Examining Corporate Social Responsibility and its Excelling Role in Development of the Society: A Perspective of Kashmir Division

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Abstract

Corporate Social Responsibility also termed as corporate responsibility, corporate citizenship, responsible business and corporate social opportunity is a contemporary entry in the economy of modern enterprise equally at global level and at the national level. It denotes a notion whereby corporate organisations think about the concern of society by way of acknowledging responsibility in lieu of the impact of their actions on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. The obligation of corporate social responsibility insists on the organisation to comply with legislations and voluntarily take initiatives to improve the welfare of their employees and their families as well as for the local community and society at large. Sustainability of an economy can be attained through socially accountable conduct of establishments in both the balanced development of labour and other stakeholders as well as in responsible consumption of non-renewable resources. This paper intends to highlight the concept and theories of corporate social responsibility in terms of their meaning and practical importance. The paper then discusses the role of CSR in community development and highlighted numerous initiatives undertaken by different corporate houses to lend a helping hand to quake and flood victims which Jammu and Kashmir witnessed recently.

Keywords: Social Responsibility, Sustainability, Community Development

Introduction

With the advent of business and since the time of its evolution, people recognized that business is one of the most important bases of earning for livelihood but in the mean time they unheeded how far they are exhausting the resources in order to carry out their business. In reality, both cannot move in ignorance of the other. Although business can persist in the short run but in the long run the very existence of commerce devoid of society is not imagined (Rao 2014). This shifted the focus of policy makers towards the notion of Sustainable development which turn out to be a topic of foremost alarm because of the offensive depletion of resources, global warming, environment pollution and other issues that steered to disturbing consequences on the entire society. Both corporations and consumers require to discourse the issue of sustainability, by developing a balanced relation
between responsible consumption and quality of life. In the past period, businesses were focused on increasing productivity, but nowadays the trends are to gradually plummeting footprints on environment and society, by way of advanced solutions and effective approaches of production (Dunphy, 2003). Corporations need to recognize that government single-handedly will not be in a position to get victory in its attempt to raise the downtrodden of society. The present-day societal marketing idea of companies is continuously progressing and has given upswing to a new concept-Corporate Social Responsibility(Mishra 2014).

Corporate social responsibility (CSR) issue has been in debate since the 1950s. Most studies by Secchi (2007) and Lee (2008) testified that the sense of CSR has been varying in meaning and practice. The traditional view of CSR was barely restricted to philanthropy and then and there it slowly began to move its emphasis on business-society relationship mainly referring to the role that an establishment or firm delivered for extricating social problems. From the early twentieth century, social enactment was interwoven up with market performance. Oliver Sheldon (1923, cited in Bichta, 2003) who envisaged this concept enthused management to take the ingenuity in fostering both moral standards and justice in society through the principle of economising, i.e. scrimp and save the use of resources under the title of effective resource mobilization and usage. By applying such standard, business generates prosperity in society and offers improved standards of living. In the current scenario corporate social responsibility (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) represent a notion whereby commercial organisations think through the interest of society by accepting responsibility on behalf of the impact of their actions on customers, providers, employees, shareholders, communities and other stakeholders as well as their environment. Ismail M (2009) is of the view that corporate social responsibility simply denotes to strategies through which corporations or businesses conduct their business in a way that is ethical and the public friendly. CSR is a wider concept and can encompass a series of activities like functioning in partnership with local societies, socially sensitive investment, increasing relations with employees, customers and their families and at the same time involving in activities which are fruitful for environmental conservation and sustainability.

**Objectives of the study**

- To analyze the theories of Corporate Social Responsibility
- To examine the role of Corporate social responsibility in community development
- To examine the role played by corporates in Kashmir division at the time of uncertainties.
Research Methodology

The facts were composed from secondary basis of information. This research also took the support of Secondary data like many newspapers, journals, online database, facts released by different institutions. The collected data was analysed and interpreted to pull out the conclusions keeping in mind the framed objectives of the study.

Theories of Corporate Social Responsibility

In the early twenties, the notion of CSR turn out to benearly universally approved and promoted by all elements in society from administrations and companies to non-governmental organisations and singular consumers. Maximum of the renowned international organisations such as the United Nations, World Bank, OECD and ILO not only sanction CSR, but have also framedcourse of action and permanently operated divisions to investigate and promote CSR (Lee 2008).

At present there are countless mixture of theories and styles of CSR. The debate in this paper is grounded on a comprehensive study by Secchi (2007) and Garriga and Mele (2004). Secchi has devised a group of theories based on a principle what starring role the theories to the corporation and society. The theories are as follows:

- The utilitarian theory,
- The managerial theory, and
- The relational theory.

