Corporate Social Responsibility and Business Ethics for Good Corporate Governance

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ABSTRACT
In recent years, the discussion about sustainability has risen above average and a huge amount of different terms have been established. The aim of this paper is to find out – due to an extended literature study – where the focus in the discussion of Sustainable Development (SD), Corporate Social Responsibility (CSR) and their relationship is.

“Corporates’ 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.” It implies serious business where organizations have to be seen as partners in their communities and not just as profit centres, promoting the interest of their shareholders but as businesses having obligation towards various stakeholders.

The drivers pushing business towards CSR are – Shrinking Role of Government; Demands for Greater Disclosure; Increased Customer Interest; Growing Investor Pressure; Competitive Labour Markets; and Supplier Relations.

Although, the ‘beyond charity and legal obligations’ agenda of sustainability may be challenging it is meaningful to integrate social, environmental and ethical concerns into business processes. CSR is a link to sustainable development: businesses feel that there is a need to integrate social, economic and environmental impact in their operation.

Keywords--- Sustainable Development, Corporate Social Responsibility, Corporate Sustainability.

I. INTRODUCTION
Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe.

II. WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

The term is often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organization’s performance against economic, social and environmental parameters. The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities.

The key drivers for CSR are:-
1 Enlightened self-interest
2 Social investment
3 Transparency and trust
4 Increased public expectations of business

2.1 Why are companies engaged in CSR?
Companies that are socially responsible in making profits also contribute to some, although obviously not all, aspects of social development. Every company should not be expected to be involved in every aspect of social development. That would be ludicrous and unnecessarily restrictive. But for a firm to be involved in some aspects, both within the firm and on the outside, will make its products and services (for example financial services) more attractive to consumers as a whole, therefore making the company more profitable. There will be increased costs to implement CSR, but the benefits are likely to far outweigh the costs. Corporate social responsibility is not a new issue. The social responsibility of business was not widely considered to be a significant problem from Adam Smith’s time to the Great Depression. But since the 1930s, and increasingly since the 1960s, social responsibility has become an important issue not
only for business but in the theory and practice of law, politics and economics.

The following challenges facing a company that wants to operate under the principles of CSR:-

- How to balance its social and environmental responsibilities with its clearly defined economic responsibility to earn a profit?
- How evolving norms and rules determine what constitutes acceptable corporate behavior?
- How CSR’s glass ceiling is merely a reflection of society’s expectations?
- How corporations are beginning to see a strategic value in CSR beyond improved public relations or the short-term bottom line?

The new era in the relationship between companies and societies increases expectations and new rules and tactics. Companies are now expected to do the following:

- Safeguard the environment
- Support human rights
- Eliminate child labor
- Adopt codes of ethics
- Enter into partnerships with NGOs
- Display openness and transparency in relationships with customers, employees, community groups, and governmental organizations
- Promote diversity in the workplace
- Help communities solve their social problems

III. CSR AND SUSTAINABILITY

"In a more globalized, interconnected and competitive world, the way that environmental, social and corporate governance issues are managed is part of companies’ overall management quality needed to compete successfully. Companies that perform better with regard to these issues can increase shareholder value by, for example, properly managing risks, anticipating regulatory action or accessing new markets while at the same time contributing to the sustainable development of the societies in which they operate. Moreover these issues can have a strong impact on reputation and brands, an increasingly important part of company value.”

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Sustainability refers to an organization’s activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.

The quality of relationships that a company has with its employees and other key stakeholders—such as customers, investors, suppliers, public and governmental officials, activists, and communities—is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility (CSR). These major transformations require national and global companies to approach their business in terms of sustainable development, and both individual and organizational leadership plays a major role in this change.

Corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management. Management education can be an important source of new ideas about shifting toward an integrated rather than fractured knowledge economy, but this means also that the role and meaning of socially responsible leadership needs to be updated.

3.1. Corporate Sustainability which is based on the three pillars:

In our opinion the terms should be used in their original semantic sense. Scientists, who use CSR synonymously for SD or argue that SD is the basis for CSR, mix up terms and alter their original meaning. As there is a trend to describe CSR as umbrella term for sustainability issues—especially in practice—sustainability science is becoming more diffuse. The basic idea to incorporate the sustainability aspect into business management should be grounded in the ethical belief of give and take to maintain a successful company in the long-term.
We recommend using CSR as social strand of the SD-concept which is mainly built on a sound stakeholder approach. Fig. 1 shows our proposed framework. We see SD as an ethical concept which offers ideas concerning sustainable orientation on a macro-level. The concept of SD on a corporate level is stated as Corporate Sustainability which is based on the three pillars economic, ecological and social issues, therefore, the social dimension is named CSR.

3.2 The following are the core leadership competencies that are needed for sustainable development:
- Courage
- Integrity
- Passion
- Have a sense of humor.
- Succeed and fail
- Recognize a window of opportunity

3.3 What, therefore, are the pluses and minuses of CSR regulation?

Pluses of legislation:
- It would help to avoid the excessive exploitation of labour, bribery and corruption.
- Companies would know what is expected of them, thereby promoting a level playing field.
- Some areas, such as downsizing, could help to redress the balance between companies and their employees.

Minuses of legislation:
- Costs of operation could rise above those required for continued profitability and sustainability.
- Critics already argue that the CSR of companies is simply to make a profit, and legislation would increase the vocalization of these concerns.

IV. GREEN CSR: A SUSTAINABLE APPROACH

An organization with a superior Green CSR programme is able to manage and report on the social and environmental impacts of its operations. Corporate responsibility is not just a public relation exercise, but a strategically fundamental driver that safeguards the interest of society and the environment along with business interest. Green CSR is the need of the hour. Green CSR is an initiative by organisations to pass the message of sustainable consumption among consumers, employees and society at large. It all promotes green behaviour is society.

4.1 Sustainable CSR - The New Corporate Responsibility

A corporate responsibility approach that demonstrated a company’s commitment to sustainable consumption would include:
- Explanation of how the principle of sustainable consumption is shaping there business strategy.

- A focus on the company’s product, through an environmental and social analysis of their key life cycle impacts.
- Pro-active engagement with government and NGO’s in developing a public policy framework that creates a business case for more sustainable products.
- A research and development strategy that focused on beating the competition at product sustainability- in terms of supply chains and product use- alongside other consumer priorities.

V. SOME OF THE COMPANIES ADOPTING GREEN PHILOSOPHY

**ITC**
ITC has been 'Carbon Positive' three years in a row (sequestering/storing twice the amount of CO2 than the Company emits).
- 'Water Positive' six years in a row (creating three times more Rainwater Harvesting potential than ITC's net consumption).
- Close to 100% solid waste recycling.
- ITC's Watershed Development Initiative brings precious water to nearly 35,000 hectares of dry lands and moisture-stressed areas.

**MC DONALDS**
McDonald's restaurant's napkins, bags are made of recycled paper.

**COCA COLA**
Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.

VI. CONCLUSION

Corporate Social Responsibility is not a fad or a passing trend, it is a business imperative that many Indian companies are either beginning to think about or are engaging with in one way or another. While some of these initiatives may be labeled as corporate citizenship by some organisations, their basic message and purpose is the same. A successfully implemented CSR strategy calls for aligning these initiatives with business objectives and corporate values thereby integrating corporate responsibility across the business functions and enhancing business reputation. The challenge for us is to apply fundamental business principles to make CSR sharper, smarter for sustainable development.

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