

CORPORATE SOCIAL RESPONSIBILITY - WHAT ARE THE CRITERIA FOR A SUCCESSFUL PROGRAM? HOW DO YOU SUSTAIN THE PROGRAM?

INTRODUCTION:

Social Responsibility is the recognition that organisations have significant influence on the social system and that this influence must be properly considered and balance in all organisational actions. This new social value goes by the name of Corporate Social responsibility, Social responsiveness or Social involvement. Corporate Social responsibility is seriously considering the impact of the company's actions on society. Social responsiveness, is the ability of a corporation to relate its operations and policies to the social environment in ways that are mutually beneficial to the company and to society.

REVIEW OF LITERATURE

The concept of social responsibility is not new. Although the idea was already considered in the early part of the twentieth century, the modern discussion of social responsibility got a major impetus with the book "**Social Responsibilities of the Businessman**" by **Howard R. Bowen**. He suggested that business should consider the social implications of their decisions.

One bit of evidence that organisations are increasingly concerned about social responsibility is provided by the criteria used to publicly judge their overall performance. Fortune magazine annually assess America's most Admired Corporations and does so by evaluating over 300 organisations against 8 criteria, one of the eight used is "Community and **Environmental Responsibility**". Firms such as Merck, Rubber maid, Procter and Gamble, Wal-mart, Pepsico, Coca-cola and 3 M have received consistently high overall ratings.

The presence of strong social values such as social responsibility has a powerful impact on organisations and their actions. It leads them to use a socio-economic model of decision making in which both social costs and benefits are considered alongwith the traditional economic and technical values.

LINK BETWEEN CORPORATE SOCIAL RESPONSIBILITY (CSR) AND CORPORATE FINANCIAL PERFORMANCE (CFP):

The relationship between philanthropic activity and shareholder wealth represents one facet of a larger debate over the link between Corporate social responsibility (CSR) and

Corporate Financial Performance (CFP). This debate has generated substantial theoretical argument for over seven decades (e.g. Berle 1931) and substantial empirical research contributions over the last 3 decades Margolis and Walsh (2001) reviewed 90 empirical studies conducted since 1970 of the CSR-CFP relationship and their analysis presents a decidedly mixed picture, 48 studies shows a positive link between CSR and CFP; However, closer examination of these studies reveals a No. of concerns around data sources, the type and variety of measures used as both independent and dependent variables and control variables (or lack thereof).

Major themes in the CSR-CFP literature are:

1. No social involvement -> Share holder Capitalisation
2. Extensive Social Involvement -> Business Citizenship

What business Leaders say about CSR: philosophy

"In a free enterprise the community is not just another stakeholder in business but is in fact the very purpose of its existence" said by **Sri. Jamsetji N. Tata, Founder of Tata Group of companies.**

Milton Friedman famously proclaimed in 1963 "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 within the rules of the game many in business swear" by Friedman.

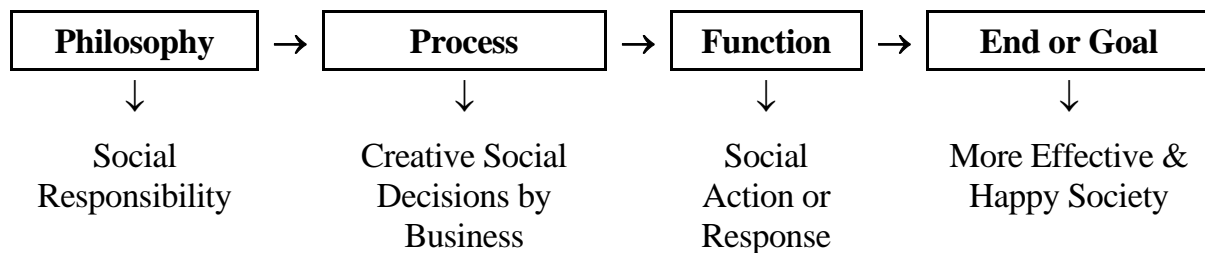
Jack Welch, who said in 1999 after extolling the virtues of legitimate" profit-making "these times will not allow companies to remain aloof and prosperous while the surrounding communities decline and society.

The idea of social responsibility of business is based upon the concept that business is something more than a purely economic institution as **Daniel Bell** has observed.

