



CORPORATE SOCIAL RESPONSIBILITY (CSR): A DEVELOPMENT TOOL

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In the context of globalization, the multilayered nature of Corporate Social Responsibility (CSR) (Something over and above meeting the basic economic and social needs) is identified to day. Awareness of changing social values with changing priorities was considered as intermediate layer of duties of the corporations. The development challenges such as poverty, malnutrition, poor health and discrimination incontrovertibly exist and still persists as major challenges to be achieved in the Eleventh Five Year Plan (2007-2012). The study tries to bring forth the fact that the declining state of our environment has become a global epidemic and environment accounting can be used as a tool for making the corporations around the world understand their responsibility and thereby help to sustain the environment. The study consists of three sections. The first section identifies the reasons for the declining state of the environment. The second section analyses the need for Public Private Partnership in the infrastructure sector in India such as Railways, Power, telecom, Roads and Civil – Aviation. The concluding remarks are given in the third section.

Keywords: Population, Resources, Global, poverty, Economic Development.

1. INTRODUCTION

The globally adopted world wide has energized the economics of countries like India and changed the spatial economy of the world substantially. At least 25 percent of the world are far better in terms of income than ever before. But it has failed to bridge

the income gap between the top and bottom percentile of people in practically all societies has also given rise to a series of environmental problems, which have brought humanity to the brink of global warming and consequent climatic changes.

The multilayered nature of Corporate Social Responsibility (CSR) something above meeting the basic economic and legal responsibilities was depicted in Carroll's famous three dimensional conceptual models (CSR). In 1999, Carroll in his three circles while defining layered nature of CSR stated the basic core responsibilities for the execution of the economic function namely, (a). Product (b). Jobs, (c). Economic Awareness of encouraging social value with the necessary, priorities was considered an intermediate layer of duties: for example, with respect to (i) environmental conservation, (ii) giving (iii) relations with employees; fair treatment and protection from injury. The concept is understood for the next level of responsibility of business to meet new challenges for improving the social environment. Moon (2002) has observed the gradual changes in the evolution of CSR in three distinct 'wave' as follows

1. 1st wave: Awareness business about the importance of community involvement.
2. 2nd wave: Awareness of business about the importance of socially responsible production process ('green technology', 'clean energy', etc.,)
3. 3rd wave: Awareness about the importance of maintains socially responsible employment relations (with respect to recession, outsourcing, etc.

In the argumentation, Garriga and Mele, (2004) state four distinct kinds of arguments which are:

- A. The strategic approach: The instrumental it is an economic tool to foster the corporate objective (profit maximization) of a firm.
- B. The political approach: it claims that business enjoys tremendous economic power and because it has that power to 'help' the social responsibility to help and duty towards engaging in Social Corporation emerges.
- C. The integrative approach: the questions of corporate social performance and connection between the laws and regulations with social opinions are given importance.
- D. Ethical approach: Freeman's (1984) stakeholder theory claims for eg. business have ethical responsibilities to all the stakeholders and have the duty to contribute to the universal business rights.

Lately, another approach to CSR has been proposed by the United Nations (UN) as a tool for international developmental /over all development.

Developmental problems still persist as objectives yet to be achieved in the Eleventh Year Plan (2007-2012). The developmental Challenges such as poverty, malnutrition,

and discrimination incontrovertibly exist in India. The present study tries to bring that the declining state of our environmental which has become a global epidemic that accounting can be used as one of the tools for making the corporations around understand their responsibility and thereby help to sustain the environment. The study has three sections. The first section identifies the reasons for the declining state of environment. The second section analysis the need for PPP in infrastructure sector in India (Power, Telecom, Roads and High Ways, Civil aviation) and the third section presents the conclusion part.

REASONS FOR DECLINING THE STATE OF ENVIRONMENT

There are many reasons for the declining state of our environment: among them are; (1) over population; (2) industrialization; (3) urbanization (4) Dehumanized Technology; (5) depletion of natural resources.

IMPACT OF GROWING POPULATION

World population has been steadily growing since ancient times. In 10,000 BC, there were 100 million people; their number increased to 100m by 500 BC. It took 123 years (1804-1924) for population to double to 2 billion, and 33 years (1927-60) to treble to three billion; and in 39 years (1960-1999) it increased to over 6 billion and projected to be 8 billion by 2050, the world population is expected to be around 9 billion plus/minus 1.5 billion. The growth rate of population peaked at 2.2 percent in 1963 and ebbed to 1.10 percent in 1999. If the present rate of growth continues for even next 30 years, we may confidently predict that the global system would lose its balance and unexpected developments like global warming and climate change would jeopardize life on planet earth.

The increase in world population has serious implication for food security and environment. Poverty, unemployment and violence are the three major problems the world faces today. One fifth of world population (1.2 billion people) lives on less than \$ 1 per day. Table-1 shows the increase in number of people living on less than \$ 1 per day (region wise).

