

**CORPORATE SOCIAL RESPONSIBILITY – CHANGING DYNAMICS  
OF BUSINESSES IN EMERGING ECONOMIES**

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**ABSTRACT**

*Corporate Social Responsibility includes all of the initiatives and approaches taken up by a business organization to contribute towards the complete social, economic and environmental well-being of the society. The concept of Corporate Social Responsibility (CSR) aims at integrating the social and environmental concerns with the strategic and tactical operations of a business and has lately emerged as something indispensable for any organization to survive in a highly competitive world with increasing emphasis on social welfare.*

*In olden times, the generic perception about CSR has been as more of a window-dressing mechanism to help a corporate maintain and promote its image as a ‘socially responsible’ one. While this is not a very encouraging opinion, the recent times especially the era of globalization & liberalization have brought in a good change in terms of abundant acceptance for CSR’s important role in aligning the goals of any organization with that of the society. This being particularly so in current business scenarios where the basic business objectives of profitability and growth need to be rather compulsorily united with the objective of inclusive growth of the society at large, given the stricter governing statutes and increased awareness created by social watch-dogs involved in accessing business governance.*

*This paper will seek to discuss the importance of CSR in changing business situations, particularly in the emerging economies of the world. It would aim at highlighting the importance of CSR as a concept and application in corporate and government initiatives focussed towards CSR.*

## **Introduction**

In the present day, business scenarios continue to be governed with the basic business objectives of profitability and growth as in the olden days. However, as times progress, an increasing need for inclusive growth of the society at large has emerged as the main driver for the changing expectations from a business. Corporate Social Responsibility aims at the managing of businesses on ethical and transparent lines as one of the front-running values of any organization. It lays significant emphasis on all-inclusive social, environmental and economic well-being of the people, resources and atmosphere the business impacts both directly and indirectly. This paper will seek to discuss the importance of CSR in changing business situations, particularly in the emerging economies of the world. It focuses at highlighting the importance of CSR as a concept and application, given its inclusion in management applications, globally.

A leading financial online dictionary defines Corporate Social Responsibility (CSR) as a corporate initiative towards assessment of impact and ownership of responsibility of an organization's work on the environment and society. As per this definition, CSR takes into consideration all of the efforts of an organization that go much beyond the necessary minimum requirements and expectations from business regulatory authorities to environment watch dogs. CSR gives shape to the concept of 'corporate citizenship' which might also involve sustaining costs in the short term duration that cannot be related to giving back immediate financial benefits to the organization but, form the basis for a long term positive social and environmental change.

Corporate Social Responsibility (CSR), therefore, can signify and include all of the approaches and initiatives taken by a business organization that will contribute to the holistic social, economic and environmental welfare of the society as a whole. With this background, CSR aims at integrating the social and environmental concerns with the strategic and tactical operations of a business.

## **The Changing Perspective and Importance of CSR**

In older days, CSR has been looked at as more of a window-dressing mechanism to help a corporate maintain and promote its image as a 'socially responsible'

one. Previously, the generic perception about CSR has been that of just an image-boosting tool, usually misused by organizations to gain benefit of being seen as conscious of and supporting social causes. While this was not a very encouraging opinion, the recent times are steadily bringing about a change in this perception.

In the present day scenario, CSR is being seen as a vital phenomenon that has begun to impact the very image of business and has started governing the way businesses are managed to a good extent. Organizations functioning in economically, socially and environmentally responsible manner are realising the need to create value not just for themselves but also for the local people, concerned economy(s) and atmosphere. The social value system declares such organizations and companies as establishments conducting their businesses in a transparent and ethical manner. Though, the development of this positive image takes considerable time and cost, the organisation results in being termed as social, trustworthy and friendly. In the contemporary setup, as more number of companies are expanding themselves globally, integration of responsible business practices into international investments and operations result in benefitting the national economy and local communities as well as making good business sense.

Companies exert tremendous influence on the community as well as the national economy. Having control on assets, they are capable of financially contributing to social awareness investments and programs. Where some organisations have adopted a pretentious attitude towards corporate social responsibility, many firms and companies are truly contributing to ecological sustenance programs, social welfare activities to provide benefit to employees, customers and the society at large.

Here, it will be apt to discuss about the CSR initiatives undertaken by Canon, a world leading company in imaging technologies. While the parent company for Canon is based out of Singapore, its subsidiary has substantial presence in 10 cities across India with impressive employee strength of more than 1050 people. As per its commitment to improving the quality of lives of people in the communities where the company operates, Canon India has adopted a multi-initiative program towards ensuring its CSR contribution.

Under this program, the company has adopted Ferozpur Namak village (situated in Mewat district, Haryana, India) 'to develop and strengthen eye care facilities and education' in the village community.

