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“Sustainable development is a fundamental break that’s going to reshuffle the entire deck. There are companies today that are going to dominate in the future simply because they understand that.”

--------Francois Henri Pinault, CEO of Kering

[1] Introduction

The object of this paper is to show how the concept of Corporate Social Responsibility (henceforth CSR) can be well utilized for sustainable development and to analyze the relationship of both. Researchers also present, as illustrations, the efforts of two Indian companies, (i.e. Infosys and ITC) through their CSR policies to achieve sustainable business. In this in-depth study the researchers found that, Indian companies are lacking in incorporating sustainability into their CSR policies. Hence the researchers have suggested some strategies, which will change the scenario, if implemented.

It is crystal-clear that the progress of a society lies in industrialization and financial stability. But, industrialization is contrary to the concept of preservation of environment. There are continuous efforts on national and international platform to protect the environment. In these efforts, one of the basic principles which came forward is ‘sustainable development’. When we discuss about sustainable development, it is but obvious to discuss elements of development and corporate sector is one of the like elements. Corporate sector plays a vital role in economy of any country; rather they are one of the criterions to measure the progress of economy. The Earth’s climate is changing and the threats posed by global climate change have been set out in a range of reports. There is now an overwhelming scientific consensus that this change is being driven mainly by human energy use and the resultant emission of greenhouse gases (GHGs), principally Carbon Dioxide (CO2). Environmental concerns, specially controlling emission of greenhouse gases, should not be neglected when every country seeks its progress and development. Here the principle of ‘Triple bottom line’ can guide us.

[2] Triple bottom line

An entity means something which has a real existence; a thing with distinct existence. In law, company is a legal entity having a status of artificial person and is also granted with certain rights, those which are otherwise available to citizens only. It is not wrong on this backdrop to expect from corporations to follow certain duties towards the society. Mere profit earning or money making should not be the sole goal. Triple bottom line is a well known concept in that regard, according to which every corporation must give importance to three ‘P’s, i.e. People, Planet and Profit. Diagram bellow shows the ‘triple bottom line’ concept.

![Figure 1: Triple Bottom Line](image-url)

In this principle, ‘People’ denotes employees of a company, family of employees, and local community where company runs its business. ‘Planet’ denotes an environmental aspect and suggests adopting strategies which will lead to sustainable development. This paper focuses on this aspect of CSR. ‘Profit’ emphasizes an economical facet and includes overall participation of a corporation towards economical growth of a country.

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[3] CSR

Corporate social responsibility is about the integration of social, environmental, and economic considerations into the decision-making structures and processes of business. It is about using innovation to find creative and value-added solutions to societal and environmental challenges. Though, CSR as a phrase is new, the concept is not. Various definitions of CSR are given by many entrepreneurs, organizations and authors, but exact definition of CSR could not be laid down, because it is an evolving notion. The meaning of CSR can be realized as a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.¹

ISO 26000 Working Group on Social Responsibility defines CSR as,

“Social responsibility (is the) responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization.”²

According to World Business Council for Sustainable Development (WBCSD), “Protecting the environment from the impact of operations is a core responsibility. Besides their legal obligations, which differ according to region and country, corporations are seen to have a broad responsibility to protect the physical environment throughout their supply chains. They should commit to continuous improvements in eco-efficiency (doing more with less) and managing the full lifecycle of their product or service.”³ CSR has become a key part of the management agenda of many Companies to achieve sustainable development of society as well as of company.

After detailed literature review, the authors would like to define CSR as -

“CSR is the responsibility of a corporation, either voluntary or mandatory, (1) towards society to provide basic needs or to protect human rights, (2) towards environment to protect and to improve it; achieving through its policies or day to day practices or giving share of profit and availing sustainable approach.”

[4] Implementation of CSR

CSR has many facets. It is a broad term used for policies, practices and efforts adopted by business institution for the improvement of society and environment. Again, improvement of society requires illiteracy, poverty, unemployment, poor infrastructure, child labor, human rights violation, and so on. The list has no as the list is ever ending. Many organizations have been doing these things by donations and charity events. While dealing with these social issues, fact that environment is degrading day by day must not be ignored. Reassessment of social controls can only be made in terms of the human conduct affected.⁴ The basic objective of CSR in these days is to maximize the company’s overall impact on the society and stakeholders. CSR policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporate feels that CSR is not just another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness.⁵

In a Conference on Economic Growth in Asia and Changes of Corporate Environment, the Prime Minister of India Manmohan Singh opined on CSR that, “Corporate Social Responsibility (CSR) is therefore increasingly being seen as a fundamental dimension of the Social Contract between human beings and therefore sought to be subject to public disclosure and scrutiny. The contours and footprint of CSR are widely debated but there is today a growing consensus that it is intrinsically linked with the concept of sustainable development.”⁶