Peter Drucker has observed, under any circumstance, we are moving in the direction of demanding that our institutions take responsibility beyond their performance and beyond their own contribution. We will demand this as well-the university, the hospital, the Govt. agency, the school and even charitable organisations and places of worship.

Doctrine of social responsibility:

The concept of social responsibility is merely a first step towards social effectiveness of business. The desirable and is achieved through a sequence of philosophy process and functions are as shown in the Figure.



In the area of business and society, the philosophy is social responsibility and the process is creative decision-making by business creative decisions lead to the function of social action by business, which produces the desirable end of a better society. Social responsibility is only the beginning of the sequence. The fact is that business is a major social institution and as such, it is importantly involved in social values.

Infact, most respondents in a study Harward Business Review readers consider, social responsibility a legitimate and achievable aim for business, still the mission of the organisation must be taken into account.

Criteria for a successful programme

Programmes are a complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed and other elements necessary to carryout a given course of action; they are ordinarily supported by budgets. According to Peter Drucker, criteria for a successful programme are a) Mission b) Vision, c) Environment and d) Social Responsibility.

Other Criterions are:

i) Transparency:

The principle of transparency assures that firms should publicly disclose details of their philanthropic portfolio.

ii) Stability:

A pattern of consistent philanthropic activity avoids the appearance of ingivatiation, since it provides countrafactual evidence that decision makes engage in philanthropy on an

opportunistic or capricious basis; it shows that the commitment by a firm to doing good continues through time.

iii) Responsiveness:

Responsiveness means that decisions about philanthropic activities and allocations should change as economic or social conditions change.

iv) Involvement and Voluntary:

People within and outside organisation should be involved. Volunteers, well-wishers and patrons are invited to get involved by various social programmes successful implementation of CSR Programmes in various organisations.

SUCCESSFUL IMPLEMENTATION OF CSR PROGRAMMES IN VARIOUS ORGANISATIONS

i) Proctor and Gamble:

Proctor and Gamble represents a hybrid, since it sells its products to both a broad base of consumers but also enjoys strong customer niches among identifiable communities of interest. For example, mothers who buy pampers for these hybrid companies efforts to create specific moral capital within the relevant niche and General moral capital in the larger customer base should result in a variegated portfolio of philanthropic activity.

Involvement in activities such as clean water provision, AIDS relief, provision of basic health care services, Poverty eradication through basic literacy for children and Adults, Contributions to micro enterprise funds and philanthropic activity that encourage the development and enforcement of basic human rights suggests a good mind because the moral values grounding these activities (health is preferred to sickness, surplus to want, liberty to oppression) are held by many to be good moral values (Harrison, 2003).

2) Microsoft:

The world's richest person is Mr. Bill Gates of Microsoft. Microsoft's Wealth is \$ 640 bn approximately. Every year, microsoft spends \$ 60 bn towards various activities of social well being. The major activities are Education, Health improvements, HIV/AIDS eradication programmes etc. world wide.

3) CSR at Sathiyam Computers in India

CSR Programme is based on two factors. ie. **a) Ethical behaviour and b) Goodwill**

Emergency Management Research Institute (EMRI) is a non-profit organisation and a learning centre. The motto of this institution is "**Your Right to Safety**". It is a voluntary driven and rural transformation funded by **Byraju Foundation (Brothers of Raju)** like in USA No.911.

The philosophy of CSR encompasses:

- * Involving people -> Leadership
- * Applying Knowledge -> Innovation
- * Making things happen -> Execution

Mission:

To save lives in emergencies by leveraging leaderships.

3 phases of CSR Programme: a) Sense b) Research and Care medical, police and Fire-108 Emergency. Automatic Vehicle launching Travels (AVLT) within 20 minutes in any part of Hyderabad, India. So far saved more than 1200 lives from various emergency situations.

4) CSR Programmes in Tata group of Companies

The Tata Group, one of India's best known Industrial groups recorded a turnover of around \$ 11.2 bn (Equivalent to 2.4% of India's GDP) in the year 2003. Long known for its adherence to business ethics. Tata is India's most respected private business group with more than 2,10,000 employees across 85 major companies, it was also India's largest employer in the private sector.

Community Initiatives at Tata Group are:

- * **A feeling of healing** funded by Tata Trusts, the Foundation for the Revitalisation of local health.
- * Involved in developing tribal communities around Jamshedpur in India.
- * Started the path-breaking Social Audit report.

