UNIT I

SUBJECT: CORPORATE SOCIAL RESPONSBILITY

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UNIT I Corporate social responsibility – Meaning – Definition – scope of CSR– a rational argument of CSR – Economic argument for CSR – strategies of CSR – challenges and implementation of CSR in Indian – relation between CSR and corporate governance – major code of CSR initiative in India – barriers to social responsibility – social responsibility of business. Corporate Social Responsibility Corporate Social Responsibility: Meaning, Definitions, Scope, Types, Challenges, Advantages and Limitations

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Meaning: CSR denotes the way the companies integrate the general, social, environmental and economic concerns of the society into their own values, strategies and operations in a transparent and accountable manner and thereby contribute to the creation of wealth and improvement in the standard of living of the society at large. The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development and includes commitment and activities pertaining to the following topics: (a) Health and safety (b) Environmental concerns (c) Community development (d) Human rights in relation to labour (e) Customer satisfaction and fair competition (f) Accountability and transparency in financial reporting (g) Maintaining relationship with suppliers Social responsibility objectives need to be built into corporate strategy of business rather than merely be statements of good intentions. The concept of CSR extends beyond notions embodied in current law and it introduces new dimensions and new problems. There is no generally accepted concept of social responsibility of business enterprises. The evolution of CSR concept can be summarized as follows: (a) The first approach originates in classical economic theory as expressed in the hypothesis that the firm has one and only one objective, which is to maximize profit. By extension, the objective of a corporation should be to maximize shareholders' wealth. It is asserted that in striving to attain this objective, within the constraint of the existing legal and ethical framework, business corporations are acting in the best interests of the society at large.

(b) The second approach developed in the 1970s, and recognizes the significance of social objectives in relation to the maximization of profit. In this view, corporate managers should make decisions which maintain an equitable balance between the claims of shareholders, employees, customers, suppliers and the general public. The corporation represents, a coalition of interests, and the proper consideration of the various interests of this coalition is the only way to ensure that the corporation will attain its long-term profit maximization objective. (c) The third view regards profit as a means to an end and not as an end in itself. In this view, 'the chief executive of a large corporation has the problem of reconciling the demands of employees for more wages and improved benefit plans, customers for lower prices and greater values, shareholders for higher dividends and greater capital appreciation; all within a frame work that will be constructive and acceptable to society'. Accordingly, organizational decisions should be concerned with the selection of socially responsible alternatives. Instead of seeking to maximize profit generally, the end result should be satisfactory level of profit which is compatible with the attainment of a range of social goals. The change from the second to the third approach to social responsibility is characterized as a move from a concept of the business corporation based on shareholders' interest to one which extends the definition of 'stakeholder'. The former concept views the business enterprise as being concerned with making profits for its shareholders and treats the claims of other interested groups, such as customers, employees and community, as constraints on this objective. The latter concept acknowledges that the business enterprise has responsibility to all stakeholders, that is, those who stand to gain or lose as a result of the firm's activities. There are a number of common objectives which express the expectations of a large company. Some of these can be stated as follows: (a) Rebuilding of public trust and confidence by increased transparency in its financial as well as non- financial reporting and thereby increasing the shareholder value. (b) Establishing strong corporate governance practices to enhance the brand reputation of the company. (c) Giving adequate support to the health, safety and environment protection policies of the company both within the manufacturing operations as well as while dealing with outsiders. (d) Making substantial improvement in its relationship with the labour force thereby showing its concern for human rights and making it known as an ideal employer. (e) Contributing to the development of the region and the society around its area of operation. (f) Addressing the concerns of its various stakeholders in a balanced way so as to maintaining a strong market position. The corporate sector will have to integrate the concepts of

CSR and sustainability with their business strategy. This can be achieved by making certain commitments such as: (a) By making a quantum shift in their vision statement from profit maximization to social, environmental and economic sustainability. (b) By adopting sound corporate governance practices both in letter as well as in spirit. (c) By minimizing the socially and environmentally detrimental impact of their operations. (d) By creating a conducive atmosphere for the working class and accepting the human rights of the labour force. (e) By showing a greater degree of transparency in it's reporting of both financial as well as non-financial matters. (f) By establishing a chain of suppliers having similar CSR values. Scope of Corporate Social Responsibility: Ernst and Ernst (1978) identified six areas in which corporate social objectives may be found: 1. Environment: This area involves the environmental aspects of production, covering pollution control in the conduct of business operations, prevention or repair of damage to the environment resulting from processing of natural resources and the conservation of natural resources. Corporate social objectives are to be found in the abatement of the negative external social effects of industrial production, and adopting more efficient technologies to minimize the use of irreplaceable resources and the production of waste. 2. Energy: This area covers conservation of energy in the conduct of business operations and increasing the energy efficiency of the company's products. 3. Fair Business Practices: This area concerns the relationship of the company to special interest groups. In particular it deals with: i. Employment of minorities ii. Advancement of minorities iii. Employment of women iv. Employment of other special interest groups v. Support for minority businesses vi. Socially responsible practices abroad. 4. Human Resources: This area concerns the impact of organizational activities on the people who constitute the human resources of the organization. These activities include: i. Recruiting practices ii. Training programs iii. Experience building - job rotation iv. Job enrichment v. Wage and salary levels vi. Fringe benefit plans vii. Congruence of employee and organizational goals viii. Mutual trust and confidence ix. Job security, stability of workforce, layoff and recall practices x. Transfer and promotion policies xi. Occupational health 5. Community Development: This area involves community activities, health-related activities, education and the arts and other community activity disclosures. 6. Products: This area concerns the qualitative aspects of the products, for example their utility, life- durability, safety and serviceability, as well as their effect on pollution. Moreover, it includes customer satisfaction, truthfulness in advertising, completeness and clarity of labelling and packaging.

