

CORPORATE SOCIAL RESPONSIBILITY DO COMPANIES REALLY RESPOND TO SOCIAL DEMAND?

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Abstract:

CSR Activities have been the buzz word in the corporate sector for long; It has been a trump card with the marketers for long time; under their efforts of societal marketing which emphasis their highlight on the responsibility of the companies towards the society.

More so, in the wake of the new Companies Bill, the relevance of CSR activities has been underscored in the Indian context. A report by SMC Global Securities Limited states that in the last financial year the combined net profit of listed companies in India was Rs. 4, 37,167 crores, at 2% the CSR kitty amounts to Rs. 8,700 crores. That is a huge amount.

But it is been commonly observed that the activities that the companies carry out under the head of CSR more frequently tilt towards Philanthropy rather than the Social responsibilities; hence the effort.

The scope of CSR has long been dubious, the paper tries to highlight an alternative facet to what CSR is commonly thought about to be in most of the corporate world.

KEYWORDS:

Csr Activities , Society. , Societal Marketing , Social Demand.

INTRODUCTION

The European Commission defines Corporate Social Responsibility or CSR as it is more commonly referred as:

“A concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment.” It also adds that it is also an effort whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”

The concept per say is not new and has been in practice since a long time. The buzz around has more to do with the proposed Clause 135 of the Companies Bill which states that companies, whose net profit is minimum Rs 5 crore should allocate 2 percent of their average net profits in the preceding three years for “corporate social responsibility (CSR)”. The Bill also makes CSR mandatory even for those companies will have to be done even by loss-makers, for the other criteria for compulsory CSR are a minimum net worth of Rs 500 crore or turnover of Rs 1,000 crore.

World over CSR has been kept voluntary but if the Companies Bill is passed, with its provisions in regards the CSR commitment, India is the first country in the world that has made the voluntary act mandatory. Nevertheless, the fact still remains that many Indian Conglomerates have not been shy from their contributions towards the society over the years.

The long debates all over have been basically concerning on the need of its mandate and subsequently over its applicability, rationality and the practicality.

Understanding what actually CSR surely becomes more imperative in such a situation. The paper takes a peek view at the work that the Indian companies have carried out so far under their various initiatives of CSR and does it truly attribute towards their efforts towards CSR. We will also try to question whether the

Please cite this Article as : JAIDEEP RAVINDRA JEJURIKAR , CORPORATE SOCIAL RESPONSIBILITY DO COMPANIES REALLY RESPOND TO SOCIAL DEMAND?: Tactful Management Research Journal (Sept ; 2013)

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activities need to be primarily internal or external to the organization.

I AM HERE TO DO BUSINESS OR WHAT?

One may ask any person about what BUSINESS means to him and the most common answer that will pop up is that it is any activity carried out to earn profit. The PROFIT concept is so closely correlated to the term business that it is for a considerable time been deemed to be the only obligation of the business towards its owners, proprietors, partners and shareholders.

Many in the industry view CSR as an additional burden on their business margins. In India we already have corporate taxes @ 30%, a few in the industry prima facie have the opinion that the additional compulsory CSR funding would be an addition to their woes.

Efforts have been made throughout history by many individuals to break this negative notion and signify the business obligations towards the society as well. But the idea has surely started to hold ground in recent times with marketers viewing it as a additional tool of attracting and retaining customers. The seriousness and extent of this effort is though a matter of discussion. Nevertheless it is definitely hearting to see that the feeling has started to gain ground in the minds of the corporate.

CSR EFFORTS FROM A FEW INDIAN CORPORATES

Indian Companies have been for years actively contributing towards the welfare and development of the community, with the common ideology that they also belong the very same society. Many conglomerates have done and continue to do exemplary work in this field for years. We will just try to take a view of their approach towards the initiatives that they carry on under the head Corporate Social Responsibility.

TATA STEEL

100 years ago, Tata Steel first marked its imprint on a small, insignificant place called Sakchi, which later transformed into Jamshedpur, the birthplace of Indian steel. Today, Tata Steel is a beacon to the corporate world, in its endeavors to enrich the lives of the people and communities it touches.

