

CORPORATE SOCIAL RESPONSIBILITY

MODULE V

NEW TRENDS AND OPPORTUNITIES IN CSR

INTRODUCTION

Corporate Social Responsibility or CSR is popularly known as a system of gauging an organization's bearing on society and weighing their responsibilities. CSR is not just about getting involved in some charitable practices or having biological responsibility and a recycling policy. It is about the whole representation of the company which is to be considered, from internal practices to their clients, taking in every step that a business takes during its usual operations. It is a continuous commitment that companies should have towards the economic, social and environmental development of the community in which they operate. Several companies have now passionately taken up to the cause of CSR in countries with rising economies such as India. Corporate social responsibility is sustainable which involves companies to take up activities without having negative impact on their business. In India several companies have started realizing that it is a sensible move to take up CSR activities and amalgamate it with their business process. Corporations are becoming increasingly aware of their role towards the society. They are responsible bodies that feel a sense of duty towards the common welfare and the environment. This comes with a growing realization that they, as an integral part of this society themselves, can contribute to its upliftment and empower of the entire country in turn. Thus Companies now are setting up specific departments and teams that develop policies, strategies and goals which are for their CSR programs and assign separate budgets to support them. These programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain. In the modern era, the new generation of corporate leaders considers optimization of profits as the key, rather than the maximization of profit.

- 1. Sustainable development:** - The first CSR trend on our list is actually an evergreen principle. Namely, sustainable development and environmentally friendly businesses have been around for a while now trying to reduce the impact on our planet. It's a non-negotiable principle because every organisation or system should contribute to this higher goal. Everybody knows it, from small businesses to large corporations such as Google. The tech giant developed an all-encompassing CRS strategy that highlighted the importance of sustainable development. How they try to protect the environment? Google is building an operational process that maximizes efficiency while minimising the use of resources. The company claims that the average Google data center uses 50% less energy than a typical data center. Besides that, Google is building solar-powered facilities because the ultimate goal is to ensure the transition to renewable energy sources.

- 2. Active engagement in social issues:** - A lot of companies put an emphasis on social affairs because they want to deal with the problems of scarcity and poverty. The latest trend is to build a CSR plan that focuses on real people rather than some other topics. The company always believed in the power of giving, which is why they launched their Nourish the Children campaign back in 2002. A few months ago, Nu Skin celebrated an important milestone – they donated 600 million meals to the children in need since the launch of the campaign. This is, of course, a huge activity and not everyone has the potential to organise such campaigns, but the moral of this story is that people-oriented CSR missions always perform well. Many social responsibility trends have changed over time, but this one remains rock solid.

3. **Data protection and transparency:** - We live in the digital age when users leave all sorts of personal information online day after day. In such circumstances, CSR enters the field of data protection and transparency because it's necessary to provide a safe business environment for your customers. It's a big CSR trend that forces companies all around the world to take security measures to a higher level and prevent possible data breaches. The interest in this topic peaked in 2018 when people discovered the Facebook-Cambridge Analytica data scandal. Namely, Cambridge Analytica used the private information of millions of Facebook users to create political predictions and influence the public. According to Jake Hudson, a custom essay creator in charge of IT issues, the Facebook scandal exposed a big threat: "Almost every organisation – from retail businesses to professional writing services – administers huge volumes of user-related information, so it's necessary to keep it protected and isolated. If you want to establish your company as socially responsible, you need to be completely transparent about the way you handle data and keep it safe and impenetrable."
4. **Employee diversity:** - We live in a global village, but we still witness countless cases of discrimination and intolerance. In this situation, there is no better way to prove that your company is open-minded and socially responsible than promoting employee diversity. Starbucks gives us an excellent example of this CSR trend because it creates job opportunities for different social groups. First of all, they decided to hire thousands of war veterans while opening dozens of military family stores in the US. Secondly, Starbucks also helps

young people get their first jobs by preparing more than 10 thousand positions for newbies. At the same time, they cooperate with the UN Refugee Agency because they want to employ thousands of refugees in the next few years.

5. Community participation: - No matter what you do or what sort of business you might be running, there is a way to support the community. Sometimes there is no need to invest millions into charity events or fundraising when you can contribute with your own products or services. TOMS realized this opportunity and initiated a new CSR trend. This shoe manufacturer launched a campaign entitled TOMS Shoes to “match every pair of shoes purchased with a new pair of shoes for a child in need.” To date, they’ve given over 60 million pairs of shoes to children in need in more than 70 countries worldwide. Jane Gardner, the author of 6dollaressay reviews, says that TOMS simple idea turned into an amazing story that inspires CSR managers across the globe to initiate similar campaigns.

CSR AS A BUSINESS TOOL FOR SUSTAINABLE DEVELOPMENT

By taking a strategic approach, companies can determine what activities they have the resources to devote to being socially responsible and can choose that which will strengthen their competitive advantage. By planning out CSR as part of a company’s overall plans, organizations can ensure that profits and increasing shareholder value don’t overshadow the need to behave ethically to their stakeholders.

