

CSR: A national and international perspective

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Abstract

Corporate Social Responsibility has been around for a long time and seems to have a timeless concern for reputation, ethics and values of a Corporation; however, the modern and the scientific era of CSR began with the outstanding contribution of the landmark work entitled, Social Responsibilities of the Businessman by Howard Bowen and subsequent publication of Strategic management: A Stakeholder Approach. This concept has been subjected to a lot of managerial and skilled opinions, discussions and analysis. In spite of the apparently endless discussion and research regarding its contours, it has seen a lots of growth and development in both academic and practitioner circles. Its alternative thematic wheels work to enhance the well being of a community through social and environmental stability vetted with the concept of sustainability, benevolent business practices and responsible stakeholder investment, which assumes a great significance and is assayed within the framework of this article.

Keywords: CSR, Stakeholder, Corporations, Principles and Responsibility

1.Introduction

To begin with, Adam Smith in his Magnum Opus, “The wealth of Nations”, observed that “All for ourselves and nothing for other people...” In the same vein, Friedman firmly described that the social responsibility of businesses is to maximize the profits. In a more moving era, Joseph McGuire holds the dominant view that the idea of social responsibilities; flows from the notion, that the corporation is bound by a myriad of obligations, including social, economic and legal obligations. Elhauge also reboots the same idea and defines Corporate Social Responsibility as a device of sacrificing of profits in the social interest. This harbinger tends to envision that corporations and businesses advocate social responsibility as an indispensable part of sustainable business environment and strategies and tends to vet the same with ethics. So far as the nature of CSR is concerned, Corporations are directly or indirectly under an obligation under many laws to fulfil their CSR obligations in the countries in which they are registered. The UN Sub Committee on Promotion and Protection of Human Rights, 2003 adverts to both the kinds of responsibilities. CSR can be examined in the International dimension, European perspective as well as in the national dimension. It is a harbinger of change.

1. International perspective:

The International dimension is often discussed vis-à-vis the International norms located in the United Nations Conventions, Covenants, Pacts and other treaty practices such as WTO, ILO and World Health Organisation. This framework encompasses several efforts to internationalize the regulation of Corporate Social Responsibility through various guidelines and instruments. The term Corporate Social Responsibility is conceptually quite magnanimous with a versatile framework. The United Nations Global Compact initiative is working in a dynamic direction to foster and advance its aims and objectives for mainstreaming of its various principles in business activities in the multiple areas of human rights, labour, the environment and anti-corruption. ILO can enrich the debate on how to best implement the practices of minimum CSR standards for corporations through their expertise and decades of skilled experience in

implementing the basic human rights of labourers through several initiatives. It is likely true that a legally binding instrument will have more impact than a voluntary non-binding instrument.

3. European perspective

In the European context, the Green paper of 2001 identifies twin dimensions of companies implementing CSR. These are categorised as internal dimension which relates to internal practices of the company and an external dimension which focuses on its stakeholders. Among other guidelines, COM (2002) 347, roots around the criteria that codes of conduct should be built on the edifice of ILO conventions and the OECD 'Guidelines for multinational enterprises' as a uniform standard of reference while COM (2001) 416, supports the use of the normative framework of ILO's core conventions as a common minimum standard to improve transparency and producers' compliance capacity.

4. Indian perspective

The national dimension is often discussed vis-à-vis the Constitutional guarantees and responsibilities flowing from a plethora of statutes such as the Protection of Human Rights Act, 1993, health laws and environment laws. So far as the Indian perspective is figured, several major CSR initiatives have been launched by CII, ICSI, ICAI, and NFCG to promote better governance practices and raise the standard of corporate responsibility and corporate accountability in India towards achieving more sustainable development, growth and progress. Going by the normative framework of the Companies Act, 2013 in India, the said legislation mandates that the Corporations have to spend out an optimal two per cent of their three years annual average profits towards the activities of Corporate Social Responsibility, to fulfil their social responsibilities.

5. Guidelines, principles and management standards

Companies can demonstrate their willingness to voluntarily accept their corporate obligations through a variety of CSR-initiatives, like Verite's guidelines, AA1000 Standards, Earth checks certification standards or signing the landmark UN Global Compact and engaging in optimal benefit of all stakeholders. It is evident from many indicators that some companies are more successful than others, and are able to qualify for indexes like the Dow Jones, FTSE and find a significant place among the top hundred sustainable companies, at the World Economic Forum anniversaries.

6. Equator principles

The Equator Principles is a set of voluntary risk management framework adopted by the financial institutions on a global landscape intended for determining, assessing and managing the risk of social and environmental hazards ardently to provide a minimum standard to support responsible decision-making. Ten financial institutions on 3rd of June 2003, formally embraced the EPs, initiating an emerging implementation trend that currently involves eighty equator Principles Financial Institutions (EPFIs) across the thirty-five countries. Two revisions were subsequently made to equator principles; one in 2006 (EP II) and another in 2013 (EP III). Thus, equator principles have become globally recognized good practices.

7. Factor 10 club

The Factor 10 Institute has been developed to provide a practical guidance to promote and foster a way forward in sustainable value creation, in particular through increases in resource productivity throughout the economy with an agenda that within the next generation i.e. 30-50 years, resource productivity and efficiency must increase by a factor of 10.

8.The Macbride principles

These are a positive and affirmative action principles which serve as a corporate code of conduct for U.S. Companies doing business in Northern Ireland. Its affirmative mechanism of caucus encourages a non-discriminatory U.S. investment in Northern Ireland to carry out the desired purpose of the MacBride Principles.

9. Ceres principles

The CERES Principles is a ten-point guidepost of corporate environmental conduct endorsed by companies as an environmental mission statement beyond the requirements of the law to fulfil and assert their firm belief that corporations have a responsibility towards the healthy and balanced environment.

10.EITI

Extractive Industries Transparency Initiative (EITI), as a vital concept, is the global transparency standard for improving governance and accountability of the natural resources among 26 IDA and 10 IBRD countries, and one OECD country i.e. Norway.

Conclusion

Corporate Social Responsibility is a very vital theme in the current responsibility debate because the interdependent relationship of corporations and society signifies that both businesses and society must follow the doctrine of shared value. Surely, choices must benefit both the sides, since temporary gain to one might undermine the long-term prosperity of both.

Moreover, affirmative and positive CSR ratings amplify the popularity of a Corporation among different stakeholders. Indeed, nowadays firms aim to embrace responsibility for their actions and encourage a positive impact through their dynamic activities with values essential for more sustainable and inclusive growth that influences transparency, accountability and appropriate decision making in the right perspective.

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