

**CORPORATE SOCIAL RESPONSIBILITY**  
**SUB THEME: FEASIBILITY OF CORPORATE SOCIAL RESPONSIBILITY**  
**INITIATIVES IN INDIA IN THE AREAS OF ENVIRONMENT, HEALTH,**  
**EDUCATION & HUNGER: BENEFIT & CHALLENGES**

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**Abstract :**

*This study describes the Indian Corporate Governance System and focus the recent development & point out the required changes for sustainable growth. To achieve top ranks of the world's economics, it is suggested that country's legal system should have some of the best investor protection policies in the world. To gaze the transparency, conductive business environment, effective & assertive regulatory system, single window redressed measure are necessary. In India wealth distribution is widely uneven, as India is a country of one of the largest demography, biggest growing lower and upper middle class, the aspirations of the newly rich people, the requirements of the lower middle class & the fundamental rights of the poor & unorganized members of the society, which has such a unique diversity & value system should be rightly addressed & focused by the business world for effective uses of the score resources.*

**Keywords:**

*Social Corporate, Good Corporate Governance, CSR Policies legislation, Risk Management.*

**Introduction:**

In Indian Business, Ownership remains concentrated and family business groups continue to be the dominant business model. There is significant pyramiding and tunneling among Indian business groups. So there is great requirement of professional management for better performance & to fulfill the wants & needs of the stake holders. Although the strongly & well regulated Banking System in India proves that how Indian corporate should be par to the rest of the developed world too. Indian bourses both BSE & NSE are operating & governing their day to day operations & are working in the interest of the shareholders & creditors. Although there is need for some sort of changes but it is proven that the platform for the capital market in India is highly regulated, have good risk management & allows the Investor Protection measures at the priority

which will truly help to develop required priority which will truly help to develop required equity cult in India. India should have the quality of corporate governance necessary to sustain its impressive current growth rates. Today there is a growing perception among the business enterprises that sustainable business success and shareholders value cannot be achieved solely through maximizing short term profits, but instead through market oriented responsible behavior. Corporate Social Responsibility is an evolving concept that have great currency & may termed as Corporate Citizenship. It is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in transparent and accountable manner & establish better practices within the firm to create wealth and improve society. The philosophy is basically to return to the society what it has taken from it, in the course of its understanding that business play a key role of job and wealth creation in society. CSR is generally understood to be the way a company achieves a balance & integration of Economic, Environmental & Social imperatives.

This study is focused on the present corporate governance's large picture, role of management, regulator, present acts & rules changes required, newly introduced enactments effective, judicial system fir & transparent business environment & policies, pace of economic reforms & needs of both society & corporate.

**Objectives :**

To study the corporate social responsibility and corporate governance, social impact assessment, repositioning capacity.

To study the main constituents of Good Corporate Governance.

**Research methodology :**

The given study is exploratory in nature and explores the secondary conceptual data from sources like books, magazines and internet sources. The current CRM practices in the industry have been studied, and are presented in the article.

**Review of Literature:**

Recent trends in corporate governance and corporate social responsibility-

Fundamental characteristic of a corporate is perpetuity and a corporate to ensure sustainability for having perpetuity. Since last two decades in India, there is sea change in competition, marketing, ethical practices, strategically & social behavior also. We realized that global issued and events are equally important for our corporate too. As corporate governance is a key issue to look seriously by our captains of the Industries for ensuring he sustainable growth. For that they have to look after the key drivers such as-

- a) Internal Capacity Building Strength,
- b) Social Impact Assessment,
- c) Repositioning Capacity,
- d) Corporate Sustainability.

The issues of governance, accountability and transparency in the affair of the company, as well as about the rights of shareholders and role of Board of Directors have never been so prominent as it is today. The corporate governance has come to assume a Centre stage in the Board room discussions. India has become one of the fastest emerging nations to have aligned itself with the international trends in Corporate Governance. As a result, Indian companies have increasingly been able to access to newer and large markets around the world; as well as able to acquire more business. The response of the Government and regulators has been quick to meet the challenges of corporate delinquency. But, as the global environment is changing continuously, there is a greater need of adopting and sustaining good corporate governance practices for value creation and building corporations of the future. The degree to which corporations observe basic principles of good corporate governance is an increasingly important factor for taking key investment decisions. If companies are to reap the full benefits of the global capital market, capture efficiency gains, benefit by economies of scale and attract long term capital, adoption of corporate governance standards must be credible, consistent, coherent and inspiring. This depends on the following factors-

- a) integrity of the management,
- b) ability of the Board,
- c) Commitment level of individual Board members,
- d) quality of corporate reporting.
- e) participation of stakeholders in the management.

This is an important element affecting the long term financial health of companies, good governance framework also calls for effective legal and institutional environment, business ethics and awareness of the environmental and societal interests. The main aim of “Good Corporate Governance” is to ensure commitment of the board in managing the company in a transparent manner of maximizing long-term value of the company for its shareholders and all other partners. This integrates all the participants involved in a process, which is economic, and at the same time social. It ensures;

- a) Adequate disclosures and effective decision making to achieve corporate objectives.
- b) Transparency in business transaction,
- c) Statutory and legal compliances,
- d) Protection of shareholder interest;

The prime objective of corporate governance is to enhance shareholders’ value and protect the interest of other stakeholders by improving the corporate performance and accountability. Hence it harmonized the needs for a company to strike a balance at all times between the need to enhance shareholders’ wealth whilst not in any way being detrimental to the interest of the other stakeholders in the company. Further, its objective is to generate an environment of trust and confidence amongst those having competing and conflicting interest. The underlying principles of corporate governance revolve around the basic inter-related segments. These are

- a) Integrity and Fairness.
- b) Transparency and Disclosures
- c) Accountability and Responsibility

The Main Constituents of Good Corporate Governance are :

**Role and powers of Board :**

The foremost requirement of good corporate governance is the clear identification of powers, roles, responsibilities and accountability of the Board, CEO and the Chairman of the board.