- Strategic CSR provides companies with solutions for Balancing the creating of economic value with that of societal value
- How to manage their stakeholder relationships (especially those with competing values)

- Identifying and responding to threats and opportunities facing their stakeholders
- Developing sustainable business practices
- Deciding the organization's capacity for philanthropic activities

CSR strategy is a planned and detail program of action on how corporate organization will involve its corporate activities (mission, vision, and objectives) in value development of its stakeholders and thereby achieves its corporate objectives. For CSR to be use as a strategic tool, it must be institutionalized or incorporated into the corporate activities/processes, given it equal attention as in respect to sales strategy, marketing strategy, operation strategy, human resources strategy, financial strategy and the host of other strategies vividly stated in the corporate policy/strategy book.

CSR has been argued to be very costly on the business and customers. For instance, business managers are not trained to carry out social activities; it may diffuse the mission of the business, social cost lack accountability (therefore there is high tendency to commit fraud). And to the customer, the cost of CSR is transfer to them in form of high price, low quality product or services and even artificial scarcity to hike price and demand. But it must be established that, all strategies has it cost and effect relationship and cost/benefit ratio on both party. The function of the strategist, is to establish a strategic fit in all strategies formulated, interpreted, implemented and a sound control system.

An effective CSR strategy cannot be formulated without a good understanding of organization responsibility to its stakeholders and other related concepts.

Benefits of Strategic CSR

1. Enhancement of firm's reputation as a socially conscious one; better relations with different stakeholders (government, suppliers, customers, civil

society) leading to less stringent regulatory pressures along with increased social license to operate.

2. Generates strategic tangible and intangible firm assets which provide a competitive advantage such as greater purchase likelihood and longer-term loyalty.
3. Helps attract better qualified workforce and aids in employee retention
4. Efficiencies and cost savings in the value chain such as, ITC's e-Choupal initiative.
5. Creates new product/ market opportunities, such as, HUL's campaign for washing hands (Lifebuoy)

REVIEW OF SUCCESSFUL CORPORATE INITIATIVES

1. **Johnson & Johnson:** - An excellent example of CSR is global giant Johnson & Johnson. They have focused on reducing their impact on the planet for three decades. Their initiatives range from leveraging the power of the wind to providing safe water to communities around the world. Its purchase of a privately-owned energy supplier in the Texas Panhandle allowed the company to reduce pollution while providing a renewable, economical alternative to electricity. The company continues to seek out renewable energy options with the goal to procure 35% of their energy needs from renewable sources.
2. **Google:** - Google is trusted not only for its environmentally friendly initiatives but also due to their outspoken CEO Sundar Pichai. He stands up against social issues including President Donald Trump's anti-Muslim

comments. Google also earned RI's highest CSR score much in part due to their data center using 50% less energy than others in the world. They also have committed over \$1 billion to renewable energy projects and enable other businesses to reduce their environmental impact through services such as Gmail

3. **Coca-Cola:** - Coca-Cola's massive fleet of delivery trucks contributed 3.7 million metric tons of greenhouse gases to the world. They have made major changes to their supply chain practices including investing in new alternatively fueled trucks. Their initiatives are intended to create a 25% reduction in their carbon footprint by 2020
4. **Ford Motor Company:** - Ford plans to reduce their greenhouse gas emissions using their EcoBoost engine to increase fuel efficiency. It also plans to introduce 40 electrified vehicles (electric and hybrid) by 2022, in an investment of \$11 billion. According to Ford: "We're all in on this and we're taking our mainstream vehicles, our most iconic vehicles, and we're electrifying them. If we want to be successful with electrification, we have to do it with vehicles that are already popular." In addition, American Ford dealerships rely on wind sail and solar PV systems to power their locations greatly reducing their use of electricity.
5. **Netflix & Spotify:** - From a social perspective, companies such as Netflix and Spotify offer benefits to support their employees and families. Netflix offers 52 weeks of paid parental leave, which can be taken at any time whether it is the first year of the child's life or another time that suits their needs. This compares to 18 weeks at other tech companies. Spotify offers a similar program, although for a shorter duration of 24 weeks of paid leave.

