

Corporate social responsibility

WBCSD (World Business Council for Sustainable Development)

“The continuing commitment by business to behave ethically and contribute to sustainable economic development while improving the quality of life of the workforce and their families as well as of the local community and society.”

Corporate Social Responsibility (CSR)

CSR in Equation Form Is the Sum of:

Economic Responsibilities (*Make a profit*)

Legal Responsibilities (*Obey the law*)

Ethical Responsibilities (*Be ethical*)

Philanthropic Responsibilities (*Good corporate citizen*)

Phases of Corporate Social Responsibility

Frederick provides expanded framework for understanding the evolution of CSR concept

Divided into 4 phases:

- Corporate social stewardship, 1950s – 1960s
- Corporate social responsiveness, 1960s – 1970s
- Corporate/business ethics, 1980s – 1990s
- Corporate/global citizenship, 1990s – 2000s

Drivers of CSR

- The shrinking role of government
- Demands for greater disclosure
- Growing investor pressure
- Competitive markets

Benefits of CSR...

- Strengthened brand positioning.
- Enhanced corporate image.
- Increased ability to attract, motivate, and retain employees.
- Increased sales and market share.
- Increased appeal to investors and financial analysts.

CSR: Companies Act 2013-Section 135

Companies Mandated to CSR

- Networth of Rs 500 Crore or more
- Turnover of Rs 1000 Crore or more
- Net profit of Rs 5 Crore or more

What is CSR and what is not?

What is CSR?

It should be rupee measurable;

It must bring direct benefits to marginalized , disadvantaged, poor or deprived sections of the community;

It should not benefit only the employees of the company & their families;

What is not CSR?

That which is not rupee measurable is not a CSR activity;

If it does not benefit the poor & backward sections of the community it is not a CSR activity;

Employee benefits will not count as CSR;

What is CSR?

CSR activities must be in the form of projects/programmes. Thus CSR activities should be projectivized ;

Components of a project are as follows:

- Need Based Assessment/Baseline Survey/Study
- Clearly identified time frame
- Specific annual financial allocation
- Clearly identified & measurable objectives /goals
- Robust & periodic review & monitoring
- Evaluation & Assessment (Where possible, by third party)

What is not CSR?

Pure philanthropy or mere donations will not count as CSR

What is CSR

Corporates are expected to fund projects from their own accounts through implementing agencies;

Government programmes/initiatives can be complemented/supplemented

Programmes/projects must be within India;

What is not CSR?

Funds/moneys deposited in Central or Government accounts will not count as CSR;

Government programmes/initiatives should not be duplicated.

Programmes/projects undertaken outside India will not count as CSR;