The above CSR initiative at Canon has set-up an eye health care centre to provide comprehensive eye health care facilities to not only the people of the village but also those residing in neighbouring villages, through provision of regular health services such as eye screening camps, consulting, medicines and creation of awareness about adequate eye health. On the other hand, the education initiative of Canon India is to support the local government school at the village with the aim to improve enrolment of children at school and assistance in deliverance of quality education. This initiative includes establishment of a learning centre with teaching aids, toys, a library and organizing teacher's training in the school as well as supporting infrastructural development of the school like constructing toilets for girls, helping improve source of drinking water through pipelines & taps, installing ceiling fans in classrooms and providing benches for children. Further, CSR initiative at Canon also aims at supporting the school and vision centre with tree plantation and rain water harvesting in the school to solve the water scarcity problems for students.

Canon is an established company in its area of business. Nevertheless, CSR initiatives like the ones above help set-apart the company from the competition in terms of the value it is providing for the society. Worth emphasizing would be the benefit the local communities at Ferozpur Namak and nearby places are receiving and their betterment due to the Canon CSR initiative. While the products at Canon are superior and may differentiate from the competitor products, what really gives the company an edge over its competitor is the former's established image as a socially sensitive and caring organization. This image in turn helps the company in instilling confidence amongst its customers as an organization with high respect & consciousness for value propositions in its business, though indirectly through its CSR initiatives.

Lately, CSR is being seen as a very important phenomenon that has started impacting the very image of business amidst its various stakeholders, especially the

non-owners, such as customers, suppliers, vendors, financiers, social organizations and even the concerned regulators and the governments. This goes a great extent in governing the way businesses are managed. Further, the value thus created through CSR initiatives and ethical business practices, helps organizations gain the trust and confidence of the local economy where the business is being conducted, an absolute essential for the success of any business. While the development of this positive image may take a good amount of time and some considerable costs, it goes a long way in establishing the brand name of the organization as friendly, social and trustworthy.

As greater numbers of companies now look beyond their national frontiers to conduct business globally, there is an increasing understanding that incorporation of responsible business practices into investments and operations abroad not only benefits the local economies and communities, but makes good business sense. To identify and improve a company's impact on society and the environment, while driving stronger business results such as brand enhancement, market differentiation, and employee satisfaction. While the integration of core business objectives with those of CSR is still more of voluntary, it has lately started emerging as something indispensable for any organization to survive in a highly competitive world with increasing emphasis on social welfare.

The above discussion has clearly conveyed that CSR is gradually assuming importance, especially as the era of globalization & liberalization have brought in with them good change in terms of abundant acceptance for CSR's important role in aligning the goals of any organization with that of the society. This being particularly so in current business scenarios where the basic business objectives of profitability and growth need to be rather compulsorily united with the objective of inclusive growth of the society at large, given the stricter governing statues and increased awareness created by social watch-dogs involved in accessing business governance.

### **Application of CSR across Regions**

These days, companies have a lot of influence on the local and national economies. As multi-national companies control a huge value of assets and have a sizeable revenue base at their disposal for furthering their business interests, they are increasingly looking at also deploying at good amount of these resources towards socially conscious investments and programs. A large number of companies with sizeable businesses are engaging in increasing their corporate responsibility initiatives through local governments, non-government organizations, etc. Also, many large corporations are devoting real time and money to environmental sustainability programs, alternative energy and various social welfare initiatives to benefit employees, customers, and the community at large. However when it comes to Small & Medium Enterprises (SMEs), the promotion of uptake of CSR amongst these enterprises requires approaches that fit the respective needs and capacities of these businesses as well as ensuring that this promotion does not adversely affect their economic viability of the SMEs.

United Nations Industrial Development Organization (UNIDO), a specialised agency of the United Nations focusing at promotion of industrial development for poverty reduction, inclusive globalization and environment preservation, bases its CSR programme on something known as the '*Triple Bottom Line*' (TBL) Approach. This approach has proven to be a successful instrument to assist SMEs in the developing countries to meet their social and environmental obligations and standards without compromising their competitiveness. Essentially, TBL approach forms that basis for assessing and reporting corporate performance against economic, social and environmental performance. This approach endeavours to align the business goals of private organizations, especially SMEs, to the important objective of sustainable global development, as it provides the organizations with more comprehensive and wider set of working objectives, than merely profitable entrepreneurship. Nevertheless, while the CSR programme to be undertaken by a small or medium sized organization should be sustainable, it must be also be financially secure, and focus on minimising (if not totally eliminating) the negative environmental impacts of business (if any). TBL approach also lays emphasis that the business of SMEs should confirm to societal expectations.