On the other hand, Garriga and Mele’s (2004) analysis maps CSR into four types of territories. They are:

- Instrumental theories,
- Political theories,
- Integrative theories, and
- Ethical theories.

There is no hesitation in denying that some resemblances do exist in both notions of CSR and the debate will be grounded on importance and approaches.

Utilitarian Theories

According to utilitarian theories the concernfunctions as a portion of the economic system in which the task is mechanical which in other sense can be stated as a situation of profit maximization. Utilitarian theory is the tantamount of instrumental theories (Garriga and Mele, 2004; Jensen, 2002) which accords the company as solelythe appliance for wealth creation, and its social actions are merely a means to achieve economic ends. The utilitarian theories are also linked to strategies for competitive benefits. Porter and Cramer (2002)look at the
theories as pedestals for framing strategies in the active application of natural resources of the concern for competitive advantages.

Secchi (2007) further splits the utilitarian theories into the social costs of the corporation and the idea of functionalism. The social cost theory states that the socio-economic structure in the community is supposed to be influenced by the business non-economic forces. Further this theory is also called instrumental theory (Garriga and Mele, 2004) because it is based on the fact that the social command of the corporation is materialized explicitly in its political relationship with society. The utilitarian theory, therefore, suggests that the corporation needs to accept social duties and rights to participate in social co-operation. On the other side the functionalist theory, expressly sponsors that the concern is understood as a portion of the economic system, whose one of the main goals is wealth creation.

Managerial Theory

Secchi’s (2007) in the sense of managerial theory highlights corporate management in which the corporation approaches the CSR internally. This differentiates the utilitarian and managerial outlook of CSR and proposes that everything external to the concern is considered for organisational judgment making. These theories are further distributed into three sub-groups: Corporate social performance; Social accountability, auditing and reporting; and Social responsibility for multinationals.

Corporate Social Performance is centered on the supposition that businesses are wholly and soly dependent on society for their progress and sustainability. Further, Secchi (2005) elucidates that Social Accounting Auditing and Reporting are stringently related to social performance contributions through accounting, auditing and reporting procedures. Through this businesses are controlled and regulated in their actions on the way to performing their core business while answerable to the pertinent community. In addition, Corporate Social Responsibility for multinationals (MNCs) develops due to the worldwide competitions and encounters they met. The concept of managerial theories are also intensely associated to political theories built on the idea by Garriga and Mele (2004) and supported by Wood and Lodgson (2002) as well as Detomasi (2008). They stress that social responsibilities of businesses arise from the amount of social power a corporation has and the corporation is understood as being like a citizen with certain involvement in the community. Proceeding further, managerial concepts also include the notion covered under the integrative theories of Garriga and Mele (2004), namely, the articles of public responsibility which emphases on law and corporate social performance which searches for social acceptability appropriate to social issues.
Relational Theory

Relational theory takes its basis from the multifarious firm-environment interactions. As the term implies, interior relationship between these two lays emphasis of the enquiry of CSR. Relational theory has been separated into four sub-groups: 1) business and society; 2) stakeholder approach; 3) corporate citizenship; and 4) social contract. Business and society is proposed to mean ‘business in society’ where CSR arises as a stuff of dealings amid the two. Its one motto is the advancement of economic values and second it stresses on person’s obligation to weigh the impact of his decision and deed on the entire social system. Stakeholder approach includes the strategical way to recognize the reality so as to manage the socially accountable conduct of a firm. Stakeholder approach is found both within the cohesive and ethical theories, where the first emphasizes on the integration of social demands and the later focuses on the accurate thing to realize a decent society (Garriga and Mele’s 2004). According to Garriga and Mele’s (2004) corporate citizenship is a tactic applied under the integrative and political theories and the same has also got support from Swanson (1995) and Wood and Lodgson (2002). Lastly, the social contract theory of the relational troop indicates justifying the decency of economic events so as to develop a theoretical foundation for examining social dealings between corporation and society.

In conclusion we can say that utilitarian theory is simplified in its individualistic nature and automated as of the corporation viewpoint. Managerial has been stated as organisational focused and quantifiable; and finally the relational is significance-based as well as mutually supporting amid the corporation and society.

Role of Corporate Responsibility in Community Development

Community development is the shared practices, programs, tactics, and events to generate a sustainable community as against the economic development which is the promotion of its potential for progression backed by local struggle toward act on opportunities (Ismail 2009).