6. **Pfizer:** - Pfizer uses the term corporate citizenship to coin their CSR initiatives and believes it is a core part of their company and 'simply how they do business'. Across the globe, the company drives initiatives that raise awareness for non-infectious diseases as well as providing healthcare for women and children who otherwise would not have the care they need. One example of this is the reduction in the price of their Prevnar 13 vaccines (for pneumonia, ear and blood infections) for that in need and in situations such as refugees and emergency settings.
7. **Wells Fargo:** - Wells Fargo donates up to 1.5% of its revenue to charitable causes each year. which has raised \$286.5 million in 2017 alone to more than 14,500 nonprofits through philanthropy such as food banks and incubators to hasten the speed to market for start-ups. They also provide employees two paid days off per year to volunteer and give back to the charity of their
8. **Starbucks:** - With an eye to hiring, Starbucks is looking to diversify their workforce and provide opportunities for certain cohorts. By 2025 it has pledged to hire 25,000 veterans by 2025 as part of their socially responsible efforts. This hiring initiative will also look to hire more younger people with the aim of "helping jump-start careers by giving them their first job". While globally the company has joined with the UN Refugee Agency to scale up the company's support and efforts to reach refugee candidates to hire 10,000 refugees by 2022.
9. **The Walt Disney Company:** - Disney is committed to reducing their carbon footprint with goals for zero net greenhouse gas emissions, zero-waste, and a commitment to conserve water. They are actively ensuring that they set strict

international labor policies to protect the safety and rights of their employees. They are also active in the community and encourage employees to do the same. They also have healthy living initiatives to promote healthy eating habits amongst employees.

CHALLENGES OF CSR

- a. **Lack of Community Participation in CSR Activities:** CSR, the term is a combination of Corporate and societies responsibility in together. However, there is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.
- b. **Need to Build Local Capacities:** NGO‘ scan prove to be a boon for performing/carrying out various CSR activities. However NGO as a tool is rarely considered due to reasons like their inefficiency, incompetency, lack of resources and support for their development. Hence, there is a need for capacity building of the local nongovernmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

- c. **Issues of Transparency:** Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively International Conference on Technology and Business Management March 28-30, 2011105impacts the process of trust building between companies and local communities, which is a key to the success of any CSR initiative at the local level.
- d. **Non-availability of Well Organized Non-governmental Organizations:** It is also reported that there is non availability of well-organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.
- e. **Visibility Factor:** Communication in the right sense, of the right act , to the group of right people leads to success and motivation to perform perpetually. The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

- f. **Narrow Perception towards CSR Initiatives:** Nongovernmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.
- g. **Lack of Consensus on Implementing CSR Issues:** There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

CASE STUDIES

1. COCA COLA

This case is about Coca-Cola's corporate social responsibility (CSR) initiatives in India. It details the activities taken up by Coca-Cola India's management and employees to contribute to the society and community in which the company operates. Coca-Cola India being one of the largest beverage companies in India, realized that CSR had to be an integral part of its corporate agenda. According to the company, it was aware of the environmental, social, and economic impact caused by a business of its scale and therefore it had decided to implement a wide range of initiatives to improve the quality of life of its customers, the workforce, and society at large

However, the company came in for severe criticism from activists and environmental experts who charged it with depleting groundwater resources in the areas in which its bottling plants were located, thereby affecting the livelihood of poor farmers, dumping toxic and hazardous waste materials near its bottling facilities, and discharging waste water into the agricultural lands of farmers.

Moreover, its allegedly unethical business practices in developing countries led to its becoming one of the most boycotted companies in the world.

Notwithstanding the criticisms, the company continued to champion various initiatives such as rainwater harvesting, restoring groundwater resources, going in for sustainable packaging and recycling, and serving the communities where it operated. Coca-Cola planned to become water neutral in India by 2009 as part of its global strategy of achieving water neutrality. However, criticism against the company refused to die down. Critics felt that Coca-Cola was spending millions of dollars to project a 'green' and 'environment-friendly' image of itself, while failing to make any change in its operations. They said this was an attempt at greenwashing as Coca-Cola's business practices in India had tarnished its brand image not only in India but also globally. The case discusses the likely challenges for Coca-Cola India as it prepares to implement its new CSR strategy in the country.

2. Havells India Limited

Havells India Limited, a leading manufacturer of FMEG and power distribution equipment, is a globally renowned Indian brand today.

Havells India's Mid-Day Meal Program

In the year 2004, Havells researched to find out the logic behind unavailability of sufficient human resource for its Alwar Plant. It encountered the problems of poverty, malnutrition and illiteracy in the region. The study showed that children work in the farms instead of going to school, to earn a living. It was a challenging task for the families of Alwar, Rajasthan to get sufficient meals twice a day, which made them starve and malnourished. The most affected of all were the children of this region

Havells decided to deal with this situation by aiming at 'Zero Hunger' in the Alwar region. The brand joined hands with the Rajasthan government to initiate a mid-day meal program in various government schools of the district. The food is prepared in the company's state-of-the-art kitchen spread across 4 acres of area, engaging a workforce of 160 people. Havells made sure to give its best by ensuring

proper control over procurement of grocery, food preparation, raw material storage and supply of prepared meals to schools.

The brand made sure that the diet chart approved by the government is strictly followed and proper hygiene and food quality are maintained. Havells initially served 1500 students of 5 schools, and later the number increased to 60000 children studying in 693 schools in the Alwar district. The principal idea behind this program was to motivate children to go to school by providing them with a nutritious, hygienic and fresh food as an afternoon meal daily. This initiative had met two primary CSR goals, i.e., child education and malnutrition.