In India the CRS as a concept has changed drastically from philanthropy to mandatory activity by law. The new Companies Act , 2013 incorporates CSR as a mandatory activity for company with a net worth of more than Rs.500 crore or revenue of more than Rs.1,000 crore or net profit of more than Rs.5 crore to spend 2% of their average net profit over the three preceding years on CSR activities.⁷

[5] Sustainable Development

The phrase ‘sustainable development’ has many meanings and connotations as per the context in which it is used. When it comes in the context of environment protection or degradation of ecosystem, we must consider a meaning of sustainable development given in Brundtland Report-1987, which says, “Sustainable development is
development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” India is a signatory to many Multilateral Environmental Agreements (MEAs) and is committed to sustainable development. However, being a developing country with more than 17.5% of world’s population on just 2.4% of the world’s land area, it is challenging to achieve a balance in its economic development and meeting its environmental obligations.

It is Indian Supreme Court which has read ‘right to environment’ under article 21 of the Indian Constitution and hence granted it a status of fundamental right. Supreme Court has played a leading role in actual implementation of the ‘principle of sustainable development’ through its numerous rattling judgments. Supreme Court did this intricate task to balance the development and protection of environment through judicial activism which made the State to comply with international conventions by various statutes and establishing new institutions, and brought Indian environmental laws at par with the international norms. Apex Court, for protecting environment and hammering on degradation of ecosystem, created new institutions, imposed present institutions with supplementary duties and empowered with additional powers, issued directions, guidelines and even went to extent of framing certain rules, several time-honored principles and doctrines like ‘precautionary principle’, ‘polluter pays principle’, ‘public trust doctrine’, ‘doctrine of absolute liability’, ‘principle of intergenerational equity’ etc. are infused in several judgments of Supreme Court. The issue of sustainability is global and has taken attention of whole world. In today’s era of LPG (Liberalization, Privatization, and Globalization), hastily increasing human needs are degrading environment. We must effort; individually as well as collectively, to prevent further degradation of environment and increase our ability to achieve development sustainably. CSR is one of the collective steps towards achieving the sustainable development.

[6] Sustainable development through CSR

Corporate social responsibility for sustainability, according to Howard Bowen as cited by Justyna et. al., can be defined as “a business unit’s decision to pursue policies, implement systems, account for and report on areas of activities, and follow lines of action that are consistent with the overall idea of sustainable development.”

The current form of CSR emerged in the 1990s and represents a convergence of ideas and developments. The most significant source for the current CSR concept comes from concern over the environment. It is related to the idea of sustainable development, developed by the Brundtland Commission in the late 1980s and accepted by the Rio Earth Summit in 1992. To maintain a balance between these two is a big challenge today. Haphazard growth of industries has created an immense danger to eco-system. Cutting down jungles, land degradation by mining, releasing industrial toxic emissions in to the environment, huge exploitation of natural resources, and likewise activities of industrial sector is putting sustainable development at peril. Hence it becomes primary responsibility of any corporation to adopt responsible business practices and inculcate the principle of sustainable development to not only their policies but in day to day business activities. Moreover, they have machinery, proficiency and manpower ready with them for this purpose.

A company, whether it deals with hazardous substances or not, even a software company, in one or the other way, exploits natural resources. One truth we all must accept, that due to human interference, natural resources are bound to extinguish, today or tomorrow, it is matter of time only. Not only for social concern or environmental concern, but because our own existence will be at peril, corporations must take responsibility to stop or minimize the environmental degradation. Corporations should bind themselves to be responsible for overall development of the country in which they carry on their business. Before passing of new Companies Act, 2013 which enforces CSR through mandatory provision, sustainable development was tried to seek by two ways, i.e., either by philanthropy (voluntary CSR) or compliance of law. Compliance of law firstly includes various legislations which considers it as an offences by companies when there is no compliance of its provisions, secondly, Supreme Court decisions which came out time to time to protect the environment. There are three categories for any pro-environmental activity done by a corporation. One, which is done for compliance of a law; second, by the companies for whom CSR is mandatory u/s. 134 of new Companies Act 2013; and third, by the companies excluded u/s. 134, but voluntarily done as a CSR. Third category falls under ‘moral duty’ of a corporation and must be appreciated. Without debating on imposed morality, we must welcome each and every stance which protects and preserves environment.

[7] Indian companies’ sustainability through CSR

Indian has a long tradition of CSR as a philanthropic approach. Now it has slightly changed, and to a limited extent, it has become legal obligation. Few corporations in India are doing remarkable work to achieve sustainable development through their policies and their day to day operations. To name a few, Infosys, ITC, Wipro, Tata Motors, Mahindra, BPCL, Reliance Industries, ONGC etc.
After studying Sustainability Reports of various companies, efforts put forth by Infosys and ITC are worth to mention in highlights as an illustration.