CSR Programmes at various companies:

a) Apollo Tyres

- * Run the Apollo Tyres Health Care Centre that provides General and sexual Health Services for truckers.
- * Support "Uneed" an NGO, that provides health care facilities to the rural poor.
- * Uneed's vehicles ride on Apollo tyres donated every year.

b) Pepsico India

- * is improving community infrastructure like roads and water tanks.
- * Supports athletic needs for a blind school in Delhi.
- * Sponsors National Cricket Tournament for the blind.

c) Activities at Infosys - India

- * Social Rehabilitation and Rural upliftment
- * Health Care
- * Education
- * Promoting Indian Arts and Culture

d) CSR in Wipro - India

- * Applying thought in Schools
- * Various Educational Programmes for children

Modern Corporate giants such as Microsoft, Intel etc. have moved on to Corporate Social Innovation. Cisco by establishing the cisco networking Academy focuses not on the overall educational system but the training needed to produce the network admission, which had a business perspective.

CSR initiatives through University alumni

It is an example of how Corporate Social Responsibility (CSR) Initiatives channelled through **probono** efforts of the alumni of a university could holistically transform village

communities and evolve a replicable model of rural transformation. BITSunami, a unique multicore rupee effort initiated by the alumni of the Birla Institute of Technology and Science (BITS), Pilani-India alongwith a No. of socially responsible corporates - TTK-LIG, Wipro, Wep peripherals, Covansys, Hewlett-packard, Allsec, Kanbay, Sugal and Damani, Red Hat, I-Soft and others - has completed the First year of a Five-year rehabilitation Initiative.

- * Geographical Information System (GIS) based resource mapping for the villages, designed sanitation and water resource plans and studied benchmarks for monitoring development.
- * Building a calamity relief shelter - cum - community centre equipped with communication and public address and warning systems.
- * Cattle can be kept safely at the ground level of this shelter.

CSR at Isha Foundation: (Spiritual Institution located at Coimbatore, India)

The humanitarian efforts of Isha Foundation have spanned a gamut of Social Interventions that have been carried out largely by the resources and philanthropic efforts of its own dedicated 2 lakhs volunteers all over the world. Though what is achieved is something phenomenal, it is only a miniscale of what needs to be done in the World today.

While retaining its primary focus on spiritual and Inner Well-being of all people, the launching of a commercial enterprise whose proceeds would be dedicated to fund social action fulfills Sadhguru's vision and ideal of expanding the reach and horizons of its humanitarian action.

The proceeds of Isha Business Pvt. Ltd. will fund the much needed areas of Rural Education, Health, Child Welfare and Women empowerment under the framework of its project Action for Rural Rejuvenation sustainability of the CSR programmes. Isha Foundation and Times Group, India jointly carried out community development programmes in rural areas. It is referred as "**Action for Rural Rejuvenation**".

Sustainability of CSR Programmes

1. Care: Commitment, Ability, Resourcefulness and Empathy.
2. Creating demand: CSR can be much more than charity. An innovative way to contribute socially is for firms to spend in towns and villages and to buy products

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from millions of artisans who are at the bottom of the Economic Pyramid. Much has been discussed about the Fortune at the Bottom of the Pyramid (Author: C.K. Prahalad).

3. **Cost-benefit analysis:** In addition to economic costs and benefits human and social costs and benefits of an activity shall be analysed in determining whether to proceed with it.
4. Public-Private Partnership with well defined controls and processes for the best use of resources for social change.
5. Forced, persuaded and Voluntarily Interested. Make the CSR programme to sustain in the long run.
6. Reliable means of communication: In order to establish a smooth liaison and understanding between business and community, there must be a reliable means of communication.
7. Trained, Educated and committed men and women will take CSR programmes to great heights.
8. **Public Meetings:** Public meetings serve a very useful purpose in as much as they appraise the community of **what a company has done, what it proposes to do and whether its objectives have been accomplished.**
9. Social Audit: This is an important tool by which factual assessment of the work done and of the social performance of business is done.

CONCLUSION

Corporate social responsibility has much broader implications for the nation as a whole. It reduces dependency on the Government for social change. Most Governmental programmes quickly become embroiled in political manipulation, corruption, communal overtones and bitter infighting. Social reforms driven by the community will bring people together, turn the attention of the masses to tasks that benefit society and reinforce peace and harmony.