Many of these considerations are important already from a marketing point of view. It is clear, however, that the social responsibility aspect of the product contribution extends beyond what is advantageous from a marketing angle. Limitations of Social Reporting and Social Auditing: Though the importance of social responsibility and reporting is being recognized by many companies in India, yet its progress and performance is hindered due to the following reasons: (a) Not Mandatory – Disclosure of social responsibility information is not mandatory for private sector units. In the case of public sector units also 'order for social overheads schedule' does not at all fulfill the requirements of social audit. (b) No Standard format – There are not well established concepts, conventions, postulates and axioms to guide the social accountant in drafting his accounts and reporting. (c) Lack of clear cut definition of social reporting – Every enterprise adopts different methods for measuring, reporting and evaluating social responsibility as there is no clear cut definition and procedure for social reporting. (d) No cadre of social auditors – There is no separate cadre of social auditors and it is not clear how and who will conduct such audit. (e) Auditing social cost and benefit is an intricate function – It is highly doubtful if only accountancy scholars would be able to perform the stupendous task of identifying and documenting the many sided social effects of business behaviour and auditing social costs and benefits. (f) Evaluation – The performance appraisal on social ground is not expected by the business owners. (g) Lack of objectivity – The collection of data, evaluation of accuracy and objectivity are difficult. Social Cost Benefit Analysis: Social Cost Benefit Analysis (SCBA) is a systematic evaluation of an organization's social performance as distinguished from its economic performance. It is concerned with the possible influences on the social quality of life instead of economic quality of life. It analyses all such activities which have a social or macro impact. The development of an economy not only depends on the quantum of investment but also on the rational and prudent allocation of resources among various competing projects. The technique is most popular for making socially viable decisions of selection or rejection of projects is based on an analysis of social costs and social benefits of projects. In other words, social cost-benefit analysis is an important technique of comparing economic alternatives. It is used to determine- (a) which alternative or choice is socially viable (or most suitable) and (b) which alternative is the optimal or the best solution. The need for SCBA arises due to the reason that the criterion used to measure commercial profitability that guides the capital budgeting in the private sector may not be an appropriate criteria for public or social investment decisions.

Private investors are more interested in minimizing the private costs and therefore, take into account only those elements which directly affect, their private gain i.e. private expenses and private benefits. Both the private benefits and private expenses are valued at prevailing market prices. But the existence of externalities in benefits and expenses introduces bias in market-price based investment decisions. The total benefits expected from a project to the society are composed of the private benefits (internal profit or returns) accruing to owner of the project plus the external benefits (also known as externalities or spillovers). Thus social benefits or returns equals to internal benefits to the owner plus the external benefits to the society as whole. SCBA is a systematic evaluation of an organization's social performance as distinguished from its possible inferences on the social quality of life instead of economic quality of life. It analyses all such activities which have a social or macro impact. The development of an economy not only depends on the quantum of investment but also on the rational and prudent allocation of resources. The technique is most popular for making socially viable decisions of selection or rejection of projects based on an analysis of social cost and social benefits of projects. As an aid to planning, evolution and decision making, the cost-benefit analysis is a scientific quantitative appraisal of a project to determine whether the total social benefits of the project justify the total social cost. United Nations Industrial Development Organization (UNIDO) and Organization of Economic Cooperation and Development (OECD) have extensively conducted studies on SCBA. Indicators of Social Desirability of a Project: A project is also assessed from the social angle in addition to assessment of its commercial viability. The following social desirability factors will be considered in accept or reject decisions of a project: i. Employment Potential – The employment potential of a project is looked into. A project with high employment potential is considered highly desirable. ii. Foreign Exchange Earnings – A project with potential to earn foreign exchange to the country or an import substitution project which saves the country's foreign exchange reserves is highly desirable. iii. Social Cost-Benefit Analysis – A project with net benefits to the society over the costs to the society is preferred. iv. Capital-Output Ratio – If the value of expected output in relation to the capital employed is high, the project is given priority over the others. v. Value Added per Unit of Capital – The amount invested in the project should generate the value addition to the capital employed by earning surplus profits which can be used for further capital investments to contribute development of the national economy. Corporate Social Responsibility (CSR) – Definition, Types, CSR Implementation Process and

Benefits and Challenges to CSR Initiatives in India Corporate Social Responsibility (CSR) is an evolving concept that is yet to command a standard definition. With an understanding that businesses have a key role of job and wealth creation in a society, CSR is generally understood to be the way an organization achieves a balance between economic, environmental, and social imperatives while addressing the expectations of shareholders and stakeholders. While businesses try to comply with laws and regulations on these fronts set by legislators and legal institutions, CSR is often understood as involving private sector commitments and activities that extend beyond compliance with laws. It is generally seen as a business contribution towards sustainable development and has been defined by the Brundtland Commission as 'development that meets the present needs without compromising on the ability of future generations to meet their own needs'. It focuses on achieving the integration of economic, environmental, and social imperatives. In addition, it is often synonymous with certain features of related concepts such as corporate sustainability, corporate accountability, corporate responsibility, corporate citizenship, and corporate stewardship. Many times CSR is motivated by the urge to make a difference by running an organized business, while being accountable to people and society and balancing their present and future needs, with the view that beyond fair and just profit, an organization should also give back to society. This is probably the reason why many companies set aside a percentage of their profits for socially-meaningful initiatives under the CSR banner. We can define CSR as a way of operating a business in a manner that meets or excels the ethical, legal, commercial, and public expectations that a society has of the business. Definition of CSR: According to Bowen (1953), CSR is defined as 'the obligation of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of objectives and values of society'. It is a concept whereby companies voluntarily integrate social and environmental concerns in their business operations and in their interactions with their stakeholders. Corporate social responsibility has evolved into a way of corporate life and has become a part of any corporate performance review. The purview of CSR has also changed into a more inclusive one, involving all stakeholders, instead of just company management. According to The World Business Council for Sustainable Development, 'CSR is the continuing commitment by business to behave ethically and contribute towards economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'. The European Commission says, 'Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders.' In the Indian context, CSR became a part of the socialistic pattern of economic growth during early post-independence period. In 1965, the then Prime Minister of India, Lal Bahadur Shastri, presided over a national meeting that issued the following declaration on the social responsibilities of business – 'Business has responsibility to itself, to its customers, workers, shareholders and the community… every enterprise, no matter how large or small, must, if it is to enjoy confidence and respect, seek actively to discharge its responsibilities in all directions …and not to one or two groups, such as shareholders or workers, at the expense of community and consumer. Business must be just and humane, as well as efficient and dynamic.' Types of CSR: CSR can be broadly grouped under four heads, based on the involvement of the following: 1. Community 2. Stakeholders 3. Production processes 4. Employee relations. 