AN EXPLORATORY STUDY ON ENVIRONMENTAL CONCERNS IN CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY SME’S

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ABSTRACT

The term Corporate Social Responsibility (CSR) is a very old aspect, but it has drastically drawn its importance throughout the world. Literacy levels getting high and as well business competitions’, business are finding it hard to make their presence felt to their patrons. This article is an effort to understand the concept of CSR and as well acknowledge the development of CSR initiatives with respect to environment by small and medium enterprises. The inspirations for CSR in SME have run from philanthropic to key and incorporate both workings of social capital and the fulfillment of the requests/desires of associates involved in the process, thus encashing the possibilities of better opportunities and societal benefits in the long-run of the business firms.

KEYWORDS: Corporate Social Responsibility, Environment, Small and Medium Enterprises, Corporate Citizenship

Introduction

In today’s’ era, there has been a growth in the literacy levels of individuals which in turn has induced better business practices in the society. This has acquired changes social desires and highlighting on inclusive development, social value and governmental policy regarding minorities in society. Thus, organisations are under intensifying weight to evidently contribute in exercises which are represented as CSR. The point of the review is to have a detailed knowledge of the Corporate Social Responsibility in the changing circumstances of the financial, natural and intensive situation; it is felt important to concentrate on the subject.

Methodology:

An extensive literature survey was carried out from secondary data sources available through various journals, websites and databases.

Objectives of the Study:

- To understand the concept of Corporate Social Responsibility
- To know the current scenario of Corporate Social Responsibility with respect to SME’s
- To examine the involvement of SME’s in CSR initiatives with specific reference to the environment.

Meaning

Lexicon (n.d) defines Corporate Social Responsibility (CSR) as the organisation’s concern towards the society and also examining the possible influences their organisation or their trade could have on the environment around them. The obligation of the organisation is to look after the impacts caused by them to the society and taking satisfactory measures to repay the fatalities and conserving the nature is termed as Corporate Social Responsibility. CSR is an extensive subject that speaks about different topics like environmental effects, human rights, safety and health, corporate governance, working conditions and commitment towards environment improvement. CSR is a common concept in business organisations that is understood and implemented in a different style in different companies in different countries but the goal of CSR is to enterprise the change towards sustainability. Two Harvard University professors A. A. Berle and C. G. Means originally coined the concept of CSR in the 1930s. In the book The Modern Corporation and Private Property, they advocate preserving the privileges of shareholders, and more noteworthy straightforwardness and responsibility in capacious associations where “proprietorship” and “control” are isolated because of administrative mechanisms. While their debates are constrained to corporate power and its consequence on US society, the unknown estimations of straightforwardness and responsibility reflect the present situation of CSR, in spite of the fact that in a
casual way. The consideration on this changing idea of ‘private property’ towards open responsibility for was in progress not long after the Wall Street crash of 1929 when the philosophies of free enterprise exposed corporate irresponsibility.

The embryonic concept of CSR goes beyond charity and demands the company perform beyond its legal obligations to merge environmental, social and ethical concerns into the business process of the organisation. In today’s world, Business is emerging as one of the most dominant institutions on the world. Some business firms are indeed bigger in size than some of the countries that are still developing. As a result of globalisation, businesses have hard-pressed wider and broader and the countries appear to be smaller in size. Indian business organisations are becoming widespread in their operations and are extending their geographical boundaries. Business organisations are not just simply sprouting and growing in its size and operations but also are impacting the society and environment both in a positive and negative manner. The passionate responsibility of the business organisation is to look after its society and environment in which it operates and various components of the CSR are as follows, labour relations and workplace, corporate, business ethics, supply chain, good practice, customer relations, environment and community.(CSR, 2010)

According to Shrivastava and Pattanayak (n.d), the environment in India has witnessed magnificent transformation and development in the past 10 years due to industrialisation and globalisation. The business organisations that are set up in India are making extensive use of natural resources and in certain circumstances have also destroyed the natural resources to an inordinate extent. Globalisation has resulted in bringing in more challenges both internally and externally. Internal challenges for the business firm are utilising the available resources efficiently, employee empowerment, and human resource management, enhancing the process of production, marketing the organisation’s products or services across the globe and framing up marketing strategies. External challenges of the business organisation include conserving a healthy relationship with the investors and stakeholders and also with customers. SMEs play an important role in the economic development of the country and lot of SMEs are actively encompassing themselves into various social activities. CSR is an obligation or a promise that the industrialist take to themselves that they will repay the environment and society in return for what they have taken from the society. In India, almost most of the SMEs are aware of CSR and are performing the CSR in an appropriate manner.

Gupta and Khanna (2011) defined CSR as a responsibility of the corporate organisations or firms towards the society and environment in which they function and operate. CSR includes a business that is constantly identifying its stakeholders and investors groups and implementing the requested values within the strategic and day-to-day process of decision making of the business organisation. The ability of the corporate organisations to respond and react to the social compression is termed as Corporate Social Responsibility. Industrialisation is the major reason for destroying most of the natural resources, and also the environment is polluted to greater extent hence it is the primary responsibility of all the business organisation to take satisfactory measures to address the reparations caused by them to the society. SMEs contribute about 50 percent of the total GDP and they are helping the society by creating job opportunities for unemployed graduates.

