

## **Corporate Social Responsibility Practices; Challenges of Modern Business**

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**Abstract:** *Business activities today have a dominant influence on the life of citizens and the society in different ways. In pre-modern times, it was not necessary for business men to be concerned with the social value issues of business since values were expected to be upheld by market forces. The success of a business in itself was taken as prima facie evidence of social value of that business over its less successful competitor. Companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal. The business firms utilize, explore and exploit the valuable and scarce resources which help the business entities grow and survive within the total framework. The business social responsibility practices in India still present a gloomy picture with only a few companies are being serious about it. Heavy amounts are being spend by big companies for the social and community work like health, education, women project, environment, art etc. All these laudable efforts by some big companies are however, only a drop in an ocean. Huge scope for expansion and improvement still remains. Instead of restricting themselves to a few areas of literacy, pollution, health etc... corporate should reach out to other related areas like providing basic amenities to employees and local community, support and help to other under privileged and senior citizens of the society and take proper use of available natural resources and manpower resources.*

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We all know that people engage in business to earn profit. However, profit making is not the sole objective of business. It performs a number of social functions as it is the part of the society. It takes care of those who are instrumental in securing its existence and survival like owners, investors, employees, consumers and government in particular and the society and community in general. So, every business must contribute in some way or the other for their benefit. For example, every business must ensure satisfactory rate of return to investors, provide reasonable remuneration, security and proper working condition to its employees, make available quality product at reasonable price to its consumers and protect the environment.

However, while doing so two things needed to be noted to view it as a social responsibility of business. First, any such activity is not charity. It means that if any business donates some amount of money to some hospital or school or college, it is not considered as discharge of social responsibility because charity does not imply fulfilling responsibility. Secondly, any such activity should not be such that it is good for somebody and bad for others. Suppose a businessman makes a lot of money by smuggling or by cheating customers and then runs a hospital to treat poor patients at low prices, his action cannot be justified. Social responsibility implies that a business should not do anything harmful to the society in the course of his business activities. Thus, the concept of social responsibility discourages business men from adopting unfair means like black marketing, hoarding, adulteration, tax evasion and cheating customers to earn profit. Instead it encourages them to earn profit through judicious management.

Business activities today have a dominant influence on the life of citizens and the society in different ways. In pre-modern times, it was not necessary for business men to be concerned with the social value issues of business since values were expected to be upheld by market forces. The success of a business in itself was taken as prima facie evidence of social value of that business over its less successful competitor. This view has been discarded by social scientist in modern times. It is now widely recognized that business not only involves pursuing economic gains resulting from customer satisfaction but it also a social function that involves certain obligation to society. Social responsibility of business refers to the obligation of business firms to adopt policies and lines of action which are desirable in terms of the expectations and interest of society.

An organization is a creation of the society. It gets its resources from the society. The increasing current public awareness and interest in business social responsibility practices of different business organizations in recent times has brought tremendous pressure on the business not only to demonstrate their economic strength and power but also the efforts made by them in maintaining environmental and social standards. The Corporate Social Responsibility (CSR) is a hot topic of discussion, debate and compliance today,

with government corporate and public at large are trying to make CSR an integral part of the corporate strategy, planning and operation of every enterprise. The Business Social Responsibility is an important element of sustainable development where companies have to behave ethically and are expected to continuously improve their social, environmental and financial performance to improve the quality of life of the society at large.

Corporate Social Responsibility (CSR), also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance, is a form of corporate self-regulation integrated into a business model. Ideally CSR policy would function as a built in, self-regulating mechanism whereby business would monitor and ensure its adherence to law, ethical standards, and international norms. The practice of CSR is subject to much debate and criticism. Proponents argue that there is a strong business case for CSR, in that corporation benefit in multiple ways by operating with a perspective broader and longer than their immediate, short term profits. Critics argue that CSR distracts from their fundamental economic role of businesses; others argue that it is nothing more than superficial window dressing; others argue that it is an attempt to preempt the role of government as a watchdog over powerful multinational corporations.

