

## Significance of Corporate Social Responsibility in Building Self-Sustainability

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### Abstract

Corporate Social Responsibility is about organizations doing the right thing and going the extra mile beyond legal requirements to reduce negative impacts on the environment and society. It is about giving something back to positively benefit the environment, the community in which an organization operates and society as a whole. A system is self-sustaining if it can maintain itself by independent effort. The system self-sustainability is the degree at which the system can sustain itself without external support and the fraction of time in which the system is self-sustaining. Sustainability is often confused with corporate social responsibility, though the two are not the same. Ethics, morality and norms permeate corporate social responsibility. Sustainability only obliges businesses to make intertemporal tradeoffs to safeguard intergenerational equity. Short termism is the bane of sustainability. Sustainable businesses are established with the aim to realize corporate social responsibility objectives covering environmental, societal and economical aims. The uniqueness of sustainable businesses is expressed through corporate social responsibility. In this study it is explored that corporate social responsibility is very much significant for sustainable businesses in order to develop an understanding for both theoretical and practical use.

**Keywords:** *Corporate Social Responsibility, Sustainability, Social Responsibility, Loyalty*

## **Introduction**

Loyalty towards society is often reflected by the hefty sums that organizations spend to fulfill their social norms of responsibility in the form of CSR budgets. Often misread as a tool to boost long term profits, what most of the critics miss out is the fact that these companies are overflowing with money. Their deep pockets seem to be unaffected by the miniscule allocations to the so called social benefits. Even the highly mobilized and trustworthy companies reflect a sense of goodwill towards their people by showcasing their “attractive” philanthropic activities. Social activities and business ethics seem to be interlaced by these organizations to build on their perceived brand building exercise.

Naturally, the question arise is that what would be the response of these companies during the times of recession. Would they be generous enough to the society in spite of them dwindling in low revenues? Would there not be a natural tendency to shun these so called societal pressures in order to sustain their businesses? Why would they be willing to listen to a multitude of opinion that links their financial health to the money spent on corporate social responsibility? Some of these very questions provide a stark opinion difference when we ponder over business ethics and the role of society in building these corporate echelons. This study reflects on these nuances of current state of “CSR” as well as critically examining the market oriented approach.

## **Recession and CSR**

A stress test to good intentions as has been rightly pointed out by a survey conducted on behalf of Business for Social Responsibility showed that almost a third of firms expected their spending on sustainability or “CSR” to fall during the times of crisis. The times of crisis in the organization truly reflect on their perceived noble deeds. Also interesting is the aspect of environmental sustainability that these firms don’t stop to harp on endlessly. During the times of recession, it has been found that environmental sustainability fell from 29% to 17% in the companies’ high priority list. It is important to reflect the so called green mission of these firms. Notably this drive towards building green energy sources is a natural response to the demand for such projects due to changes in government regulations. Surprisingly, what most firms fail to understand is the reasons why the recession took place in the first place. It was only due to the corporate social irresponsibility that we witness the dramatic collapse of heavyweights like Lehman Brothers, Satyam, Kingfisher Airlines, Sahara, etc. Their natural tendency to milk

money without concerned relook towards societal benefits that they received was enough to wash away their long surviving businesses.

### **Strategic Significance of Triple Bottom Line for Sustainability**

Traditional businesses have largely focused on the financial component in the accounting framework to analyze company's performance and also to highlight market leaders in each category. Fiscal policies have thus been replete with examples on improving profit margins while the people and planet, i.e. the social and environmental factors have been either side-lined completely or are shown only as a corporate social responsibility measure for organization's performance. Indian industrial sector is the major area of concern when we develop this framework as the environmental and social impact is enormous and the industry's development cannot be sustained without raising issues like employee's health, ergonomic feasibility, safe working conditions, environment friendly operations, social structure prevalent in the society, and benefits of flexible timings. Triple bottom line, in itself builds on a robust framework of people, planet and profits and while devising a technology friendly environment through Information technology, our major focus should be on employee and institutional sustainability and development. The supply chain surplus that would be foreseen through this strategy would be evident in long term and also help in the managerial growth of nation's workforce. Technology is the precursor to this growth and it is thus relevant that new mediums need to be developed for "Smart Factory" as well as "Smart Accounting" practices.

### **Bottom up Model for Rural Markets**

There have been certain instances when CSR activities in India have in fact seen daylight through better managerial practices. Highlighting the growth of E-Choupal is relevant since the percentage rural population in India is almost 65% and we still do not cater to their needs. Also, the outcomes accomplished through ITC's E-Choupal venture are an important source of knowledge for the future that Information technology can accomplish in the coming days in Indian rural markets. The "*Sanchalak*", who deals with the farmers and ITC officials for gathering market information as well as price trends of agricultural products, is a trained farmer who shares critical market information with the farmers. There are around 7000 E-Choupals affecting the lives of more than 4 million farmers across the country. The model is very robust with the Sanchalak being the front-runner in providing the agricultural community access

to ready information about weather conditions, market prices, risk management and also providing knowledge on scientific farm practices. Sanchalak is primarily driving the click and mortar capabilities by working on the internet kiosks and responding to the trends. The initial success of E-Choupal needs to be transformed by the Government of India to build a national network and improve the margins of the farmers. The model has some important lessons for the future course of action for sustaining the livelihood of our hard working farmers.

## Conclusion

The corporate social responsibility is being highlighted as a medium for generating both government grants as well as building the trust of the stakeholders involved in the operations of the organization. Even though serious measures have been taken in this front from some organizations who have allocated funds for the same, yet it seems like a green washing as the sustainable development of the people and planet always are embedded to generate higher margins for the organizations, The firms fail to realize that money is a by-product of the natural resources that this planet and its living beings have generated over thousands of years. The focus needs to be shifted so that truly the aim of sustainable development is achieved.

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