The company's corporate social responsibility (CSR) strategy was inspired by Jamsetji Tata's conviction that, "In a free enterprise, the community is not just another stakeholder, but is, in fact, the very purpose of its existence." Tata Steel's approach to its business has evolved from this concept and the wealth it has created is continuously returned to the people through its community initiatives

The CSR programme is managed by three organizations — Tata Steel Rural Development Society (TSRDS), Tata Steel Family Initiatives Foundation (TSFIF) and the Tribal Culture Society (TCS).

Self Help Groups (SHGs) formed by Tata Steel through its Corporate Social Responsibility arm Tata Steel Rural Development Society (TSRDS) has helped in providing sustainable livelihood opportunities to more than 3,000 rural households. More than 90 per cent of these SHGs are run exclusively by women, thereby providing a significant fillip to women's empowerment.

In the mining belt of West Singhbhum district of Jharkhand, Tata Steel's Noamundi Iron Mine reached yet another landmark of conserving rain water, otherwise wasted by, constructing the third consecutive Rain Water Harvesting Project (RWHP) in the sprawling green cover zone of Sir Dorabji Tata Botanical Park, Noamundi.

It is estimated that on an average annually around 75000 cubic meter of rain water percolates in Sir Dorabji Tata Botanical Park from different high altitude sections around the park. This massive quantity of water usually gets wasted in absence of proper storage. Now this rain water project would enable in charging the entire rain water to the ground water table in different ways.

ITC

ITC is one of India's foremost private sector companies with a market capitalisation of over US \$ 30 billion and a turnover of US \$ 6 billion. ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information

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Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products.

Initiatives	Milestones
e - Choupal	4 million farmers empowered, 6,500 e - Choupals installed
Social & Farm Forestry	114,428 hectares greened, generating 51.48 million person - days of employment
Watershed Development	56,951 hectares brought under soil and moisture conservation
Women's Empowerment	15,378 women members 1183 self - help groups
Livestock Development	176 Cattle Development Centres 3,520 villages covered annually
Primary Education	252,329 children covered through 2,334 Supplementary Learning Centres

FORBES MARSHALL

Education

Forbes Marshall supports 'Gammatwadis' or fun preschools that prepare young children for formal schooling. Launched in 1999, this initiative has now matured and is running successfully. We have also partnered with the local municipal authorities to extend in service training programs to more than a hundred balwadi teachers.

Forbes Marshall also supports 'Akanksha' an NGO involved in teaching and supporting children by giving them a strong educational foundation, a good time, self-esteem and values, and help them plan a steady livelihood as a step towards improving their standard of living.

Our 'Prerna Kendras' or motivational centers for children from municipal schools, 'Balbhavans' or activity centres, study hall facilities at our Welfare Centre and support to the 'School Library Project' are some of the other programs we are involved with to ignite young minds, build self esteem and inculcate values for a socially responsible community.

The Livelihood Advanced Business School (LABS) program developed by Dr Reddy's Foundation, Hyderabad trains the youth from under privileged backgrounds to earn a livelihood. Forbes Marshall collaborates with LABS to run their programs in Pune and has been successful in tapping opportunities in the hospitality and service sectors. These opportunities have enabled the youngsters to earn a steady income and aspire for an improved standard of living.

WOMEN EMPOWERMENT

140 Self Help Groups (SHG) in Kasarwadi, Bopkhel and Morwadi, two federations... more than 2800 members...one credit cooperative society...transactions worth lakhs of rupees... considerable number of women starting their own business... and that is not enough! The women want to touch the sky!

Apart from meeting their financial needs, a very important impact of this initiative is that there are almost no child marriages, which were prevalent earlier. The number of girls studying for graduation and post graduation courses has increased. Women who were home bound have now started coming together out of their homes for meetings, going to banks and even approaching Government officials for their civil rights. Their negotiation skills have developed. Awareness in terms of health, hygiene and legal rights has increased and the quality of life has been positively impacted. Through this platform, many awareness and skill building programmes for women are conducted. Some women are now looking beyond their needs and have started helping people in their community.