1. Community: The corporate sector involves both the external and internal community. Any business, while developing a project in a particular location, is regulated by the laws of the land in regard to environment pollution, fair compensation for the land taken over from the local residents for the project, and compensation for use of natural resources of the community, such as water, minerals, and vegetation. There could be initiatives aimed at providing localized rural employment and livelihood opportunities to empower rural communities. There is also a growing commitment to raising the quality of life and social well-being by contributing to the basics of life in harmony with nature. It may be noted here that the CSR activities relate to society on the basis of sustainable development, which hinges on protection of the environment and a country's natural resources in relation to corporate activity. It is also to be noted that the United Nations' Millennium Development Goals (MDGs) and the WEHAB (Water, Energy, Health, Agriculture, and Biodiversity) agenda of the UN Secretary General are key essentials for bringing about a solution to the very basic problems facing society. Consequently, if corporate actions are to target the fundamental problems facing society in developing countries, then the components of the MDGs, including water and sanitation, prevention of eradicable diseases, and other items should be included in the CSR agenda of companies. Many critics believe that a company should manage only the bottom line, measured purely in financial terms, as that is what an investor would be interested in. However, business leaders who plan on evolving long-term strategies have understood the importance of CSR. They have been quick to accept the new ethos and has identified its potential for triple bottom line benefits, namely economic bottom line, social bottom line, and environmental bottom line. A number of companies also adopt the triple bottom line accounting method, expanding the traditional reporting framework and taking into account environmental and social performance in addition to financial performance. Triple bottom line accounting is a popular method of accounting for government businesses and non-profit organizations. It is a type of accounting that holds companies accountable for more than just financial information. For example, IBM’s corporate responsibility effort is aligned with their strategic business priorities and integral to all their relationships—with clients, employees, and communities worldwide, and is reported in their corporate social responsibility report (2009). Similarly, Nike’s corporate social responsibility ethos is detailed on its website. Many large corporates across the globe share these details nowadays. In India, many public sector companies, such as Neyveli Lignite Corporation, give detailed accounts of their CSR activities. While examining the CSR activities pursued by companies in India, it can be seen that while improving the environment, companies find that their business interests are also served. The cost-benefit analysis shows that they have realized income from the expenditure incurred towards CSR programmes. In fact, firms are now realizing that CSR is an investment for future growth, as it improves company’s bonds with the community, which could in turn help it to draw on resources for growth including quality manpower. Some traditional manufacturing firms and large industrial houses such as the Tatas and Birlas, public sector firms, and new generation IT companies have evolved on similar lines. Employee referrals in IT companies were successful at one point not just due to economic reasons but also because their values were based on CSR and governance. In short, CSR, in relation to a community can be treated as the principle of preventive action that supports a precautionary approach to environmental challenges. It can also contribute to the preservation of biodiversity, and to equal access to health facilities and basic food, housing, sanitation, and sufficient safe drinking water. 2. Stakeholders: The CSR issues in dealing with various stakeholders in the company are as follows: i. Vendors: While a company focuses on increasing wealth for shareholders, it must recognize that the main stakeholders in the corporate sector include shareholders, employees, the surrounding community, vendors, and consumers. It is important that every stakeholder’s interest be addressed by the company. In the following paragraphs, the firm’s responsibilities towards consumers and vendors are discussed. Responsible procurement as a practice is picking up vastly these days. The European nations and the US are proactively declaring responsible procurement in their purchasing decisions. Responsible procurement processes ensure that the vendor understands corporate values, and provides raw materials and components ofspecifications that promote the quality of the finished product. In addition, the company makes sure that ethical practices are upheld in materials supply to avoid adulteration, pilferage, and other malpractices, and that trade practices respect the law of the land in regard to payment of duties, taxes, etc. These tenants help to treat the vendor as a partner and not as transaction based relationship. A research report on 'Responsible procurement practices in India – an empirical analysis' done by Chandrasekaran, Ramasubramaniam, and Christie (2009) examined the integration of responsible procurement practices of a firm with supply chain management, especially in procurement. In the light of the development in corporate governance, attention was focused on understanding the main features of responsible procurement aspects of supply chain management relationships in the global context, and on exploring the determinants of the inclusion of social and environmental issues. The main conclusions of the study conducted in India are as follows: 1. Capability has an effect on the responsible procurement score, which implies that higher the role of the top/middle management employees in procurement practices, more responsible they are likely to be. 2. Higher the buying frequency, there are higher chances of managers being responsible in their procurement practices. 3. Firms with significant external pressure tend to be more responsible in procurement practices. 4. Size of the firm is also an important factor for firms to be more responsible in procurement processes. 5. Based on the interaction with respondents, it was found that firm investment, strategic posture, and supplier relationships are important. Thus, the study concluded that responsible procurement as a concept becomes more relevant as quality processes trigger the pace of adoption of a responsible procurement practice. In addition, international lending institutions have institutionalized a number of such systems through their lending processes. ii. Customers: Customers are the king of today's business. Customer perception of the values and beliefs of the company and demonstration of its commitment to such principles is important. Firms like to ensure the right to safety with respect to physical handling, usage and internal consumption, in case of commodities and items that are to be consumed. There must be a complete disclosure based on statutory needs under various laws and protection for damages in case of breach of promise and trust. In contemporary business, there is a need to respect the consumer's right to education (about the functionality, limitation, and liability of the product and business) and to privacy. Companies such as Suzuki Motors in India, Toyota and many others have even gone for product recall and replaced faulty components or attended to customer complaints to ensure their positioning as a responsible firm. Demonstration of such commitment has become core to today's business success. 