



**CORPORATE SOCIAL RESPONSIBILITY: PERSPECTIVE OF GOVERNMENT CORPORATIONS, AND
N.G.OS**

Tausifur Rehman Md.

**Assistant Professor & Research Scholar, Department of Commerce
Maulana Azad National Urdu University, Gachibowli, Hyderabad-32**

Prof. Badiuddin Ahmed

Head, Department of Commerce

Maulana Azad National Urdu University, Gachibowli, Hyderabad-32

ABSTRACT

The purpose of this paper is to present the concepts of CSR in general and the Role or Partnerships amongst the three major Stakeholders in a CSR scenario, Namely the Government, The Business Corporation and the Non-Governmental Organizations (NGOs). The term CSR itself came into common use in the early 1970s. The last decade of the twentieth century witnessed a shift in focus from charity and traditional philanthropy toward more direct engagement of business in mainstream development and concern for disadvantaged groups in the society. In India, there is a growing realization that business cannot succeed in isolation and social progress is necessary for sustainable growth. An ideal CSR practice has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well sociology-economic status (Bajpai, 2001).⁶

Corporate Social Responsibility can be defined as the voluntary commitment of businesses to include in their corporate practices economic, social, and environmental criteria and actions, which are above and beyond legislative requirements and related to a broader range of stakeholders—everyone influenced by their activities.

Along with social enterprises, micro finance institutions and donors, corporations play a large role in raising money and resources for NGOs. Many international corporations can today rival entire nations when it comes to raising resources and influence in both India and international territories. In the last four years, Corporate Social Responsibility (CSR) in India has acquired new impetus with the Companies Act 2013. The Act defines that companies with a net worth of Rupees 500 crores or more, or a turnover of Rupees 1,000 crores or more, or earning a net profit of Rupees 5 crores or more must spend a minimum amount on corporate social responsibility.

KEY WORD: *CSR, Stakeholders, Business Corporations, NGOs, Ethic*

INTRODUCTION

A Widely cited definition of CSR in Business and social context has been given by the European Union (EU). It describes CSR as “the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly, and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large...1” In other words, CSR refers to ensuring the success of the business by inclusion of social and environmental considerations into a company’s operations. It means satisfying your shareholders’ and customers’ demands while also managing the expectation of other stakeholders such as employees, suppliers and the community at large. It also means contributing positively to society and managing your organization’s environmental impact.² Hence, CSR is a contribution to sustainable development, implying the way a company balances its economic, environmental and social objectives while addressing stakeholder expectations and enhancing shareholder value.

Although the numbers of stakeholders in a business are many like

- Business Corporations
- Shareholders
- Customers
- Community
- Employees
- Government
- Non-Governmental Organizations (NGOs) such as consumer protection societies, charitable organizations, environmental and social activists.

The role of all these three stakeholders is basically the same as the principles of corporate social responsibility all over the world, which are as follows:

- Sustainability
- Accountability
- Transparency

ROLE OF THE GOVERNMENT

It is the paramount responsibility of a modern state to ensure the welfare of its populace in all the spheres of human activity, such as the economic sphere, the politico-legal domain, the socio-cultural domain, the technological domain etc., and all these activities are connected to one another.

To churn out a wholesome development and comprehensive welfare of the society the Govt. needs to undertake the under mentioned measures or policies.

ROLE OF GOVERNMENT AS TO SUSTAINABILITY

- The wider Economic policy of the govt. should be very stringent in the use of natural resources.
- Initiating employment schemes for rural population, especially when they are displaced because of developmental activities or industrialisation.
- The grant of licence, leases or concession to Business Organizations should be transparent and a mechanism of “Social Audit” by stakeholders such as the indigenous community, NGO's concerned, political representatives of the community should be put in place.
- As one natural resource gets depleted other resources should be developed by the Business Corporations. This should be made as a strict legislation.

For example many mining corporations convert vast tracts of pristine natural areas into waste lands and abandon them causing the local community to live with an ecological disaster.

Instead of abandoning the place, the Business Corporations must be required by law to plant various fruit trees, big oaks and trees that provide timber; this would replenish the environment with forest resources in place of the depleted minerals.

- The laws relating to pollution control though in place need more teeth.
- Corporations should be required to hire only the local population as work force. This will ensure safety of their environment apart from providing a good means of livelihood.
- Corruption and the dirty nexus between the corporations and the political powers that be are perhaps the main factors that scuttle down all the good efforts taken up by the Governments, citizens and NGOs.
- Grant of new licences and renewal of existing ones should not be given to Business houses with a negative history of sustainable development, pollution damages, societal and ecological disasters.