SHEHERNAZ MEDICARE

Witnessing a road accident on his way to work and having to carry the victims to Sassoon Hospital in his car, Darius Forbes, Director, Forbes Marshall, realized the need for a hospital in the vicinity. What started off as a dispensary in the factory premises in 1973 is today a fully equipped hospital, with about 30 beds, called Shehernaz Medicare Centre, named in the memory of Shehernaz Dalal at the Kasarwadi campus. The hospital has an operation theatre, a clinical diagnostic laboratory, radiology, physiotherapy and dentistry departments, a full time surgeon and physician and several visiting specialists including an orthopaedic surgeon, an oncologist and a psychiatrist. The hospital is open to employees, their families and everyone from the local communities of Kasarwadi, Morwadi and Bopkhel. A token payment of Rs 2 /-

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(about 1 €) is all it takes to seek admittance for treatment.

Health camps, like those for cancer detection and eye check-ups, are held from time to time throughout the community and when necessary, patients are referred to and treated at the appropriate facilities. As a result of these camps, we have been able to reach out to a greater number of our community members.

Additionally, with the help of our doctors, we conduct health awareness talks on a regular basis that cover topics such as basic nutrition, dental hygiene and other basic good health practices.

HEALTH OUTREACH

A special programme is designed to create health awareness in the neighbouring communities. Information on anaemia, hygiene, contagious diseases and HIV/AIDS is given by the community health workers.

Health check up camps is organized in these communities. Health awareness sessions are conducted for the community members.

Special camps are organized for blood check up, cancer check up, counselling and guidance is given to the needy.

Once a week a doctor goes to one of the communities to conduct a health camp for women and children and medicines are distributed.

Under the de-addiction activity, substance abusers are counselled, the family members also are given counselling services and special training programmes are organized for women from less privileged backgrounds.

Information sessions are conducted for the prevention of HIV and sexually transmitted infections in Government and private schools. Street plays are organized in the community on various health related issues.

TARANG - Training for Adolescents on Reproductive Health and Gender. The TARANG program provides adolescents with opportunities to develop their communication skills, attentive listening, negotiating, decision-making, being assertive and identifying resource for help and advice. TARANG helps equip young people to differentiate between accurate and the inaccurate information, discuss a range of moral and social issues and handle problems related to adolescence.

BUT DUDE CSR IS NOT PHILANTHROPY ALONE!

I am of the opinion that to begin with the topic of CSR and the response from the corporate; we first needs to isolate the concept of CSR from Philanthropy alone and try to understand what CSR actually means beyond that.

Oxford defines Philanthropy as “the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes”

It is an unselfish concern for human welfare and advancement, usually evident by donations of money, property, or work to needy persons, or by donation to institutions of learning and hospitals, and by generosity to other socially useful purposes.

Most of us relate CSR to the act of GIVING, but in fact it is more so the act of DOING. In the following model I have tried to divide the stages in CSR in to three incremental parts.

It can be evidently seen in Fig. 1.1 that in the most primary level of the CSR activities termed as “Benefaction” is where the corporations lend financial helps and support mostly in form of Aids and Donations through external NGO's and in few isolated cases at individual level to ensure wellbeing of the society. It is this that I refer to the act of giving.

In the second stage in the CSR ladder “Sodality”, the companies become a part of the initiatives rather than supporting other NGO's. They may even start a NGO or Foundation on their own so as to ensure that they have considerable control over the effective utilization of the allotted resources.

It is evident here that the companies start taking their responsibilities of CSR on a more serious level. It is surely a step forward but still here the company isolates its own working from its social responsibilities. But still it is just a more refined act of giving.

But if one observes the third stage in the CSR Ladder, “Synthesis” it is for the first time the corporates view their functional activities in the ambit of their social responsibilities. This is where the act of Doing comes in to picture.

It calls for the corporation to think twice, in all the activities that they carry out as a part of their business, whether, it is going to harm the society? Am I really ensuring that the society interest is not

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hampered? How could my efforts ensure that I am benefitting the society?

And this is the most crucial part of the change of the attitude and outlook towards the CSR Activities. As mentioned earlier all steps in the ladder are incremental and inclusive of the prior. But the corporation should not isolate their operations and activities from their social responsibilities.