3. Production Processes: Production process design may lead to certain undesirable impacts on the local community and other stakeholders. For example, earlier, cement manufacturing plants would pollute the atmosphere with their wastes, causing health hazards to people inside and outside their factories. However, stringent measures on the design of chimneys and other pollution control measures have improved the situation to a great extent today. Similarly, there are many occupational hazards that are also a part of production processes. Therefore the adoption of safety systems and procedures is now becoming a statutory requirement. For example, in an industrial alcohol plant, a waste called spent wash that is not easily incinerated or absorbed by soil is generated. In fact, it adversely affects the system if let out on open land or in water. In quarries, the dust problem is so overwhelming that it can result in silicosis, a pulmonary ailment for those who are working on site. Statutorily, the company has to provide safety equipments, adopt safety procedures, and the compliance in this regard has to be complete. However, it is also important for firms to be proactively engaged with stakeholders, including the local community. Social responsibility requires the company to periodically monitor the impact of occupational hazards on employees, proactively, to avoid any deleterious effects. Certain companies go further to provide dietary supplements to the employees to resist any ill effects due to work hazards. CSR in relation to production processes can also be carried out to reduce energy use, limit or alter material use, reduce water use, save natural resources, efficiently manage emissions, reduce waste, and recycle recoverable items. There are a number of companies carrying out CSR activities and the reader is encouraged to check literature on these companies in open sources. 4. Employee Relations: There are a number of laws and statutory regulations that protect the interest of employees in an organization. These are common in a socialistic pattern of government and in capitalistic society as well. What signifies CSR initiatives of a firm towards employees is its ability to voluntarily provide more than what is expected legally. CSR in relation to employee rights would include, among other things, respecting and ensuring employees' freedom of association, the right to collective bargaining, proactive declaration on abolition of child labour, non-discrimination of resources on caste, creed and color, and respecting the time and comfort of employees. Though there are standard norms for CSR, only the more enlightened employers take care of the families of the employees by providing health care, education, counselling, and improved living conditions. IT companies and new-generation companies through their employee engagement activities go a long way in providing support to employees. Options to work from home, sabbaticals for higher education or to attend to personal needs, preferences for women employees during post maternity to choose work options such as flexible hours, suiting their economic and social need, and encouraging employees to work with the outside community on sabbatical but with full pay are some examples. Chambers, E., Chappie, W., Moon, J., and Sullivan, M. (2003) conducted a seven country study of CSR in South Asia. The extent of CSR penetration in the seven Asian countries showed that the average for the seven countries (including industrially-advanced Japan) in terms of value was just 41 per cent compared to say a score of 98 per cent for a developed nation such as the United Kingdom. However, India had an average CSR penetration of 72 per cent compared to Indonesia’s 24 per cent. CSR Implementation Process and Benefits: Usually, the head of CSR, followed by the CEO of the company, is the chief architect and the main person responsible for the implementation of CSR initiatives across the organization. In the case of public sector companies, HR departments and administrative departments also get involved in the implementation of CSR activities. CSR is the catalyst that brings about a positive social change that is welcome for business, government, and society at large. Benefits to a company include improved perception about the company’s brands, tax benefits, and compliance with statutory requirements. Apart from these, other benefits could be a positive and long-term relationship with communities, improving product-supply management, and contributing to the prosperity of the region/nation. Some big corporate houses have their own foundations for CSR-related work. This allows them to focus exclusively on CSR initiatives and activities, and get involved in genuine social concerns without the pressure of the business or a company focus intruding on their work. Such independent moves help them generate funds in order to support activities with a larger fund base. With such independence, there can also be more transparency in CSR activities. Challenges to CSR Initiatives in India: There are a number of challenges a company would face while implementing its CSR activities. Some of these challenges are as follows: 1. Lack of Community Participation: Inadequate communication between the company and the community limits the scope of conducting CSR activities. In addition, due to inadequate knowledge of CSR among communities, coupled with poor communication, problems escalate.

There is a general deterrence to participation by the community. 2. Narrow Perception of CSR Initiatives: Many NGOs and government agencies presume that companies involved in CSR activities are only interested in funds. This de-motivates companies to initiate and implement CSR activities. 3. Transparency Issues: Challenges may also be caused by the commonly-held view that there may be a lack of transparency on the part of local implementing agencies, and that they do not make adequate efforts to disclose information on the progress of social programmes that have been initiated. In addition, companies and funding agencies are particular that audit mechanisms, impact assessment, and the utilization of their funds must be wellrecorded and shared among stakeholders. Such a perceived lack of transparency negatively impacts the process of trust-building between companies and local communities. 4. Need to Build Local Capabilities: One of the reasons for lack of transparency is inadequate local capabilities. There is a need for building the capabilities of the local NGOs as there is a serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This also limits the ramp up, scope, and size of CSR initiatives. Similarly, there are also challenges with respect to reaching remote and rural areas, the inability to assess and identify the real needs of the community and work with the corporate sector to ensure successful implementation of CSR activities. 5. Lack of Consensus on Implementing CSR Issues: There is a lack of consensus amongst local communities, agencies, government bodies, and companies while implementing CSR projects. This lack of consensus often results in duplication of activities by corporate houses in their areas of intervention. This results in a competitive spirit between local implementing agencies rather than a collaborative approach. These challenges can be handled by companies by better planning and coordination. Large companies and trusts are well-geared to draw support and create success through such initiatives. A strategic analyst must view CSR as a strategy to normalize the environmental factors of business and solicit harmony through well-intended programmes. Corporate Social Responsibility (CSR) – Rationale, Limitations and the Emerging Scenario Social responsibility of business has been traditionally understood as what a firm does, over and above the statutory requirement, for the benefit of the society. The term social responsibility connotes that a firm has some moral obligation to the society (particularly because of the reasons described in the sub-section The Rationale). With the Companies Act, 2013, making CSR mandatory for certain categories of companies on the basis of net worth/turnover/net profit, CSR can be regarded as a voluntary contribution to societal welfare by companies only when the CSR expenditure exceeds the mandatory requirement. The United Nations Industrial Development Organisation (UNIDO) has defined corporate social responsibility (CSR) as a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is a way in which companies achieve a balance of economic, environmental and social imperatives. Singhania, a prominent Indian industrialist, has classified the nature of the social responsibility of business into two categories: 1. The manner in which a business carries out its own business activity. This involves the acceptance of the fact that business is not merely a profit-making occupation but a social function which involves certain duties, and requires that appropriate ethics are followed. For example – a business must obey all the laws, even when they are disagreeable, it should produce the maximum goods of good quality, ensure smooth supplies at competitive prices, pay taxes, shun malpractices, and pay a fair wage to employees and a reasonable dividend to shareholders. 2. The welfare activity that it takes upon itself as an additional function. In addition to its commercial activity, business also plays a role in promoting social welfare activity, even directly. George Goyder, in his famous book, The Future of Private Enterprise – A Study in Responsibility, mentions the following as the principal objectives of a responsible company: 1. The extension, development and improvement of the company's business and the building up of its financial independence. 