According to United Nations (1971) it is a prepared effort of individuals in a community piloted in such a manner to assist in solving community complications with a least aid from outer organisations. External groups comprise government and non-government organisations, and establishments of numerous kinds and sizes like small and medium enterprises (SMEs) and multinational corporations (MNCs).
The collective roles of Corporate Social responsibility in Community Development are discussed as follows:

- **To share the disparaging impacts as an outcome of industrialization.** This is allied to growing conscience which demands and necessities additional ethical industry processes.

- **Bringing nearer the links between corporations and community.** By adopting CSR, the presence of businesses in the social structure is sensed further than a view that corporation is a domicile that is just meant to get employment as well as goods and services. It will lead to peace and harmony in the vicinity which ultimately leads to social capital that is indispensable in community development.

- **Aids in exploring talents.** Establishments with a repute in CSR every time take benefit of their position and build up their call as an eye-catching employer. It is a feature in attracting and holding talents. With regard to community development, good employees’ perceptions of a firm would steer a community that assumes the corporation as a vital fiscal asset in the community. Socially accountable behavior furthermore leads to positive attitudes.

- **Starring role in transfer of technology.** Good relations aid in transfer of technology regarding MNCs that prefer CSR and communities in the host nations. Barton (2007) emphasizes on three setups of international technology transmission: flow of human capital; the flow of public-sector knowhow up keep; and the movement of private technology of MNCs towards emergent nations. With such CSR practices, the focused community would advantage in several aspects, as well contribute to people’s wellbeing.

- **CSR preserves the beauty of environment.** Corporate social responsibility leads to reducing the negative effect of company activities on the environment. More or less of the world's main businesses have maintained an extremely noticeable commitment to CSR, like initiatives intended at decreasing their environmental footprint. It is evident from the slogans like "going green," “Friends of the Earth” and “Green Peace mission” are models of CSR initiative that offers assistance to society and community in conserving the latter’s rights on the way to reaping healthy environment (Wikipedia, 2009).

- **Address human right corporate sustainability.** Through CSR, several initiatives were launched to develop consciousness among Companies to aid in promoting human rights. For example, “Global Compact” - an initiative propelled by United Nations to persuade global corporations to oblige themselves to general morality with regard to security of human rights (UN Global Compact, 2009).

- **Mutual reliance between a concern and community.** The handy relation between a concern and community is one more facet of CSR part in community developments since in long run it leads to sustainable development. It may be clear from the example of Shell Foundation’s contribution in the Flower Valley in South Africa and
Marks and Spencer involvement in Africa that involves in giving aid to local groups and needy communities and it eventually steers to sustainable community development (Wikipedia, 2009).

- **CSR supports to relieve poverty.** CSR surely devise a definite influence on poverty decline. Further the correlation regarding corporate social responsibility and poverty reduction has turn out to be somewhat apparent. Volkert (2009) also supports that CSR makes a straight positive impression on poverty as the corporates offer the potential to increase the worth of life for masses of people everywhere of globe.

- **Aids in record collecting for other peace keeping organisation.** In United States, Intel and IBM (examples of mega ICT firms) backed under-staffed police divisions by means of evidence collection and processing by fitting cameras using video processing capabilities in regions which noticed high rates of delinquencies.

- **Corporate sustainability objectives.** In the present scenario businesses are giving due care to their social role, repeatedly underneath the banner of corporate sustainability. The European U has established a corporate sustainability agenda, which finds a reformist set of economic, social and eco-friendly objectives that corporations are encouraged to attain. They have established a methodology to measure the employee viewpoint on sustainable business practices (SBP).

### Role played by corporates in Kashmir division at the time of uncertainties

Jammu & Kashmir from the past times has gone by natural mishaps like storms, floods, droughts and earthquakes. Recently, Jammu and Kashmir has suffered with one of the worst natural disasters. In this perspective corporate segment of India has played the vigorous part for the improvement of the state by carrying out socially responsible activities. For example;

- **On Feb 20, 2005** As many as 164 persons lost their lives and 370 people were rescued from gigantic avalanches in Hitnagni, Panznar and Waltingo villages located 10 km northwest of Qazigund in Anantnag (now Kulgam) district. Many companies like Bharti Airtel came forward to contribute in the form of relief for the avalanche hit victims.

- **On 8th October, 2005** an earthquake with a magnitude of 7.6 took place at 8:50 a.m. Earthquake caused mudslides, demolished numerous houses on hillsides and obstructed roads. The quake shattered 1,500 houses in Uri, Jammu and Kashmir upsetting around 90% of the families in the settlement of 30,000. But at the same time many countries, international organizations, corporates and non-governmental organizations presented relief aid to the affected area, by means of donation as well as relief deliveries comprising food, medical supplies, tents and blankets. Thus demonstrating their willingness for the cause of humanity and social responsibility.

