should suggest

appropriate matrices for standard reporting. They should have possessed the features of regularity in the reporting with concrete data which should be accurate and verifiable. The data should possess the characteristic of comparability across various locations. Firm wise and product wise data should be collected and accordingly suitable matrices may be used for better analysis and interpretation.

4. Role of Regulators

Professional institutions such as ICAI or FICCI, ASSOCHAM can play an important role in bringing uniformity and encouraging companies to take firm steps towards CSR accounting disclosures. Companies having innovative methods of presentation of the SCBA (social Cost and Benefit Analysis) should be properly rewarded in the form of monetary incentives.

5. Adoption of standard CSR index

Steps should be taken to create a standardised CSR index across India. Index may be comprised taking into consideration the development of society and environment such as contribution towards environment, education, health care and donations for disaster recovery plans. Weightages for different elements may vary but disclosure of the above parameters would be a must in the CSR index.

6. Tax Concessions and subsidies

Government should provide additional tax concessions to companies that are actively engaged in CSR activities. Subsidies if possible may be provided to the company utilising the services of the government paid servants in promoting community development programmes. For planning and execution for the various community development programmes specialists are needed from the government sector. On priority basis their services should be provided to the corporate and if possible specialised officers may be deputed for a limited period of time for which their allowances etc. may be compensated by the Government to encourage the corporate sector to take up further community development programmes by which society is benefited. In the long run, market forces would reward such companies.

7. Role of NGOs

Usually NGOs are having better knowledge and experiences in the performances of the community development programmes. Technically, these NGOs are more competent to take up various community development programmes as compared to corporate. NGOs are mainly service providers but they are not having adequate finance to carry on various development works as per the need of the society. Corporate after providing finance can sponsor a particular NGO for the completion of the various community development programmes. The amount of donation by the corporate may be incorporated in the Annual Report or to be published in the form of the news letter for wide publicity before the stake holders and the public in general.

8. Follow up Action

CSR requires through research, a detailed and pro-active plan, regular monitoring, constant interaction and feedback from the audience for whom the programme is run. The important factors that are to be considered are sustainability, continuity, constant monitoring and reporting.

CONCLUSION

There is a need to promote a drive in Government Companies towards greater accountability on Corporate Social Responsibility (CSR). In order to attain the social objectives, there is a need for framing a CSR policy in every company for prioritisation of activities for social spending and allocation of separate funds for this purpose. Moreover, to have an impact of the CSR spending and utilisation of allocated budget, there should be a system of periodical monitoring and reporting of the Board of Directors.

The corporate paradigm of “wealth creation” must extend beyond the stock market and corporations must be seen to foster widespread participation in economic activity. Ultimately CSR properly redefined, is the core of the CEO and Board’s responsibility. The results they responsible for must be a composite of environmental sustainability, social inclusiveness and returns to the share holders. Sustainability of the CSR objectives comes from two areas. One, the goals are chosen wisely, are achievable and have a direct linkage to the business we are in. And two, there is commitment at the top most level of any organisation. It is time now for us as a whole, to reach the “value creation” stage. According to Prof.C.K. Prahallad’s words from the”Fortune at the bottom of the Pyramid”.

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