2. The payment of fair and regular dividends to the shareholders. 3. The payment of fair wages under the best possible conditions to the workers. 4. The reduction in the prices to be charged to consumers. In other words, the primary objectives of a socially responsible business should be to strengthen itself with due regard to the interests of the shareholders, employees and consumers. A responsible company has certain secondary objectives as well. The important among them, according to Goyder, are: 1. To enhance labour welfare 2. To enhance customer service and goodwill 3. To assist in developing and promoting the amenities in the locality 4. To assist in developing the industry of which the firm is a member 5. To contribute to national goals. The Rationale: The rationale of the CSR/TBL (and the National Voluntary Guidelines) is business vis-a-vis the business ecosystem, i.e., it is rooted in the ecological view of society (see the sub-section is TBL a New/Better Idea?) The operations of business enterprises affect a wide spectrum. The resources they make use of are not limited to those of the proprietors and the impact of their operations is felt also by many a people who are in no way connected with the enterprises. The shareholders, the suppliers of resources, the consumers, the local community and society at large are affected by the way an enterprise functions. Hence, a business enterprise has to be socially very responsive so that a social balance may be struck between the opposing interests of these groups. Further, business and other economic activities have been causing serious damage to the natural ecosystem which needs to be prevented and remedied. About six-and-a-half decades ago, Goyder argued – "Industry can no longer be regarded as a private arrangement for enriching shareholders. It has become a joint enterprise in which workers, management, consumers, the locality, Government and trade union officials all play a part. If the system which we know by the name private enterprise is to continue, some way must be found to embrace many interests which go to make up industry in a common purpose." Later, in 1978, while delivering the C. C. Desai Memorial Lecture, he reiterated his plea that if the corporation has to function effectively, it has to be accountable to the public at large, and he sought to equate the suggestion of a responsible company with the trusteeship concept advocated by Gandhiji, the aim of which was to ensure that private property was used for the common good. The declaration issued by the international seminar on the social responsibility of business held in India in 1965 also correlated the Gandhian concept of trusteeship with the social responsibility of business as "responsibility to customers, workers, shareholders and the community." There has been a growing acceptance of the plea that business should be socially responsible in the sense that the business enterprise, which makes use of the resources of society and depends on society for its functioning, should discharge its duties and responsibilities in enhancing the welfare of the society of which it is an integral part. The High Powered Expert Committee on Companies and MRTPA Acts (Sachar Committee), in its Report submitted to Government in August 1978, observed that, "in the development of corporate ethics, we have reached a stage where the question of the social responsibility of business to the community can no longer be scoffed at or taken lightly." The Committee further points out that, "In the environment of modern economic development, the corporate sector no longer functions in isolation. If the plea of the companies that they are performing a social purpose in the development of the country is to be accepted, it can only be judged by the test of social responsiveness shown to the needs of the community by the companies. The company must behave and function as a responsible member of society, like any other individual. It cannot shun moral values, nor can it ignore actual compulsions. The real need is for some focus of accountability on the part of the management which is not limited to shareholders alone. In modern times, the objective of business has to be the proper utilisation of resources for the benefit of others. A profit is still a necessary part of the total picture, but it is not the primary purpose. This implies that the claims of various interests will have to be balanced, not on the narrow ground of what is best for the shareholders alone but from the point of view of what is best for the community at large. The company must accept its obligation to be socially responsible and to work for the larger benefit of the community." CSR to TBL: Terms TBL and 3Ps are gaining mare popularity over CSR. However, they are, in essence, not significantly different from CSR and social audit. The view that there shall be a holistic approach to evaluating the outcomes of the operations of business enterprises and other organisations is a long standing one. Although the usage triple bottom line or its rhythmic expression profit, people and planet – the triple P – is of recent origin, the basic idea behind it has been there in the intellectual domain for a long time. The concept of TBL, consisting of the triple Ps – people, planet, profit – holds that a company's responsibility lies with the stakeholders, i.e., to those who are influenced, either directly or indirectly, by the actions of the firm, not merely with the shareholders. In other words, it is a reflection of the stakeholder theory according to which the business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximising shareholder (owner) profit. In the currently popular nomenclature Triple P, People are often linked to corporate social responsibility (CSR), and another P is in place to represent the environment. Social responsibility in a broader perspective encompasses planet too and as such the People and Planet are akin to the social responsibility of business. At its broadest, the term TBL is used to capture the whole set of values, issues and processes that companies must address in order to minimise any harm resulting from their activities and to create economic, social and environmental value. This involves being clear about the company's purpose and taking into consideration the needs of all the company's stakeholders – shareholders, customers, employees, business partners, governments, local communities and the public. The above descriptions clearly indicate that the accounting framework of TBL incorporates the social and environmental dimensions of the performance of an organisation, besides the traditional financial performance. The connotation of the TBL, thus, is that companies should be preparing three different (and quite separate) bottom lines: 1. The traditional bottom line of the profit and loss account. 2. The bottom line of a company's people account – a measure in some shape or form of how socially responsible then organisation has been in its operations. 3. The bottom line of the company's planet account – a measure of how environmentally responsible it has been. Is TBL a New/Better Idea? The view that there shall be a holistic approach to evaluating the outcomes of the operations of business enterprises and other organisations is a long standing one. Although the usage triple bottom line or its rhythmic expression profit, people and planet – the triple P – is of recent origin, the basic idea behind it has been there in the intellectual domain for a long time. Coining of the phrase Triple Bottom Line, consisting of the triple Ps – people, planet and profit – is widely (and wrongly) attributed to John Elkington in 1995 while at Sustain Ability. The phrase got significant currency with the publication in 1997 of his book Cannibals with Forks. The Triple Bottom Line of 21st Century Business and the adoption of Triple Bottom Line as the title of the AngloDutch oil company Shell's first sustainability report in 1997. Literature on this topic, however, cites the usage of this phrase much earlier. For example – the Triple Bottom Line Investing (a group advocating and publicising these principles) was founded in 1998 by Robert J. Rubinstein. It is also pointed out that in 1981 Freer Spreckley first articulated the triple bottom line in a publication called Social Audit – A Management Tool for Cooperative Working as he described what social enterprises should include in their performance measurement. George Goyder has given an exposition of the basic idea behind it as early as 1951. Keith Davis and Robert L. Blomstorm in their book Business, Society and Environment, published in 1971, aver that the modern view of society is an ecological one. "Ecology is concerned with the mutual relations of human populations or systems with their environment. It is necessary to take this broad view because the influence and involvement of business are extensive. Business cannot isolate itself from the rest of society. Today, the whole society is a business's environment." The Genuine Progress Indicator (GPI), developed in the mid-1950s, is often considered