

# Analysis of Corporate Social Responsibility and Social Welfare in view of the sustainable Development Goal

Mr. Irfan bashir<sup>1</sup>, Prafulla K Swain<sup>2</sup>

<sup>1</sup>Department of Management, Sanskriti University, Mathura, Uttar Pradesh

<sup>2</sup>Department of Management, Siksha 'O' Anusandhan (Deemed to be University), Bhubaneswar, Odisha

Email - <sup>1</sup>irfanbashir@sanskriti.edu.in, <sup>2</sup>prafullaswain@soa.ac.in

## ABSTRACT

Inclusive growth of the society needs a nexus between the business sector and the government of that particular nation in addition to the acceptance of this novel step by public in the collaborative step of the duo. This mean that economical steps taken by a firm is always analysed as the impact upon the social and environment factor and vice versa. On the same philosophy Indian government also adopted the company's act 2013, and bound the corporate sector to spend at least 2 percentage of their profit on the social responsibility. For the study of the Indian government steps for corporate social responsibility (CSR), a number of the article published as the research article, government report, book chapter, institutional thesis, expert review have been analysis between the periods of 2016 to 2019. The analysis method has been chosen content configuration method and various practices and policies as well as their optimistic and pessimistic effects notify. This research paper covers the impact of the CSR initiatives and their future implication in the context of the Indian background

## Keywords

Corporate Social responsibility (CSR), corporate sector, India, policies and practices.

Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

## Introduction

In general, corporate social responsibility (CSR) is considered to be the responsibility of corporate houses towards the people of the nation in which they are operational. In general terms, CSR is related to welfare programmes and procedures. The CSR's fundamental philosophy is to distinguish the corporate sector from only to gain the profit rather than investing some portion of the profit into charity works even in order to facilitate the poor segment of the nation by enriching them as a means of education, sustainable but still affordable house schemes, building the roads, adopting the village for their upliftment, supporting the government in various endeavours [1].

In more limited terms, CSR is a kind of corporate sector self-regulation that seeks to impart satisfaction in people's lives through the social objective of philanthropic activities and encourage others to participate or support such practises or even support ethical practises at the location of the plants in the community so that too many people profit from these initiatives. There was a time when corporate social responsibility was the corporate policy itself, but now, much of the nation has adopted the legislation to completely meet the corporate sector's social responsibility obligations [2]. Earlier, not all the company house was interested in social responsibility activities as it was each company house's voluntary decision, but after getting the CR rule, all other the corporate house began investing its money in humanitarian movements and doing goodness to the nation and its people's development by working on root causes and improving the people with them. Fig.1 illustrate the working area of the corporate sector.



**Fig. 1:** Classified Area for Working of the Corporate Sector to Upgrade the People's Life

The present paper has been written to analyze the practices adopted by the Indian companies in fulfilment of the company's act 2013, according to which every corporate sector has to bound with the section 7 of the companies act 2013. According to this act, every firm must invest 2 percent of the profit make in a fiscal year towards the CSR. For the purpose of the analysis, top companies listed in the Bombay stock exchange (BSE) have been selected. The one more point also included in this research is the sustainable development goals (SDGs) framed by the United Nations. The main aim of this paper is to analysis the Indian companies practices and policies in coordination with the SDGs and other guide line of the United Nations [3]. On September 2015, a set of the 17 targeted aims have been framed by the United Nations and these are known as the 17 sustainable development goals. For the framing of these goals, a consensus of the 193 countries has been made and in these 17 goals, a sum of the 169 aims framed to achieve

in future with the collaboration and coordination of the all countries of the world. These goals have decided to achieve by the 2030 in 15 years time period. The main focus is to achieve these goals in all dimensions as the social, economic and environmental but aim is to achieve through only sustainable practices and these goals are relevant and

important for all the countries irrespective of their status as underdeveloped, developing or even developed [4]. These goals needs overall support from all the segment of the any particular nation such as business, civil society and most importantly government. Fig. 2 illustrate the key elements of decision making about money investment.