**Code of Conduct :**

It is essential that an organization’s explicitly prescribed code of conduct are communicated to all stakeholders and are clearly understood by them. There should be some system in place to periodically measure and evaluate the adherence to such code of conduct by each member of the organization.

**Independence Board :**

An independent board is essential for sound corporate governance. It means that the board is capable of assessing the performance of managers

with an objective perspective. Hence the majority of board members should be independent.

**Board Skills :**

In order to be able to undertake its functions effectively, the board must possess the necessary blend of qualities, skills, knowledge and experience so as to make quality contribution. It includes operational or technical expertise, financial skills, legal skills as well as knowledge of government and regulatory requirements.

**Management Environment :**

Includes setting up of clear objectives and appropriate ethical framework, establishing due processes, providing for transparency and clear enunciation of responsibility and accountability, encouraging business risk assessment, having right people and right skill for jobs, establishing clear boundaries for acceptable behavior and establishing performance evaluation measures.

**Board Appointments :**

To ensure that the most competent people are appointed in the board, the board positions must be filled through the process of extensive search. A well defined and open procedure must be in place for reappointments as well as for appointment of new directors.

**Board Introduction and Training :**

It is essential to ensure that directors remain abreast of all development, which are or may impact corporate governance and other related issues.

**Strategy :**

The objective of the company must be clearly documented in a long term corporate strategy including an annual business plan together with achievable and measureable performance targets and milestones.

**Business and Community Obligations :**

Though the basic activity of business entity is inherently commercial yet it must also take care of community's obligations. The stakeholders must be informed about the approval by the proposed and on going initiatives taken to meet the community obligations.

**Monitoring Performance of the Board :**

The board must monitor and evaluate its combined performance and also that of individual directors at periodic intervals, using key performance indicators besides peer review.

**Audit Committee :**

It is inter alia responsible for liaison with management, international statutory auditors, reviewing the adequacy of internal control and compliance with significant policies and

procedures, reporting to the board on the key issues.

**Risk Management :**

Risk is an important element of corporate functioning and governance. There should be clearly established process of identifying, analyzing and treating risks, which could prevent the company from effectively achieving its objectives. The board has the ultimate responsibility for identifying major risks to the organization, setting acceptable levels of risks and ensuring that senior management takes steps to detect, monitor and control these risks. In this way good corporate governance is advocate the practice of Corporate Social Responsibility. As a corporate citizen, every corporate is duty bound to its society wherein they operate and serve, although there is no hard and fast rules, CSR activities need to be clubbed and integrated into the business of the company. It is operating a business in manner which meets or excels the ethical, legal commercial & public expectations that a society has from the business.

Activities which may be included by companies in their CSR policies

**Activities relating to :-**

- i) Eradicating extreme hunger and poverty.
- ii) Promotion of education,
- iii) Promoting gender equality and empowering women.
- iv) Reducing child mortality and improving maternal health,
- v) Combating human immune deficiency virus, acquired immune deficiency syndromes, malaria other diseases,
- vi) Ensuring environmental sustainability.
- vii) Employment enhancing vocational skills.
- viii) Social business projects
- ix) Such the matter as may be prescribed.

**The Board of every company shall :**

- a) after taking into account the recommendations made by Corporate Social Responsibility Committee, approve the Corporate Social Responsibility for the company and disclose contents of such policy in its report and also place it on the company's website, if any, in such manner as may be prescribed.
- b) Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company and
- c) Ensure that at least two percent of average net profits of the company made during three immediately preceding financial years is spent in every financial year so such policy.

If any company fails to provide or spend such amount, the Board shall specify reasons for not spending the amount in its report. Even the issues of land acquisition, pollution control, and safety & control measures adopted in the hazardous or inherently dangerous industry are the agendas to be seriously considered by the companies for smooth functioning & ensuring their concrete immergence in the society, business and market.

The Advantages of CSR are :-

- 1) CSR creates a favorable public image which attracts customers, Reputation or brand equity of the products of a company which understand a demonstrates its social responsibilities is very high.
- 2) Get better neighborhoods and employment opportunities, while organization benefits from a better community, which is the main source of its workforce and the consumer of its products.
- 3) Meet with needs & changed expectation of public.
- 4) Secured good public image by the company, which helps to crest confidence among the investor community.
- 5) Companies can better address the grievances of its employees and crest employment opportunities for the unemployed.
- 6) Constructive & conducive dialogue between stakeholder & company also helps to effective business activities.

An important aspect of CSR is the recognition that sound practices are often based on good standards of corporate governance. Good corporate governance provides the foundations of good Corporate Social Responsibility (CSR) by developing value creating relationship with all stakeholders. It is therefore important that the stakeholders are shared with transparency the activities pursued by the company in the Social Responsibility area.

**Conclusion –**

Corporate governance as it is nothing but accountability, transparency, predictability and

participation of all levels & layers of the management by responsible way. It should have a concern for the future and promote healthy competition. Corporations are expected to behave as good corporate citizens. The economy provides the corporations with a sanction to operate and lease corporations should use this as an opportunity to develop the economy by following sensible and sound practices. The identification of areas of CSR is done through social forecasting, opining survey, national issues, scanning and social audit.

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