### **I. Statement of the Problem**

The present era of socio-economic environment prevailing in the society has been exerting pressure on the business enterprises to recognize social responsibilities as the prime concern of their organizational effort. It is also exerting pressure on the business entities to disclose their social performance in the form of social reporting. Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders and other stakeholders. This obligation is perceived to extend beyond the statutory obligation to comply with legislation and deems organization voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. Businesses today have realized that in order to continue thriving, they have to adopt a more holistic and inclusive business model which have a direct correlation with business performance. This includes a system of triple bottom line-reporting economic, social and environmental and a focus on transparency and accountability. Companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal. The business firms utilise, explore and exploit the valuable and scarce resources which help the business entities grow and survive within the total framework. The business social responsibility practices in India still present a gloomy picture with only a few companies are being serious about it. Heavy amounts are being spend by big companies for the social and community work like health, education, women project, environment, art etc. All these laudable efforts by some big companies are however, only a drop in an ocean. Huge scope for expansion and improvement still remains. Instead of restricting themselves to a few areas of literacy, pollution, health etc... corporate should reach out to other related areas like providing basic amenities to employees and local community, support and help to other under privileged and senior citizens of the society and take proper use of available natural resources and manpower resources. Majority of the business organizations are not contributing much to uplift the society. They are least aware of their vast social responsibilities. The progress and welfare of the society is not merely the responsibility of the government alone. In an effective sense it involves appropriate actions by all stakeholders, of which the business sector is extremely important.

### **OBJECTIVE OF THE STUDY**

- To examine the views of Business organisations towards their responsibility to the stakeholders.

### **DATA BASE AND METHODOLOGY**

The Research Design chosen for this study is a descriptive study. Both primary and secondary data were used for the study. The primary data were collected from the sample business units. The senior executives of the respective business units were interviewed. The secondary data were collected from books and published journals like Indian Journal of Finance, sedme, The Management Accountant, Finance India, California Business Journals.

### **SAMPLING PLAN**

The universe of the study is the IT units functioning at Technopark, Trivandrum. The companies were divided into IT and ITES. A total of 180 IT and ITES units are functioning at Technopark . From the 180 units, 35 units were selected by applying Stratified Random Sampling Technique. There were 110 IT units and 70 ITES units. 22 IT units and 13 ITES units were selected for the study.

**Table No.1 Fair Treatment of Employees is an Essential Part of CSR**

Level of Agreement	IT Units		ITES units		Total	
	Number	Percent	Number	Percent	Number	Percent
Strongly Agree	16	72.73	10	76.9	26	74.29
Agree	4	18.18	3	23.08	7	20
Neither agree nor disagree	1	4.55	-	-	1	2.86
Disagree	-	-	-	-	-	-
Strongly Disagree	1	4.55	-	-	1	2.86
<b>Total</b>	<b>22</b>	<b>100</b>	<b>13</b>	<b>100</b>	<b>35</b>	<b>100</b>

**Source: Primary Data**

Table indicates that cent percent of the ITES and 91 percent of the IT units are treating their employees fairly without regard to sex, race, colour etc.

**AWARENESS PROGRAMME ON ENVIRONMENTAL PROTECTION AMONG LOCAL PEOPLE**

Today business organisations are organizing programmes for creating awareness on environmental protection among the people. It is treated as an integral part of social responsibility practices by corporate throughout the world.

**Table No. 2 Awareness Programme on Environmental Protection among Local People**

Level of Agreement	IT Units		ITES units		Total	
	Number	Percent	Number	Percent	Number	Percent
Strongly Agree	2	9.09	1	7.69	3	8.57
Agree	4	18.18	6	46.15	10	28.57
Neither agree nor disagree	7	31.82	3	23.08	10	28.57
Disagree	3	13.64	1	7.69	4	11.42
Strongly Disagree	6	27.27	2	15.38	8	22.86
<b>Total</b>	<b>22</b>	<b>100</b>	<b>13</b>	<b>100</b>	<b>35</b>	<b>100</b>

**Source: Primary Data**

The above table depicts that about 36 percent of the business units are conducting awareness programmes on environmental protection among the local people. The table clearly illustrates that majority of the business units are not conducting awareness programmes on environmental protection. It indicates that they are showing irresponsible behavior towards their duties to the society. For making the sector wise analysis the researcher has attempted chi-square test. The result of the test is given below.