Fig. 2: Key Elements of Making Decision Regarding Investing Money and Resources

As they have the power to exercise scope, technology, capital, information creation, and management skills, multinational corporations, Fortune 500 companies, and other large industries may significantly contribute to the implementation of the SDGs. Companies will benefit directly and indirectly from the implementation of SDGs by promoting the fight against the control of carbon emissions, climate change, the fiscal crisis and energy prices. The global SDG scenario highlights that 71 percent of organisations were already preparing how they would communicate with the SDGs even before it began; 41 percent of them were also committed to incorporating SDGs into their business strategy, of which 13 percent had already defined resources to do so. As one of the main constraints of the MDGs, the participation of the private sector in the SDGs has further increased [5]. The new SDG policy further clarifies companies' positions and obligations in sustainable development through creativity and peer-to - peer collaboration globally. Table 1 shows the corporate issues and their standard.

Table 1: Corporate Responsibility Standard

| ISSUES                 | STANDARD  |
|------------------------|---|
| Environment            | Kyoto protocol  |
| Labour                 | Fair labour association work place/code of conduct  |
| Corporation governance | OECD principle of corporate governance  |
| Money laundering       | Basel committee on banking supervision  |
| Bribery and corruption | OECD convention combating bribery of foreign public officials in international business transaction |

|                     |  |
|---------------------|--|
| Human right         | Amnesty international human right principle  |
| Corporate Reporting | Global reporting initiative guidelines on social, economic and environmental reporting |

Research Questions

There have been continuous demands to increase the investment in CSR through the corporate house, one of the main reasons behind these demands is the production unit of the corporate houses are continuously responsible for the increasing the pollution level contrarily to sustainable development goal , in turn , making a threat to global warming. Therefore, the organisation wants to include the all the stake holders in this novel process of the CSR. As the growth rate of the business and their profit have been increasing, the corporate houses more responsible to alleviate the unemployment [6]. Out of this scenario, some questions are coming out to discuss thoroughly and analyzed. These question are given as follow

Q.1 what should be the way to implement the environmental responsibilities through the integrated market strategies?

Q.2 what would be the benefit to include all the stake holder of any particular firm for the social activities action?

Q.3 how can the various business component as organisational behaviour, human resource management , management system for information be integrated to make a contribution in the CSR activities as a measure of the social, financial as well as environmental performance.

## Review Of Literature

Kitzmuelle et al. published a paper on the topic Economic perspectives on corporate social responsibility in 2012 and synthesizes the aspect of the CSR as an economic and social perspective view. The present explore the possibilities and implication on the existence of the CSR and reveal the reason of the conditions in which CSR is intend to produce the more welfare than any other scheme or practices exist in the society. The empirical results of the economics significance of the CSR had been compared with the non economics aspect in order to find out the feasibility of implementation of the CSR from the point of the view of the organization. The present paper also revealed that the recent researches work has been shifted to find the difference between the why should CSR exist and why should not? And also discussed the fact that CSR is not always relates to the profit of the firm in monetary term but it imparts the value to the organization in term of the good will and market presence [7].

Orlitzky et al. have been analyzed in a paper published in 2011 that different approach have to adopt for the decision making to make an investment in the opportunities of the CSR initiatives. The CSR initiative can be made out of the two reasons, first one is the volunteering decision by the organization and second one is the government compulsion out of that an organization has to go for the social responsibility. Though, the main objective of the CSR initiative is making a positive difference in the economical and social aspect of the organization and its surround area. The main key is to take the decision of the CSR is the strategically inquiring of the field for which investment will have to make. In the strategic planning the big multinational organization motivates the all stakeholder to make a investment in the CSR activities to make people's life more beautiful [8].

Liang et al. explained in his paper published in 2017 that a confidence level plays between the chief executive officer (CEO) and CSR. The main reason behind the confidence level is that a confident CEO is more capability to take risk and also having the intuition power to calculate the risk factor associated in his decision. The one more reason is that Confidence levels of the CEO helps him to invest more in the CSR, his governance tactics allows him to make good collaboration with other firm as well as the government to make the policies and practices for CSR. This eventually helps organization to make their foot prints in wider landscape and get know by more population. In fact, the more involvement in the CSR activities has paved the way to more revenue by increasing customer base. Sometime, many organization promote their product by saying that is an individual avail his services than 1% of the total coat of the services will go to social responsibility [9].

## Methodology

### Design:

The aim of the present paper is to analyze the sustainable development goal as the goal of the CSR activities. Therefore, the authors has taken the combined effect of the trio performance on the social responsibilities, the teen

performance of the organization are social, environment and financial performance [10]. The sustainable goals are supposed to achieve through the amalgamation of these three, and many organization have made a strategically plan on the basis of the nexus of the social, economic and financial performance. Fig. 3 shows the framework of implementing CSR.