The figure below showcases the diagrammatic view of the corporate social responsibility of the business organisations and its functions.

Figure 1: Corporate Social Responsibility

Source: Barquin (2015)
The figure below depicts various dimensions of the CSR which is considered to be very important for the sustainable growth and development of the business and its impact on the society.

Figure 2: Concepts of corporate social responsibility

Ahmed (n.d) has stated that CSR enlightens about some sort of assurances through corporate policies and actions. A corporate social responsibility also explains clearly about the commitment of the organisation to its society and its societal relationship. Any organisation in India is expected to earn goodwill from the public only through its CSR and customers prefer a company with good social responsibility than others. CSR in India has emerged to encircle investors, employees, customers and sustainable development and growth or corporate citizenship. The CSR in Indian business organisations is said to have various dimensions like managing the available natural resources efficiently, protecting the consumers, labour welfare measures, human rights, providing safety to employees at work place, conserving the climate and protecting the environment from pollution. But despondently, it has been noted that many organisations in India are not performing any CSR activities and are pretending like they do by simply donating the amount to NGOs and charitable trust and also such companies also believe that CSR is all about donating some amount to charity and trust. In reality, CSR is definitely not about receiving money from business firms and it’s beyond currency. Further, it has been observed that most of the firms are using CSR as a marketing tool to advertise and also to attract public. Only very few business firms in India are indulging directly in social responsibility activities and are taking care of the society and environment on which they operate.

Sharma and Kiran (2012) exclaimed and referred CSR as an emerging new key issue in the field of management research. In today’s world where everything is temporary, one thing was observed to be fixed and permanent in the business world termed as social responsibility. Social responsibility has been ever since addressed with various names in various business organisations despite the concept being the same. Every business firm in the country is said to function under some social environment which is known as society, and as a good entrepreneur, it is the responsibility of the owner of the firm to take good care of the society and environment in which the establishment functions. Responsibilities and initiatives of the CSR are known to be very wide and huge amount of efforts are required to implement the CSR initiatives in the society in order to give back what is taken from the society.

Puri and Ashok (2013) reported that the concept of CSR is acquiring huge significance from all avenues. It has been observed that all the leading business organisations in India have already realised the significance of CSR, and also are involved in CSR programs in fields like health, education, skill enhancement, livelihood creation and building and empowering the weaker section of the society. CSR in business organisations in India has developed rapidly in the last 10 years and it is because the business firms and the SMEs have realised that, the government alone cannot uplift the society and preserve the environment. CSR is a volunteer commitment of the business organisation to do something for the betterment of the society and also do something in return to the environment in order to preserve its resources. Most of the Indian business organisations, including the
SMEs, use CSR as a marketing and advertising tool to market their brand or products in the society. A research has conveyed that, consumers are interested in buying products from organisations who are socially responsible and contributing a share from their profit for the development of the society. Not only the customers but various stakeholders are also interested in investing or lending funds only to organisations that are socially responsible. CSR is set of policies, programs and practices that are incorporated into each and every stage of business organisations, decision-making process and supply chain throughout the entire organisation.

Taneja and Saxena (2014) stated that CSR is a legal obligation for the business firms to behave ethically and contribute something for enhancing the society and economic development of the country, improving the quality of life of the workers and their families and also the local communities and society at large. Every business organizations that is set up in India should understand that they are responsible for the society they operate in, because all the resources they utilize for their production process belongs to the environment which is common to all the people, hence organizations have realized and understood that their business and its operations are having large impact on the environment and society. CSR has become a moral responsibility of the firms and firms consider it ethical to take care of people and environment that are effected due to its operations. The society, local communities and public accept particular firm be it large or small based on its commitment and responsibility towards the society.

From past few years, the growth and development of various industries also lead to change in environment. There is an urgent need to address on how these industries react towards the environmental change. Jenkins (2009) stated that corporate social responsibility concerns towards the activities such as integration of social, economic, and environmental issues that contribute to the sustainable development in order to ensure the business sustainability aspects. Traditionally, large organisations had recognised about CSR and undertaken the activities related to CSR, but the recognition of the importance of CSR among SME’s has made them initiate CSR activities (Fuller, 2003). Thus, it is clear that it is most important to conduct the research to identify how small and medium enterprise addresses environmental issues. Hence, this study is proposed to explore about the environmental concern in Corporate Social Responsibility (CSR) initiatives by Small Medium Enterprises (SME). This research will help the future researchers to conduct further research about the proposed topic and also helps to know about how SME’s reactions to the environmental issues and how they initiate CSR activities towards the environment.

Conclusion

Nevertheless, every corporation must have to give something back to the society either voluntarily or peer pressure. With such a better understanding of the concept of CSR and its importance in todays’ era, the struggle or the need to address it satisfactorily is the most significant aspect required in the current scenario. Every SME’s if not individually, possible must have to collectively come together and contribute to overcome the societal issues and the environmental issues at large. This article brings in a clarity to understand the concept to the core, clearly justifying as to why organisations are to take up CSR in a genuine way.

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