as a replacement to the gross domestic product (GDP) economic indicator. The GPI indicator takes everything the GDP uses into account, and also adds other figures that represent the cost of the negative effects related to economic activity (such as – the cost of crime, cost of ozone depletion and cost of resource depletion, among others). The GPI nets the positive and negative results of economic growth to examine whether or not it has benefited people overall. The GPI is used in green economics, sustainability and more inclusive types of economics commonly known as the True Cost economics. The marketing approach/philosophy known as the Societal Marketing Concept, which emerged more than four decades ago, is perhaps a better proposition than the TBL because it more explicitly emphasises the long-term impact of the consumption of a product on the consumer. As Philip Kotler points out, “the addition of long-run customer welfare asks the businessman to include social and ecological considerations in his product and marketing planning. He is asked to do it not only to meet his social responsibilities but also because failure to do this may hurt his long-run interests.” Frank Vanclay of University of Tasmania argues that “TBL is inherently limited in what it has to offer, and is promulgated by proponents who are largely ignorant of other approaches. Although TBL is meant to add social and environment to the equation, it is often championed by people who have little understanding of what the social entails. The concept of TBL is not fundamentally different to the wellestablished field of impact assessment, but that impact assessment and, in particular, the field of social impact assessment (SIA), have much more to offer in terms of accumulated experience and understanding, and a professional and theoretical base the originators of TBL and its current advocates seem to be ignorant of the field of impact assessment. It is argued that impact assessment, and specifically social impact assessment, offers far more to those concerned about social justice and human welfare than does TBL.” There are companies which conceived the Triple P concept in one form or other long before its ceremonial baptism. For example, some seven decades ago, Johnson & Johnson published its Credo announcing that its primary stakeholders were its customers, employees and the communities it operated in – in that order, and explicitly ahead of its stockholders. The Credo ends by affirming that “Our final responsibility is to our stockholders. When we operate according to these principles (i.e., those outlining obligations to other stakeholders), the stockholders should realise a fair return”. Back home, Tata Iron and Steel Company (TISCO), now known as Tata Steel, provides a shining example of social responsibility. The Committee appointed to conduct the Social Audit of TISCO observed in its Report observed – “At a time when Max Weber, the great German Sociologist, was advocating his theory of transforming a traditional society into a modern one through industrialisation and modern management, little did he know that in the Jungles of Bihar an Indian visionary had already planned the establishment of the first Steel City (not a mere factory) in Asia.” Before he passed away, Jamsedji Tata had in a letter to his son Dorab instructed him – “Be sure to lay out wide streets planted with shady trees, every other one of a quick growing variety. Be sure there is plenty ofspace for lawns and gardens, reserve large areas for football, hockey and parks. Earmark areas for Hindu temples, Mohammedan mosques and Christian churches.” No wonder Jamshedpur emerged as a beautiful and well developed city. 1970 witnessed a landmark development when the Articles of Association of TISCO was amended to incorporate the social and moral responsibilities of the company to consumers, employees, shareholders, society and the local people. A decade later, the Board of Directors of TISCO appointed a Social Audit Committee to go in to the question of whether and to what extent the company had fulfilled its social obligations laid down in the Articles. This resulted in the first social audit ever undertaken by any company, public or private, in India, at a time it was not popular anywhere in the world. The Report of the Committee was a glowing tribute to TISCO's endeavours in the discharge of its social obligations to the various segments of the society. In short, Triple Bottom Line, or Triple P is not a new idea, it is old wine in new bottle. It is observed that "the apparent novelty of 3BL lies in its supporters' contention that the overall fulfillment of obligations to communities, employees, customers, and suppliers (to name but four stakeholders) should be measured, calculated, audited and reported – just as the financial performance of public companies has been for more than a century. This is an exciting promise. One of the more enduring cliches of modern management is that "if you can't measure it, you can't manage it". If we believe that ethical business practices and social responsibility are important functions of corporate governance and management, then we should welcome attempts to develop tools that make more transparent to managers, shareholders and other stakeholders just how well a firm is doing in this regard." It is argued that even the argument that it is the emphasis on measurement and reporting that characterise the 3BL movement is not true either. Those who use the language of 3BL are part of a much larger movement sometimes identified by the acronym SEAAR – social and ethical accounting, auditing and reporting. This movement (to use that term loosely) has grown in leaps and bounds over the past decade, and has produced a variety of competing standards and standardsetting bodies, including the Global Reporting Initiative (GRI), the SA 8000 from Social Accountability International, the AA 1000 from Account Ability, as well as parts of various ISO standards. The most important function of these standards is to identify indicators of social performance as well as methodologies for measuring and auditing performance along these indicators. Is Profit Incompatible with CSR/People and Planet? There is a wrong conception that profit is not compatible with the other two Ps. This presumption is inherently dangerous because the premises of this line of thinking is that profit may be made sacrificing people and planet. A corollary of this view is that zeroing in people and planet will result in a lower level of profit. The cardinal principle of the TBL is not a trade-off between the three but an inevitable harmonious and enduring integration of them – it shall be a way of life. Profit objective need not necessarily be against the social objective. The profit goes against the social objectives only when it is aimed to make profits at the expense of the social objectives. A reasonable level of profit is not only compatible with socially responsible business but also necessary for the discharge of social obligations and responsibility. As George Goyder, the champion of the idea of social responsibility of business, observes, "in a responsible company, profits will continue to be the criterion of financial health. As blood is the life of man, so are profits the life of industry and just as man must maintain life before he can be free to pursue the life objects he has set before him. So profits are necessary to business and are in the proper sense of the word primary." In short, a reasonable level of profit is necessary to enable a company to pursue the social objectives. It is possible that adoption of the triple P principle will help companies in enhancing the profit in some cases. For example, the triple R – reduces, reuse, recycle – can lead to cost reduction. Similarly, use of new materials, technologies, etc. as part of the green movement can also have similar effects. Further, consumer preference for green products is increasing. Many consumers are willing to pay a premium for such products. It is pointed out that the following business-based arguments support the concept of TBL: 1. Reaching Untapped Market Potential: TBL companies can find financially profitable niches which were missed when money alone was the driving factor. Examples include: i. Adding ecotourism and geo tourism to an already rich tourism market. Developing profitable methods to assist existing NGOs with their missions such as fundraising, reaching clients, or creating networking opportunities with multiple NGOs. ii. Providing products or services which benefit underserved populations and/or the environment which are also financially profitable. 