ROLE OF GOVERNMENT OF ACCOUNTABILITY

Although accountability can only be assumed, the behaviour of the Business Corporations in order to be responsible socially and otherwise, the Government needs to impose accountability measures. These accountability measures are as under.

- Mandatory disclosure of the nature of business activity specially those pertaining to the environment, resources, traditional livelihood and culture.
- Financial disclosure after a Statutory and independent Audit with due and stringent weightage to environmental priorities.
- Grant of tax deductions for ecologically safe Business operations and for measures taken

in this direction by the corporations.

ROLE OF GOVERNMENT OF TRANSPARENCY

- The policies, laws, rules made by the government should also be open for public scrutiny.
- For this purpose the available machinery such as Lok-Ayukta, Lok—Pal, Public interest litigations and the Right to information, Right to form Associations should be institutionalized, like high value democratic principles not to be compromised under any circumstance.
- It is not just the strong and adequate laws coupled with stringent executive action that CSR goals can be achieved but an active Judiciary is a big catalyst in this context.

ROLE OF CORPORATIONS AS TO SUSTAINABILITY

- Business Corporations especially those in developing or under developed economics should not go for big growth in a short span of time. In fact if these corporations should aim for a steady and controlled growth such that sustainable development issues would be addressed.
- Business should contribute to the government schemes for rural employment. This contribution should be greater in case the Business corporations are the cause for displacement.
- Businesses should promote the traditional way of livelihood and not to destroy but to protect the indigenous way of life and culture.
- Businesses should provide education and training facilities and opportunities to individuals of the community in which they operate.
- Employment should be provided on priority to the native/local population
- A substantial chunk of the Corporate Budget should be allocated to the development of renewable resources, protection of environment, social and charitable projects such as rural education, electrification, sanitation, health hygiene, protection of girl child etc.

ROLE OF CORPORATION AS TO ACCOUNTABILITY

In his book “Capitalism and Freedom”, Milton Friedman states that “CSR is a fundamentally subversive doctrine in a free society, and in such a society, 'there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.'”

Milton Friedman, "The Social Responsibility of Business is to Increase its Profits", The New York Times Magazine, September 13, 1970.

The long-run success of a Business organization lies not in profits alone but more on shareholder satisfaction, customer loyalty, brand loyalty a clean corporate image, specially the social image by being a socially responsible organization, rather a conservative organization.

Therefore, Corporations must assume responsibility by being accountable to all the stakeholders through

- High value products and services at affordable prices so that even the individuals from the deprived stratum can also benefit from the corporations.
- By creating awareness about the corporation, its products, policies.
- By liasoning with NGO's and governmental organizations for social welfare programs.

ROLE OF CORPORATIONS AS TO TRANSPARENCY

- To comply with all Accounting Standards whether national or international, as many of these standards due to their mandatory nature provide disclosure directly or indirectly about issues that are of great societal value.
- Corporations should respect the Right to information and also appoint an R.T.I officer.
- Have sound and honest public relations and promotions policies especially on matters pertaining to sustainable development.

ROLE OF N.G.O'S AS TO SUSTAINABILITY ACCOUNTABILITY AND TRANSPARENCY

India possibly is home to the world's largest number of active not-for-profit NGOs. At last count, India had 31 lakh NGO - one NGO for about 400 Indians. With the boom in CSR funding, this number can cross 40 lakh - considering that there are thousands of public and private sector companies worth Rs.15,000 to 18,000 crores annually. This number doesn't even include India's actual number of NGOs, as many aren't formally registered under the Societies Registration Act 1860, or any other Acts pertaining to non-profit organisations.

Thus the role of the NGO's that emerges from the above facts is as under.

- To be proactive with respect to rights of indigenous people.
- To act as a watch dog for unsafe ecological practices of corporations.
- To act as providers of information and evidence to Regulatory bodies in particular and the govt. in general
- To initiate Public Interest Litigations (PILs).
- To force the corporations to comply with R.T.I and transparency norms.
- To act as mediators or agents of govt. and corporations towards fulfilment of social aims and projects.
- NGOs should also assume Accountability and Transparency.

To conclude the role of Govt. corporations and NGOs can be summed up in the following matrix

Roles	Government.	Business Corporations	NGOs
Primary	Legislative Control Executive Action Active Judiciary	Compliance with Laws, Executive orders, Judicial decisions	Vigilance, Proactive Involvement in sustainable development
Secondary	Sustainable development, Inclusive policies	Initiate sustainable and inclusive development activities , Budgetary Allocations	Ensure compliance with R.T.I, Accountability Transparency norms
Tertiary	Interaction with business Society and NGOs	Accountability Transparency	Accountability Transparency for NGOs

Thus one can fairly conclude that it is the governments' role which is pivotal to attain the stated CSR aims, followed by financial contribution by the corporations and vigilance on part of the NGOs.



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