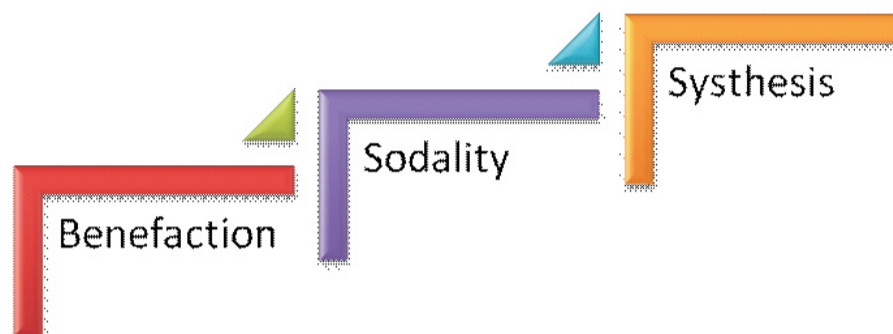


Fig 1.1 Ladders of Corporate Social Responsibilities

Personally I am of the opinion that the scope of CSR should majorly encompass the responsibility of the corporate towards the society, through their actions in very business function that they perform.

CSR FROM THE PERCEPTIVE OF THE 4P'S

So how do the organizations need to be responsible towards the society from this perceptive? I would like to briefly summaries the above idea in the following section. The 4P's of Marketing i.e. Price, Place, Product, and Promotion, have been indicatively considered for the elaboration of the role of the companies in understanding their true social responsibility. It is here that the concept of Business Ethics also plays a predominant role.

What plays greater role, earning more profits or genuine concern towards the society, people and environment?

PRICE

Price refers to what the company earns from the sale of the products. Invariably it is the most crucial aspect that in a way decides the company's profit margins and finally the long term existence prospects. One will always try to earn the maximum profit from the deal and this has been the thumb rule for the management for years.

But this is where CSR pops in. The real question is what price is justifiable for the company's bright prospects. What price should it charge to its customers? Should profits be a concern in every deal and if not what should be the exceptions?

This is where companies CSR policies really reflect their true pictures. The CEO's donating wholeheartedly for social causes but earning the cream by pricing their product way beyond the rational reach of the common-man. Is that what CSR is in real sense? This issue of exorbitant pricing by the medicine and surgical equipment manufacturing companies was very recently highlighted in the TV series "SatmaveJayate". The medicines and surgical equipments, whose manufacturing distribution plus the profit margin cost could be worth peanuts, are being charged unimaginable prices. Would donations and activities carried under the head CSR by these companies really meet the purpose of CSR? I feel they don't!

PRODUCT

A product refers to the offering that satisfies the consumer wants or needs. It can be a tangible commodity or an intangible service. But satisfying the customer's wants is not the only responsibility that the Companies have towards the society. In the process of satisfying the customer, is the Company neglecting the other aspect, their life? The environment is a matter of concern.

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The Hindu

“The Regulatory Blackhole” by Gargi Parsai,

There are no credible data available in the country on the quantum of the groundwater, surface or spring water that is being extracted and used by the bottled water and beverages industry, even in the authorised sector.

Companies that use the natural resource for profit pay no charge or royalty for the raw water they use — only a nominal ‘cess’ varying from State to State (a few paise per kilolitre).

Exploiting the nature and ultimately satisfying the wants of some customers is of concern. The companies are surely shedding off from their responsibilities. I have a genuine concern towards action of the soft drink manufacturing and the mineral water bottling industry. They are allowed pumping lakhs of liters of ground water for manufacturing the products and but they are not forced to pay for the use of the natural resource. by pumping and depleting the valuable groundwater level. But what I am sure is that it is certainly waste of resource, more so in present day situation where we would be facing problems due to scarcity of water, on something so not a priority like soft drinks.

The companies need to ask themselves many questions like, Are they using such ingredients, raw material that is not harmful to the environment? Are they making cars that reduce environmental pollution? Are the air conditioning equipments offered by the company free from CFC and such other pollutants? Are the products that are offered really what they are portrayed to be to the consumers?

The companies can question self with so many questions and then find out if they stand true to themselves. If not are they really shouldering the Corporate Social Responsibility?