**Table 3 Chi-Square Test Results**

Calculated Value	Level of Significance	DF	Table Value
4.0163	5%	4	9.488

As table value (9.488) is greater than the calculated value at 5% level of significance, there is no significant difference between the opinion of IT and ITES units.

**FINANCIAL SUPPORT FOR COMMUNITY ACTIVITIES AND PROJECTS**

Business organisations as part of their responsibility towards the community should provide financial assistance for community projects and activities.

**Table No. 4 Financial Support for Community Activities and Projects**

Level of Agreement	IT Units		ITES units		Total	
	Number	Percent	Number	Percent	Number	Percent
Strongly Agree	9	40.91	3	23.07	12	34.29
Agree	4	18.18	8	61.54	12	34.29
Neither agree nor disagree	8	36.36	1	7.69	9	25.72
Disagree	1	4.55	-	-	1	2.86
Strongly Disagree	-	-	1	7.69	1	2.86
<b>Total</b>	<b>22</b>	<b>100</b>	<b>13</b>	<b>100</b>	<b>35</b>	<b>100</b>

**Source: Primary Data**

The above table illustrates that majority of the business units (68 percent) opined that they are offering financial assistance to the community activities and projects. The researcher has attempted chi-square test to see whether any significant difference between the opinion of IT and ITES units. The result is shown below;

Table 5 Chi-Square Test Results

Calculated Value	Level of Significance	DF	Table Value
24.7933	5%	4	9.488

As table value (9.488) is less than the calculated value at 5% level of significance, there is significant difference between the opinion of IT and ITES units.

## II. Major Findings Of The Study

1. Majority of the business units (about 58 percent) neither agree nor disagree to the statement that 'there exists separate department for corporate social responsibility practices'. While making sector wise analysis it is found that there is no significant difference between the opinion of IT and ITES units,
2. Cent percent of the ITES and 91 percent of the IT units are treating their employees fairly without regard to sex, race, colour etc.
3. Majority of the business units (about 36 percent) are not conducting awareness programmes on environmental protection among the local people.
4. Majority of the business units (68 percent) opined that they are offering financial assistance to the community activities and projects.
5. Majority of the business (about 87 per cent) are providing sufficient protection to the employees regarding health, safety and welfare measures. Only 3 percent business units is not making any arrangement for the welfare of the employees

## III. Suggestions

1. The business units at Technopark should provide training opportunities to the local people in the form of apprenticeship training and work experience.
2. The business enterprise should create separate department for dealing with corporate social responsibility practices.
3. In order to give better focus on social issues, a more direct approach is necessary from the part of business organisations. Performing social responsibility practices by business enterprises is not for the interest of the society but also for the greater interest of the business enterprises themselves towards the attainment of their goals. So business enterprises should not hesitate to take every possible initiative to adopt social responsibility performance as a routine matter while carrying on their activities.
4. The Govt. alone cannot take all the initiatives to alleviate the miseries of the people and provide them with all the amenities. Therefore, the corporate sector must step into assist the government through corporate social responsibility practices.

## IV. Conclusion

Social and environmental performance and preference are today considered to be as significant as financial performance. From local economic concerns to international human right policies, companies are being held accountable for their actions and their impact. In the new global economy, companies that are responsive to the demand of all their stakeholders are arguably better positioned to achieve long term sustainability. The business organisations should perform their duties and responsibilities to the stakeholders. A wide and vary group of [parties i.e. the customers, the suppliers, money lenders, the govt., the employees having direct and indirect nexus with the organisations have the dominating impact and necessary influences to the effective attainment of organizational goals. The management of an organization is under shrewd pressure to acknowledge the growing demands of the stake holders as a matter of their overall organizational policy. Corporate soial responsibility is the alignment of business operations with social values and has found recognition among enterprises. It is to be highlighted that by neglecting and abandoning the performance of social responsibilities the business organisations dig their own graves silently but surely jeopardizing their ultimate survival.

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