UNIDO also defines the key areas of work under CSR. These are related to environmental consciousness and management, eco-efficiency, responsible business sourcing, engagement of various stakeholders ethically, maintenance of labour standards and working conditions, betterment of employee and community relations, bringing in and improving social equity, gender balance, human rights, good governance, and anti-corruption measures. Further, UNIDO emphasizes the point that a properly implemented CSR programme can bring along a variety of competitive advantages for SMEs. While such organizations get enhanced access to capital and markets, they also benefit from increased sales and financial profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and business reputation, enhanced customer loyalty, better decision making and risk-management processes. These benefits are all the more critical for implementation in developing nations such as those of the BRICS nations where abundant and cheaper labour and production resources have to some extent been exploited for years together, thus requiring great CSR initiative implementations.

Continuing with discussion about the application of CSR across regions, let's also look at initiatives taken up by the Government of Canada. The Government of Canada appreciates the fact that responsible corporate behaviour by Canadian companies operating internationally enhances their chances for business success as well as contributes to overall economic benefits for both the countries in which they are operating and for Canada. Further, while responsible investments and operations of these companies contribute towards promoting Canadian values internationally, these also add on to the sustainable development of communities in these countries. Government of Canada is therefore committed to promoting responsible business practices across the world. It also encourages and expects Canadian companies operating internationally to abide by and respect all applicable laws and international standards, apart from operating in a transparent manner and in consultation with host governments and local communities. Last but not the least on the list of expectations of the Canadian Government is the requirement for these companies to conduct their activities in a socially and environmentally responsible manner.

When it comes to practising what the Government of Canada has preached above, the seriousness and commitment to the CSR cause continues to the full extent. The Government continuously works with the Canadian business community, civil society organizations, foreign governments and other associated communities and stakeholders to nurture and promote responsible business practices, which in turn support sustainable economic growth and shared value systems. As part of Canada's comprehensive approach to supporting CSR, the Government provides meticulous guidelines to the Canadian business community. The Canadian embassies and missions abroad actively assist the Government in furtherance of this initiative. Nevertheless, as it is not just the actions of these companies operating abroad that do guarantee commercial success or sustainable local benefits, the Canadian Government also simultaneously works with an array of experts to champion the cause of CSR. Also, Canada's diplomatic missions abroad conduct conference, discussion sessions, etc. that help towards strengthening of bilateral relationships as well as promoting the indispensability of responsible business practices to form the basis for CSR. Foreign Investment Promotion and Protection Agreements (FIPAs) and Free Trade Agreements (FTAs) of Canada with other countries, especially the developing economies, form the focus areas for CSR commitment through bilateral dialogue and relationship building.

Canada also endorses global CSR practices through a number of multilateral initiatives. These include knowledge exchange and reinforcement of CSR guidelines at important meeting platforms such as Commonwealth Summits, OECD, Group of Eight and Asia Pacific Economic Co-operation meetings. Canada's emphasis on such platforms is to have a common playing field for cordial business relationships that provide the basis for CSR initiative campaigns. Also, Canada has taken firm steps towards establishing a mechanism for ensuring voluntary resolution of disputes. The Government of Canada ensures at facilitating sufficient company – community dialogue and conflict resolution opportunities. The Government achieves this through coordinated efforts of the review processes of Canada's National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises and of the Office of the Extractive Sector CSR Counsellor. While such mechanisms focus at boosting positive relations between an organization and its various

stakeholders, it ultimately helps towards achievement of overall CSR objectives of the Canadian Government. Here, an upcoming area of interest for champions of CSR in Canada is the support of dialogue facilitation and non-judicial intervention and negotiation of resolution to local disputes.

Further, the Canadian Government efforts towards anti-corruption and anti-bribery initiatives undertaken by it also add on to the broader CSR focus. In this regard, it will be worth mentioning to quote Canada's legislation implementing in word and soul, the 'OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions' and the 'Corruption of Foreign Public Officials Act (CFPOA)' a little over a decade now. These laws have defined the act of bribing a foreign public official in the course of business as a criminal misdemeanour and prosecute individuals and corporates for committing such offences both inside and out of Canada. Here, CFPOA also helps strengthen Canada's pivotal role in combating corruption and promoting good business practices at an international level, while further endorsing the Canadian Government's commitment to the guidelines of OECD Anti-Bribery Convention.

This paper can be concluded with the assertion that the concept of Corporate Social Responsibility, in recent years, has rapidly evolved from being just a voluntary organizational initiative to a very important area of study and implementation (especially with context of developing economies of Asia, South America and Africa) towards holistic social, environmental and economic growth of the local communities and nations through concentrated efforts of organization in this respect.

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