PROMOTION

It represents all of the methods of communication that a marketer may use to provide information to different parties about the product. Promotion comprises elements such as: advertising, public relations, personal selling and sales promotion.

AMERICAN PSYCHOLOGICAL ASSOCIATION –

Advertising to children: Is it ethical? By REBECCA A. CLAY, September 2000, Vol 31, No.

"Advertising is a massive, multi-million dollar project that's having an enormous impact on child development," says Kanner, who is also an associate faculty member at a clinical psychology training program called the Wright Institute. "The sheer volume of advertising is growing rapidly and invading new areas of childhood, like our schools."

According to Kanner, the result is not only an epidemic of materialistic values among children, but also something he calls "narcissistic wounding" of children. Thanks to advertising, he says, children have become convinced that they're inferior if they don't have an endless array of new products.

Satisfying the customers demand and making a living out of it is no bad thing. But the line between the consumer's needs and his artificially grown desires needs to be drawn. But in today's world we need to distinguish what exactly is the consumers need and what has been developed to be his desire. Is junk food really what the consumer's need? What about the corporate responsibility towards the health of the people who make this society.

ROW OVER TV AD LINKING CHILDREN ROMANTICALLY (VODAFONE TV AD)

Vodafone AD with young girl and boy disturbs me. It encourages romantic connectedness instead of gender neutral friendship Am I old-fashioned? (sic)" wrote actress and social activist Shabana Azmi on her micro-blogging page.

This ad in question shows a little girl, sitting on a swing, while a boy her age admires her from a distance. A little pug (symbolizing the brand - a popular service provider) decides to intervene, snatches the girl's scarf and delivers it to the boy. Soon enough, the girl, who runs after the dog to retrieve her scarf, ends up striking a conversation with the boy.

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While the ad has earned its fair share of "awwws", many like Shabana feel that such commercials that are selling products to adults are using kids unnecessarily in age-inappropriate situations.

PLACE

As per a thumb rule it is said that a fifth of the cost of the product is incurred on activities that the companies do to ensure that the product reaches its customers. These include the sales staff of the company, and all the entities in the distribution channel like the retailers, wholesalers, agents etc.

Industry runs on profit and the performance of the sales staff and the marketing team is surely measured if not alone on their ultimate sales. There is no doubt that performance pressures exist in the industry and it definitely leads to ethical dilemmas. For example, pressuring vendors to buy more than what they actually need and efforts of retailers and wholesalers of pushing items that will result in higher margins than those which don't, are without doubt issues related to corporate social Responsibility.

Exerting influence to cause vendors to reduce display space for competitors' products, promising shipment when knowing delivery is not possible by the promised date, or paying vendors to carry a firm's product rather than one of its competitors are also unethical. Reebok India issue in highlight lately also has a flavor of this concern in the distribution system.

Electronic Items that was actually manufactured in China yet stamped as being manufactured in India being loosely sold in various Indian markets is an example of unethically representing the distribution part of the supply chain in the marketing mix strategy to sell the goods to unsuspecting consumers.

Distribution of Financial products, like "Life Insurance Policies" and "Mediclaim Policies" are highly prone to the ethical issues and this is where the issue of corporate responsibilities becomes obvious. Products that might not be the most suited to the customer are more often offered to customers since they give more margins to the agents. Are the companies being socially responsible?

CONCLUSION

The broader perspective of Corporate Social Responsibility as a concept needs to sink in more so the attitude of the Corporates needs a drastic change. Most of the companies do not try to move beyond the "Sodility" stage of CSR wherein they are helping the society's welfare and upliftment but at the same time are not interested in the inclusion of its on functioning in the ambit of their social responsibilities. This sense of personal isolation needs to be changed.

It was also observed that many companies have ensured over a period of time, though not extensively, through the improvement in their own practices and operations that the society and its wellbeing is not hampered but they do not realize that these activities also form a part of CSR. They have surely worked on improvement of their processes and function for the betterment of the humanity. But the Idea needs to be absorbed in the approach that if the companies fail to realize and act upon their social responsibilities then the hope of existence itself in long run will surely be badly hampered.

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