TABLE-1

**PERCENT CHANGE IN NUMBER OF PEOPLE LIVING ON LESS THAN \$ 1
DAY (REGION WISE)**

Area	People living on	1981	1984	1987	1990	1993	1996	1999	2002	Percent change 1981-2002
East Asia and Pacific	Less than \$ 1 a day	57.7	38.9	28.0	29.6	24.9	16.6	15.7	11.1	-80.76
	Less than \$ 2 a day	84.8	76.6	67.7	69.9	64.8	53.3	50.3	40.7	-52.00
Latin America	Less than \$ 1 a day	9.7	11.8	10.9	11.3	11.3	10.7	10.5	8.9	-8.25
	Less than \$ 2 a day	29.6	30.4	27.8	28.4	29.5	24.1	25.1	23.4	-29.94
Sub-Saharan Africa	Less than \$ 1 a day	41.6	46.3	46.8	44.6	44.0	45.6	45.7	44.0	5.77
	Less than \$ 2 a day	73.3	76.1	76.1	75.0	74.6	75.1	74.9	74.9	2.18

Source: World Bank, Poverty Estimates, 2002

If we consider \$ 1 per day as the minimum one should get to eat well than the situation has improved, the only exception is Sub-Saharan Africa. But the improvement is very minimal. Shrinking arable land, disappearing forests, and pastures falling water tables, and declining quality of land, water and air make the future of the world uncertain.

2.2. INDUSTRIALIZATION

In mid- 19th century, two kinds of the people of the USA were engaged in agriculture related activities; the share decreased to 40 percent in 1900; 15 percent in 1950, 5.2 percent in 1970, and 2 percent in 2002. Decrease in the workforce engaged in agriculture is universal (Table -2 and Table -3).

TABLE -2

**ECONOMICS; WORKFORCE ENGAGED IN AGRICULTURE
(IN PERCENT)**

	1960	1970	1990	2002
	10.0	5.2	2.0	2.0
	-	5.2	-	1.5
	22.0	14.3	5.0	1.5
	33.0	20.2	7.0	5.0
	52.0	-	23.0	10.
	55.0	-	28.0	18.0
	66.0	49.14	17.0	10.5
	71.0*	78.33	73.52	49.8
	75.0	70.63	64.10	57.0

2007-08, Government of India

TABLE 3

MAJOR ECONOMIES: EMPLOYMENT BY SECTORS: (2002)

	Agriculture	Industry	Service
	1.5	23.5	75.0
	2.0	22.0	76.0
	1.5	23.5	75.0
	5.0	29.0	65.0
	2.5	31.0	66.0
	5.5	29.5	65.0
	4.5	20.0	75.5
	49.8	23.5	26.7
	55.5	14.0	31.0
	49.0	18.5	32.5
	35.0	15.0	50.0
	17.5	31.5	51.0
area	10.5	26.5	55.5
	58.5	14.5	27.0
	57.0	21.0	22.0

Development Indicators (WDI), 2005, pp56-58; data for Indonesia pertain to China to 19998 (see: Eco-reform and Labour market regulation in china by Ying

trends set during the last two decades continue, by 2021, only half of the total India and China would be engaged in agriculture. This means that these major together having more than are third of population of the world would pollute the in years to care. The only way to reduce the pollution load is to use green

technology. The area technology too has its own limitations. It must be backed by measures to conserve and reuse resource and to promote need based life style.

2.3. URBANIZATION

Industrialization and urbanization go together. In 2005, 3018 billion people or 49 percent of the world population (6.46 billion) lived in cities, resulted shrinking opportunities for work in rural areas and increasing investment in manufacturing and services in urban areas. Rural – urban migration has become a major trend in developing countries.

2.4. DEHUMANIZED TECHNOLOGY

Modern technology cares not for what happens to human being or nature; it cares for savings, time, labour and cost. Its adverse effects on nature and human beings have become apparent and visible and they can not be ignored any further. Among these effects are unemployment, environmental pollution, escalating violence, and unhealthy lifestyles.

2.5. WASTE RESOURCES

Development means material prosperity and conspicuous consumption even at the expense of human development. High standard of living means more goods and services un-mindful of their implications for environment, health and by given.

At this juncture, what is required/is Public Private Partnership (PPP) needed which should not act as an instrument of faster economic growth:

3. THE NEED FOR PPP IN INFRASTRUCTURE SECTOR IN INDIA

The major objective of inviting private investment for infrastructural development is to increase the volume of investment and the level of operational efficiency in the provision of services. The ability to provide quick and efficient services is more pronounced in the private sector than in the public sector. Competition is already a reality in many segments like power generation and supply, telecom, airports, ports, roads and urban transport. However, over the decades, constraints on government funds and compelling demands for public investment in social sectors have forced the government to encourage public-private partnership (PPP) including foreign investment in infrastructure sectors in India. Some innovative measures have also been devised to attract private capita. For construction of roads, three such methods are:

- a) build-operate transfer (BOT) route,
- b) the annuity method and the
- c) special purpose vehicle (SPV) method

To broaden the area of operation of PPP in Indian Railways, the following steps have been initiated.