2. Adapting to New Business Sectors: Since many business opportunities are developing in the realm of social entrepreneurialism, businesses hoping to reach this expanding market must design themselves to be financially profitable, socially beneficial and ecologically sustainable or fail to compete with those companies who do design themselves as such. For example – Fair Trade and Ethical Trade companies require ethical and sustainable practices from all of their suppliers and service providers. A business which is planning to work with Fair Trade or Ethical Trade companies must design their business model to be TBL. People and Planet may be antagonistic to the unscrupulous businessmen. However, they will have to fall in line when the expected moral and social commitment will become a legal obligation. Limitations: A major difficulty in implementing TBL is accurately measuring the people and planet impacts. There is also no unanimity about the factors to be assessed. Monetisation of people and planet impact is too difficult a task. How do we assign monetary values to the species that are extinct or endangered or weather and climatic changes? Although several indices have been developed for the measurement, they all suffer from several limitations. The application of the TBL by businesses, non-profits and governments are motivated by the principles of economic, environmental and social sustainability, but differ with regard to the way they measure the three categories of outcomes. Proponents who have developed and applied sustainability assessment frameworks like the TBL encountered many challenges, chief among them, how to make an index that is both comprehensive and meaningful and how to identify suitable data for the variables that compose the index. The Genuine Progress Indicator (GPI), for example – consists of 25 variables that encompass economic, social and environmental factors. Those variables are converted into monetary units and summed into a single, dollar-denominated measure. Further, for many, TBL is mere a fad than a sincere and committed philosophy. The adoption of 3BL rhetoric by a number of very prominent multinationals without traditions of support for green and CSR principles is a more curious phenomenon. Perhaps, it should not be wholly surprising that prominent on this list are some firms trying to shake off recent reputations for decidedly irresponsible business practices or aloof management structures – firms like Shell and BP, British Telecom, AT&T and Dow Chemical. Of course, mind-set changes are possible. But, sometimes they may be eye washes or defensive tactics. There are also large organisations, such as Wal-Mart and McDonald's, which show green initiative but at the same time is unethical to 'people'. The Emerging Scenario: A large number of business enterprises – multinationals to small ones – now use 3BL terminology in their press releases, annual reports and other documents. Most of the big accounting firms are now using the concept approvingly and offering services to help firms that want to measure, report or audit their two additional "bottom lines". Similarly, there is now a sizable portion of the investment industry devoted to screening companies on the basis of their social and environmental performance, and many of these explicitly use the language of 3BL. Governments, government departments and political parties (especially Green parties) are also well represented in the growing documentation of those advocating or accepting 3BL "principles". For many NGOs and activist organisations, 3BL seems to be pretty much an article of faith. The popularity the TBL concept made the businessmen and society more concerned about the adverse impacts of economic activities in general and of large business enterprises in particular. Now, there is even clamour for social reporting, in several cases just for the sake of it. There have been several endeavours to develop criteria and framework for social reporting. The Global Reporting Initiative is an important institution in this area. It originated as a project of the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Program (UNEP) in late 1997 and become an independent institution at the end of 2002. This initiative was recognised at the UN World Summit on Sustainable Development. The aim of the guidelines issued by this organisation is to enable companies and other organisations to prepare comparable TBL reports on their economic, environmental and social performances. The GRI is also working with several industries to apply a multi-stakeholder model to develop industry specific supplements to the core Guidelines. It is observed that there are a number of corporations that have long prided themselves on their traditions of social responsibility and good corporate citizenship. Having succeeded despite putting principles ahead of short-term profits, societal concern is part of the lore in the cultures of companies like Johnson & Johnson, Levis Strauss, Cadbury's, and IKEA. And in the cultures of many smaller or more recent firms, from The Body Shop to your local organic grocer, CSR and green principles have often served as the organisation's very raison d'etre. For many of these firms, social and environmental reporting provides an opportunity to display their clean laundry in public, so to speak. They have long sought to improve their social and environmental performance. So, they can be confident that reporting these achievements publicly will cause little embarrassment. Indeed, insofar as many of these firms make social responsibility part of their corporate image (hoping to woo the increasingly large pool of consumers and investors who claim to be willing to pay more to support ethical firms), the adoption of 3BL principles and the production of social reports is consistent with other strategies of brand management. (This observation is not meant in any way to reduce these efforts to a simple marketing strategy, but just to show why they are a logical step in a direction in which the firm was already travelling.) National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business announced by the Government and the Companies Act, 2012, now make CSR/TBL compelling in India. It may be mentioned here that several Indian companies have been publishing social audit report, CSR report, sustainability report, etc. Some companies have been very quick to respond to the National Voluntary Guidelines. For example – the Annual Report of ITC for 2011-12 includes reporting as per the format prescribed by the Guidelines. International Business and CSR: It is alleged that many MNCs do not pay to the developed countries as much attention they pay to their home country/developed countries in respect of social responsibility or ecological impacts of their operations. Some of them also locate/market in developing countries industries/ production processes/products which are banned in developed countries. MNCs should, actually, discharge more CSR in developing countries considering their huge resources and the poor socio-economic conditions of these countries. There are, of course, MNCs which do considerable CSR in these countries. But in some cases, these are just to mask the harm their operations cause. There are also MNCs which are not considerate. They should also devote their R&D efforts to the social needs of the developing countries, rather than being completely guided by profit maximisation. Because of their resources position, they should also be expected to make a significant contribution to social welfare. An amount equivalent to the annual spend on entertainment by some MNCs can go a long way to improve the social welfare in some small poor economies. The multinationals shall show as much social responsibility in the foreign countries as they do in the home country – one criticism against the MNCs is that they adopt double/multiple standards – with different norms/standards for developing countries compared to the home country or developed countries. Recent Developments in India: In 2011, the Central Government brought out a set of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business and certain provisions were incorporated in the Companies Act, 2013, requiring every company with certain level of turnover / profit to draw up a CSR Policy and earmark a certain portion of the profit for CSR activities. Government Guidelines: In July 2011, the Ministry of Corporate Affairs, Government of India, brought out a set of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business to be adopted by all categories of enterprises, including SMEs. The Guidelines prefer the use of responsible business to corporate social responsibility. The Principles and Core elements laid down in the Guidelines are required to be integrated in the business policies, strategies and business processes emanating from the core business purpose of an enterprise. These Government guidelines and TBL, in essence, connote more or less the same as the broad perspective of CSR. Nature and Significance of the Guidelines: These Guidelines are not prescriptive in nature, but are based on practices and precepts that take into account the realities of Indian business and society as well as global trends and best practices adapted to the Indian context. It urges businesses to embrace the “triple bottom line” approach whereby its financial performance can be harmonised with the expectations ofsociety, the environment and the many stakeholders it interfaces with in a sustainable manner. The Guidelines have been articulated in the form of nine Principles with the Core Elements to actualise each of the principles. A reading of each Principle, with its attendant Core Elements, should provide a very clear basis for putting that Principle into practice. Principle 1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. Principle 3 – Businesses should promote the well-being of all employees. Principle 4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. Principle 5 – Businesses should respect and promote human rights. Principle 6 – Business should respect, protect, and make efforts to restore the environment. Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. Principle 8 – Businesses should support inclusive growth and equitable development. Principle 9 – Businesses should engage with and provide value to their customers and consumers. Companies are required to disclose their compliance to these principles. Corporate Social Responsibility (CSR) – Advantages Over the years the social involvement of corporate sector has been increasing. Earlier corporate entities were mainly focused on their economic objectives— profit, profitability, cost of production, margins, etc. However, nowadays corporate entities are posed with the challenge pertaining to the social responsibility of business. Earlier social responsibility was mainly the concern of universities, nongovernmental organizations, non-profit organizations, charitable trusts, churches, etc. As such the idea of social responsibility of business is not new. Prominent business houses, such as Tatas, Birlas, and the Bajaj group, had ingrained contribution to society as a separate mission in their philosophy of business. All these groups have been contributing to the society in the areas of education, health, rural development, drinking water, etc. through specially formed trusts. The idea of social responsibility of business is getting more and more ingrained in recent years. It was given an impetus particularly with the publication of the book Social Responsibilities of the Businessman by Howard R. Bowen (1953), who suggested that businesses should consider the social implications of their decisions. Although there is no firm agreement on the definition of corporate social responsibility (CSR), the widely accepted definition focuses on need for seriously considering the impact of the company's actions on society. Another concept similar to CSR is social responsiveness, which refers to the extent to which a company's policies and programmes are geared to the social environment, so that it turns out to be beneficial to both the society and the company. The responsiveness focuses on actions that result in ways and means of a firm's responses to social concerns as against responsibility that focuses more on 'need' and 'should' for corporate sustained growth. Here it is important to understand that responsiveness to social environment does not mean that managers should just be reactive to the social concerns as and when required. Corporate entities should anticipate and prepare themselves in advance to meet and respond to the emerging challenges and situations by being proactive in the area of social responsibility. The CSR basically refers to the obligation towards the society voluntarily assumed by the business. The philosophy of business as highlighted by Keith Davis and Robert Blomstrom (1975) states 'social responsibility is the obligation of decision-makers to take actions which protect and improve the welfare of society as a whole along with their own interests'. This implies that business has to be viewed more than a money- making proposition and it provides a great opportunity to serve society. A business entity should focus its efforts on protecting the welfare of the society by creating positive benefits for the society. Different organizations have integrated CSR at different levels in terms of intensity of contribution to the other stakeholders, such as social interest groups, environmental groups, local community groups, media, consumer groups, and the society at large. The first level is economic responsibility. It implies that profit is the basic foundation for all other activities. Every business entity should fulfil legal responsibilities by following rules and regulations of the game by obeying laws that determine what is right and what is wrong in the society. After fulfilling economic and legal responsibilities, the organization has to gear up its operations to fulfil ethical responsibilities. It implies taking actions and doing things that are right, just, and fair for the society, and do not cause any harm to people in general. The highest level of CSR relates to voluntary responsibilities, implying contributing resources for the wellbeing of the community and society, so as to improve the overall quality of life. Organizations that have integrated CSR in their philosophy of business contribute a great deal for the welfare of the society. This of course also provides them indirect goodwill, brand image, and even business gains. Advantages of CSR: Organizations that integrate CSR as part and parcel of their philosophy of growth, derive various advantages, such as improved financial performance, cost reduction, enhanced brand image and reputation, increased customer satisfaction, enhanced productivity, quality, increased market share, more engaged investors, environmental sustainability, and above all, competitive edge in the market. Social Audit: The CSR has posed a basic question as to the criterion and process to measure social performance. This has given rise to the concept of 'social audit', which was first proposed by Bowen in the 1950s. The social audit has been defined by Fenn and Bauer (1973) as 'a commitment to systematic assessment of and reporting on some meaningful, definable domains of the company's activities that have social impact'. Social audit provides an assessment of the impact of an organization's non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders. Social audit can be categorized into two broad categories, namely (1) mandatory as required by government involving pollution check, employment standards, labour amenities to be provided as per the Factory Act, minimum wages to be provided, stipulated reservation to backward classes as applicable, if any, etc.; and (2) evaluation of variety of voluntary social programmes undertaken by companies. For effectively undertaking social audit, a corporate entity has to be clear about its organizational objectives—both internal and external. It should evaluate—(1) its action plans, that is, how is it going to work for achievement of objectives; and (2) indicators to measure the performance. Once indicators are in place, the organization can develop simple procedures to find out what is going on vis-a-vis the targets and to take action to bridge the gaps, if any. Barriers to social responsibility are: (i) manager(ii) organisation(iii) industry and (iv) division! To fulfill the task of social responsibility the following problems may be faced at organisational level which hinder the process of implementation of achieving the goal of social responsibility. (i) The Manager: The managers are extra cautious while planning and implementing the programmes related to social responsibility as the people at high level may not approve the plans of managers if they feel that the plans are non- profitable to organisation. ADVERTISEMENTS: It is the manager who is ultimately responsible for social action programmes of any organisation. The manager can also plan or implement the social action programme. (ii) The Organisation: The main objective of any organisation is profit maximisation as shareholders want dividend ultimately or they may like the profits to be re-ploughed back for expansion of business and people working in the organisation expect higher salaries. ADVERTISEMENTS: So social action projects need to be evaluated very carefully in terms of cost and benefit. So social responsibility may be overlooked while achieving the main objective of the organisation i.e. profit maximisation. (iii) The Industry: There are many competitors in the same industry for an organisation. When a particular organisation does some socially beneficial activity for the benefit of society only then it may not be appreciated by other competitors in the industry which makes individual organisation very difficult to survive in the industry alone. (iv) The Division: There are number of divisions in the organisation which are competing among themselves and also strive towards main goal of organisation i.e. profit. Any social responsibility decision and project which affects or reduces the profit might threaten the existence of that particular division. This is one of the main reasons that most of the divisions feel hesitant in initiating and implementing social responsibility programmes unless & until there are clear guidelines and instructions from the people at top level. References:

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