**Fig. 3:** Frame Work for Implementing the CSR

### Sample:

For the sample collection, the academic paper based on the companies act 2013 have been considered and for collection of the data , types of the publication , language of the publication and time frame have been considered. The related manuscripts have been searched by using the online method such as search engine, library catalogue as well as reputed journal websites between the 2016 to 2019 [11]. The care should be taken to selected the all the text from the stipulated time frame and emphasis given that all the text based on the guide line frame in companies act2013.

### Instrument:

For the analysis purpose of the text content configuration analysis has been implemented and check all the data from the perspective view of the companies act and find out the advantages and disadvantage covered by the text selected in addition to analysis the content on the basis of the CSR and sustainable development goals. The field selected for the analysis spread over the wide range of the text related to economics, ethics, sustainability studies, mobility studies, psychology as well as education [12].

### Data analysis:

For the analysis, two step examine strategy have been developed to check the data selected. The all the selected data have been divided into subset to make the analysis little bit easy and reliable. The criteria for the subset are the related field of the domain as economics, ethics, sustainability studies, mobility studies, psychology. After that all the data have been checked on the basis of the advantages and disadvantages on the basis of the content of the selected manuscript [13]. We sort and classify the statement to obtain an original typology, which then use as an analytic structure for a quasi-deductive analysis, sorting and classify the outstanding texts to become accustomed and refine the typology.

## Results And Discussions

India is still the developing nation but it has been marking as the fast growing economy of the world and has been performing better on the various economic factors to show the positive trend of the growth. Despite this, there are some filed are still behind the targeted growth rate as mortality rate, education of the marginalized section, employment to all, growth of the small business, a greater part of the population living below the poverty line, pollution level, decay of the flora and fauna, unhygienic living condition, low financial inclusion etc, problem s of the many localized diseases. To eradicate or alleviate these problems, the government of the India has been implementing many policies and the practices to upgrade the living standard of the people. The united nation also frame the SDGs to alleviate or even eradicate of these problems and pave the way for the overall development and growth. The Table 2 has been illustrating type different aim and associated SDGs [14].

**Table 2:** Sustainable Development Goals (SDGs) Mapped With Schedule 7 Activities of the Companies Act, 2013

| Corporate Activities   | Social | SDGS   |
|--|--------|--|
| 1 Eradicating excessive hunger as well as poverty  |        | SDGs 1 and 2<br>This targeting the food security at all level and fight against the malnutrition                                     |
| 2 support of education   |        | SDGs 1, 4, and 8<br>It aim to provide at least basic education to all  |
| 3 promote gender equality and empower women  |        | SDGs 1, 4, 5, 8, and 10<br>It aims to treat everyone equally irrespective of the gender and provide 360 degree opportunities to all. |
| 4 Reducing child mortality and improving maternal health   |        | SDGs 2, 3, and 5<br>Making sure that birth death reduced and every child and mother gets basic amenities.                            |
| 5 fighting human immunodeficiency virus, acquired immunodeficiency syndrome, malaria, and other diseases |        | SDGs 1, 2, 3, 6, and 12<br>It aims to provide better hygiene condition and increase the immunity power                               |
| 6 ensure environmental sustainability  |        | SDG 6, 7, 9, 11, 13, 14, and 15<br>Ensure the safe guard to the environment and related elements                                     |
| 7 employ enhancing vocational skills   |        | SDG 8, 10, and 11<br>Enhancing the job oriented skill of people  |
| 8 Social business projects   |        | SDGs 7, 9, 12, and 17<br>Business projects in the area of renewable energy, infrastructure and innovation, sustainable               |

|   |  |   |
|---|--|---|
|   |  | consumption, and production and with global partners should be promoted.  |
| 9 | Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio- economic development, minorities, and women | This work to cover all the goals of the sustainable development through the government and private sector partnership |

Almost every country has created a law for the corporate sector in order to bind them for making the investment for the social responsibilities. In India, companies acts 2013 have given the direction to corporate sector to make at least 2 percentage of the profit as the CSR obligation. Moreover, United Nation has also given the framework for the SDGs to be followed by the binding nation. Now, governments have taken many steps with the coloration of the corporate sector to achieve these goals. The time line for achieving these goals is kept at 15 years and till 2030, endeavor is going on to achieves these goals. The Table 3 has been illustrating the possible are in which a corporate house can fulfill his CSR obligation by making an initiative in term of the money and resources investment or even helping the organization who are already reengaged in up gradation of the society [15].