- **On 13 September, 2014** the flood hit the whole state of Jammu and Kashmir however few districts were effected severely. Apart from damage to bridges, road and rail network, electrical poles and houses, some districts
in the state remained completely cut off from rest portion of the state due to communication breakdown. But during this natural disaster many big corporates showed more responsibility by stepping forward to reimburse the affected. The companies not only provided financial support but also joined hands in building mindfulness among the common people regarding what means to assist the victims. Table 1 demonstrates the financial aid provided to the flood victims by some leading concerns and while Table 2 shows the different forms of contribution made by different concerns.

**Table 1: Financial Aid by Companies**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the Companies</th>
<th>Amount (in Rupee)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Honda</td>
<td>3.0 Crore</td>
</tr>
<tr>
<td>2.</td>
<td>Samsung</td>
<td>3.0 crore</td>
</tr>
<tr>
<td>3.</td>
<td>Mahindra</td>
<td>3.0 crore</td>
</tr>
<tr>
<td>4.</td>
<td>ICICI</td>
<td>2.5 Crore</td>
</tr>
<tr>
<td>5.</td>
<td>Bajaj</td>
<td>2.5 Crore</td>
</tr>
<tr>
<td>6.</td>
<td>Tata</td>
<td>3.5 Crore</td>
</tr>
<tr>
<td>7.</td>
<td>Dabur</td>
<td>3.0 Crore</td>
</tr>
</tbody>
</table>

**Table 2: Contribution in Various Forms**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the organisation</th>
<th>Form of contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Eatables</td>
</tr>
<tr>
<td>1</td>
<td>Punjab Kesari Group</td>
<td>1000</td>
</tr>
<tr>
<td>2</td>
<td>German Embassy</td>
<td>4000</td>
</tr>
<tr>
<td>3</td>
<td>Nss Kashmir University</td>
<td>750</td>
</tr>
<tr>
<td>4</td>
<td>Voluntary Health Association of India</td>
<td>8000</td>
</tr>
<tr>
<td>5</td>
<td>Islamia Muslim Association</td>
<td>6000</td>
</tr>
<tr>
<td>6</td>
<td>NDTV</td>
<td>1500</td>
</tr>
</tbody>
</table>

Commitment in the Jammu and Kashmir catastrophe reveals that there is growing consciousness of the corporate sector towards committing the socially responsible activities. There lies a considerable potential to pursue greater and extrapositive engagement from this sector towards corporate social responsibility. It is clear from the above discussion that number of groups have come forward to make available the assistance for affected people by contributing in diverse form other than money. At whatever time there is an emergency many organisations come forward for the assistance. The help may include payments by the employees, investment from the company’s resources, and collections from the general public.
Conclusion and Implication

The intention of this article has been toward tracing the theoretical development of corporate social responsibility from different theories as well as examining the role played by different organisations at different times for the betterment of the society. From the theoretical perspective, it was found that the notion of corporate social responsibility has developed from numerous aspects, which can be generally designated as streamlining of corporate social responsibility. The side by sidestudy has progressedbeginning the macro-societal level to the organisational level, and the moral orientation has been prepared more implicit than explicit. Further with the advancement of time organisations have turn out to be crucial participants of our social order who are required to be ‘incorporated’ socially as well as legitimately. Latest institutional alterations have proved social as well as ecological sustainability an indispensabecause of recognized legitimacy of establishments (Hoffman 2001). Thus it is made clear that corporate social responsibility is all about business, government and civil society partnership with the bottom line for the attainment of win-win positionamongst the three bodies. From the social side, itmustadvantage the community since the community retains a very multifacetedconfiguration as it involves of individuals using several levels of control of resources both tangibly and elusively. In addition the involvement of corporate sector in different times was found to be satisfied. The act of social obligation was found to be the repetitive nature of the companies. Howeverin the course of natural disaster these corporations showsupplementary responsibleness by approaching forward to recompense the sufferers. Apart from providing monetary support they also showed the effort of producing mindfulness among the people about how to serve the sufferers. In conclusion CSR indicated to dispose of various roles in various ways like strengthening bonds and reliance between businesses and community, allocation the expenses the public have to pay owing ecological humiliation, transfer of technology from international companies to developing countries, environmental protection measures, poverty eradication and human right encouragement.
References