- Rail vikas Nigan set up in January, 2003.
- A green Field railway network dedicated to freight traffic has been planned.

Power sector: the following steps have been taken for promoting PPP in the power sector

- Electricity act notified in June 2003 allows State Electricity Reform Commission (SERC) to the tariffs through parent process of bidding as per the guidelines of the central government.
- 28 states have signed the tripartite agreements for one time settlement of the State Electricity Board to the central public sector undertakings.
- 50,000 MW hydroelectric initiatives launched in May 2003.

3.1. TELECOM SECTOR

The following policy initiatives have been taken by the government of India to promote PPP in the telecom sector: FDI limit for telecom was increased to 74 percent from 49 percent. Universal social obligation Fund (USOF) set up as a separate non-lapsable fund.

Policy frame work in place:

- 100 percent permitted in generation,
- Transmission and distribution- the government is known to draw private investment into the sector.
- Electricity Act 2003 and National Electricity policy 2005.
- Incentives: income tax holiday for block of 10 years in the first 15 years of operation, waiver of capital goods import duties on mega power projects (above 1,000 MW generation capacity).

3.2. ROADS AND HIGHWAYS SECTOR

In a Build-Operate and Transfer (BOT) project on April, 2007, 79 projects have been taken up valued about Rs.22249-crores with a length of about 3,613 kms on BOT basis. The private sector is required to meet the up front cost and expenditure to meet on operation and maintenance). It will enjoy the right to recover the entire up front cost along with interest and return on investment out of the future toll collection.

CIVIL AVIATION SECTOR

encourage the PPP in Civil Aviation Sector, the following measures have been as a part of the government policy

The government has allowed privatization of Delhi, Kolkata and Mumbai airports and construction of Greenfield airports at six metro cities.

To build world class airports with modern technology and efficient management practices.

To provide airport capacity a head of demand.

To make the airport user friendly and achieve higher level of satisfaction.

CONCLUSION REMARKS

In solving the countries socio-economic problems of the country, PPP has been playing a role. Most of the countries of the world have accepted. In the same view of fostering stable sustainable development, while is a true holistic development as their social responsibility in recent times some Indian business community and pioneering business leaders for example it is noticeable that Tata Steel Ltd CSR activities act as a developmental state of Jharkhand. During the period 1990 to 1998 (mostly post-liberalization time in company had a spent a lot of money on family planning, health, education and on facilities Table- 4

TABLE-4

THE TEN YEARS TREND OF TATA STEEL LTD'S CSR WORK

Year	Village link road	Drumming water project	Mobil dispensaries and family planning	Women Development and Family Planning	Irrigation facility	Community forestry	Education	Vocational training	Total wise expenses
1989-1990	9,37,043	2,402,513	2,533,832	62,779	1,153,454	2,349,292	1,71,490	1,619,059	12,229,462
1990-1991	9,68,080	1,415,169	2,808,947	67,980	1,933,992	1,693,703	1,469,475	2,560,560	12,917,960
1991-1992	1,337,285	3,273,899	3,574,916	-	2,547,867	1,884,987	1,823,408	1,868,734	16,311,096
1992-1993	1,633,273	4,339,086	4,904,146	2,53,178	5,483,917	1,791,630	2,645,366	1,211,173	22,261,769
1993-1994	1,119,133	3,798,663	5,728,542	2,09,794	5,918,053	1,299,169	4,218,587	9,01,805	23,193,746
1994-1995	1,255,923	4,96,085	6,387,470	2,40,168	5,687,698	1,038,764	3,091,722	1,172,358	24,022,638
1995-1996	5,44,284	5,454,596	8,777,749	1,68,057	8,340,072	1,433,464	2,830,352	1,196,417	28,744,991
1996-1997	2,77,893	4,059,395	8,545,051	1,97,939	7,763,960	1,278,092	2,609,806	1,046,124	25,778,260
1998-2000	2,97,518	3,411,833	9,341,232	2,65,612	7,293,878	1,810,478	1,882,607	1,100,811	25,403,969
Total	8,370,432	33,123,239	52,601,885	1,335,198	46,302,891	14,579,579	30,113,245	12,677,041	-
Avg	9,30,048	3,680,359.9	5,844,653.9	148355.3	5144765.7	1619953.2	3345916.1	1408560.11	-

Source: Development Society (TSRDS) from 1990-2000

Accept it as a quick road to economic success. Even the communize countries like Vietnam are increasingly depending on the PPP it solving their economic problems. Late in realizing the potential of PPP, is fast catching up with the rapidly growing economies utilizing the devises of PPP in various fields, especially in infrastructural sectors. The policies and programmes relating to the PPP need to be carefully monitored and regulated in order to protect the larger interest of the people and the country. Hence, development can be more if there is collaboration between the government and business.

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