**Infosys**

- Building radiant-cooled structures.
- Extracted fuel from plastic.
- Devised systems that can efficiently monitor energy consumption.
- Building low-cost energy-monitoring devices for households.
- Providing clients with cloud computing to make their business environmentally sustainable. In 2012-Forbes ranked Infosys 19th among the most innovative companies in the world.
- Instituted US$ 100 million fund to invest in innovative ideas.
- All campuses are in industrial zone on government approved land.
- Having biodiversity policy in fiscal 2013.
- Planted 62065 saplings on campus in 2012.
- Reduction in paper usage from 84854 reams in 2011-12 to 76785 reams in 2012-13

**ITC**

- ‘CII-ITC Centre of Excellence for Sustainable Development’ set up in 2006 continues to promote sustainability.
- Promoting sustainable agricultural practices.
- Alignment with the National Plan on Climate Change (NAPACC).
- Reduction of specific energy consumption.
- Sources of energy in ITC: 55.7% from fossil fuels; 41.2% from renewable resources; 3.1% electrical energy.
- Adopted water conservation, watershed development, rainwater harvesting.
- Reduction of specific freshwater consumption.
- 99.80% of water was recycled in 2012-13.
- Establishment of green buildings.
- Out of total waste generated, only 2.9% is hazardous waste.
- In 2012-13, 99% of hazardous waste was recycled and the balance 1% disposed in accordance with applicable statutes.
- The only company in the world to be carbon, water and solid waste recycling positive.
- ITC green center of Gurgaon certified as highest rated green building in the world in 2012.
- Carbon positive for 8th year in row.
- 97% of raw materials are agricultural.

These two illustrations are not comprehensive and ideal, but self explanatory and shows that there are many ways to attain sustainability and has ample scope for innovative ideas. CSR is about not only complying with the law in a due diligent way but also about taking account of society’s needs and finding more effective ways to satisfy existing and anticipated demands in order to build more sustainable businesses.

**Conclusion:**

After studying the concept of CSR and sustainable development, in details, authors are of the view that, sustainable development is demand of the time and inevitable part of CSR activities. On this backdrop, it can be concluded that, CSR defines the relation of business to social concerns and an obligation towards environment. Businesses will have to actively involve themselves in addressing environmental problems. All over it is expected from corporations to take responsibility for their impact on societies and the environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. Very few Corporations are making endeavors to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs.

In India, it is the only beginning and still a lot has to be achieved. As compare to a number of companies, very small number is accepting business sustainability and mainly it includes giant corporations. Small scale or medium scale industries are still lacking towards pro-environmental stance. The reasons are two-fold, one their focus is mainly on social responsibilities only, due to unawareness that, sustainability is one of the main factors of CSR, and second, there has been lack of widespread know-how on how to achieve sustainability.
Suggestions to achieve sustainable development through CSR:

1) The consequences of climate change, degradation of environment must be publicized on large scale.
2) CSR should be viewed as a way of conducting business.
3) CSR policies of a company must incorporate in it Environmental management System (EMS).
4) Industrial organizations and government shall make aware companies about compliance of various related laws, sustainable development, and sustainability reporting (Triple Bottom Line Report) through seminars and workshops.
5) Sustainability reporting (Triple Bottom Line Report) must be made compulsory for all companies.
6) Industrial organizations and government must recognize and encourage, by awarding companies for their initiatives towards sustainable business operations.
7) NGO-Company collaboration can fetch better and significant results in this field.
8) Companies, dealing with hazardous material must have mechanism of safe disposal or recycle of waste.
9) In case of land, cement and coal industry, land degradation, soil erosion, environment pollution is major issue. Under CSR these industries should keep a control on land degradation. Attempt should be made for large scale tree plantation after extracting coal/lime etc.
10) Agro-based industries should contribute towards Agricultural development activities through advisory service and replacement of good quality plantation material so as to get desired quality of raw material for all times to come for sustainable development.
11) Monitoring and reducing the consumption of water, energy, paper etc. is important.
12) Contributing in cleaning and preserving natural resources.
13) Company must encourage innovative ideas of sustainable business and implement them.
14) Companies must focus on making their consumers aware about sustainability.

Endnotes:

2. Chris Church and Tamara Malkova, Climate Change: From a Divide Europe to a Common Purpose- the Role of NGOs in tackling climate change, (A publication of Northern Alliance for Sustainability, ANPED, March 2008) p.7.  
19. e.g. Sec. 47 of the Water (Prevention and Control of Pollution) Act, 1974; Sec. 40 of The Air (Prevention and Control of Pollution) Act, 1981; Sec. 58 of The Wildlife (Protection) Act, 1972; Sec. 20 of The National Environment Appellate Authority Act, 1997; Sec. 16 of The Public Liability Insurance Act, 1991; Sec. 26 of The National Environmental Tribunal act, 1995, etc. 