**Table 3:** Possible Area in Which a Corporate Sector Can Contribute

|   | DIMENSION OF THE CORPORATE RESPONSIBILITY |
|---|---|
| 1 | Business ethics ,value and principle      |
| 2 | Accountability and transparency           |
| 3 | Commitment to socio economic development  |
| 4 | Environmental concern                     |
| 5 | Human rights                              |
| 6 | Worker rights and welfare                 |
| 7 | Marketing relations                       |
| 8 | Sustainability                            |
| 9 | Corporate Governance                      |

## Conclusion And Implication

The purpose of the present paper was to investigate the practices and investment made by the organization in coordination with the SDG. The study found that there are some organization that are contributing a lot in fulfillment of the CSR in order to achieve the SDGs. But trends of the inconsistency have been observed in the data collected through the various sample collection of the targeted materials. The study had been conducted consist some lacking because of the no availability of the data at local level or small investment through other gateway like small NGOs, charity group etc. The main finding of the analysis have been come out as the observation that finance related industries are committed to invest a good money in the CSR activities and this sector also at first position in making the investment for the social responsibility followed by the oil and power sector industries.



The disappointing outcome of the study is that the industries that are responsible for more pollution and their b product are really a threat to the environment ,arte likely less invest in the CSR activities and these sector are observed as the Construction , metal , mining and manufacturing sectors. Although central pollution control board has released a guideline to be followed by the industries to mitigate the pollution at certain level. If any industries is not following these guideline ,they will have to punished by a penalty that include to cut the production cost , implement the pollution control technologies at their sites, or at worst even order to close the facilities. The authorities observed that as the growth of the business have been increased, the pollution level and environment threat also increasing with expansion of the business. Therefore, it is the need of the time to increase the investment in the CSR activities to protect the environment as per the guideline of the SDGs.

### References

- [1] E. Maryanti and W. N. Fithri, "Corporate Social Responsibility, Good Corporate Governance, Kinerja Lingkungan Terhadap Kinerja Keuangan Dan Pengaruhnya Pada Nilai Perusahaan," *J. Account. Sci.*, 2017.
- [2] "PENGARUH PENGUNGKAPAN CORPORATE SOCIAL RESPONSIBILITY TERHADAP PRAKTIK MANAJEMEN LABA," *Diponegoro J. Account.*, 2015.
- [3] Parliament, "The Companies Act 2013," *Inc. Co. MATTERS INCIDENTAL THERETO*, 2013.
- [4] M. Gigliotti, G. Schmidt-Traub, and S. Bastianoni, "The sustainable development goals," in *Encyclopedia of Ecology*, 2018.
- [5] F. Biermann, N. Kanie, and R. E. Kim, "Global governance by goal-setting: the novel approach of the UN Sustainable Development Goals," *Current Opinion in Environmental Sustainability*. 2017.
- [6] J. M. Klopp and D. L. Petretta, "The urban sustainable development goal: Indicators, complexity and the politics of measuring cities," *Cities*, 2017.
- [7] M. Kitzmueller and J. Shimshack, "Economic perspectives on corporate social responsibility," *J. Econ. Lit.*, 2012.
- [8] M. Orlitzky, D. S. Siegel, and D. A. Waldman, "Strategic corporate social responsibility and environmental sustainability," *Business and Society*. 2011.
- [9] H. Liang and L. Renneboog, "On the Foundations of Corporate Social Responsibility," *J. Finance*, 2017.
- [10] Indian Institute of Corporate Affairs, "National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business," 2011.
- [11] A. B. Carroll, "A three-dimensional conceptual model of corporate performance," in *Corporate Social Responsibility*, 2017.
- [12] W. Cragg, M. S. Schwartz, and D. Weitzner, *Corporate Social Responsibility*. 2017.
- [13] D. J. Aigner, "Corporate Social Responsibility and Financial Performance," in *Corporate Responsibility: Social Action, Institutions and Governance*, 2016.
- [14] M. Kansal, M. Joshi, and G. S. Batra, "Determinants of corporate social responsibility disclosures: Evidence from India," *Adv. Account.*, 2014.
- [15] S. Mohamed Adnan, D. Hay, and C. J. van Staden, "The influence of culture and corporate governance on corporate social responsibility disclosure: A cross country analysis," *J. Clean. Prod.*, 2018.