

ISSN No: - 2347-1735

# Journal of Corporate Social Responsibility

**Volume No. 12**

**Issue No. 2**

**May - August 2024**



**ENRICHED PUBLICATIONS PVT.LTD**

**JE - 18, Gupta Colony, Khirki Extn,  
Malviya Nagar, New Delhi - 110017.**

**E- Mail: [info@enrichedpublication.com](mailto:info@enrichedpublication.com)**

**Phone :- +91-8877340707**

# Journal of Corporate Social Responsibility

## Aims and Scope

The journal aims to bring the quality research articles, research studies and real world case studies in the domain of Corporate Social Responsibility and Sustainability. The journal is aimed at bringing the best of the knowledge in niche domain of CSR. The journal would cover the various facets of CSR & Sustainability comprehensively. The research papers based on the primary data analysis as well as secondary data analysis would be published. The real world case studies implemented in the different parts of the world would also be included. The tested and verified models for implementation of the Social Responsible business practices may be considered after close review by the expert review board. All the contributions submitted to this journal shall go through a double blind peer review and plagiarism check.

### Managing Editor

**Mr. Amit Prasad**

### Chief Editor

**Dr. Saurabh Mittal**

(Faculty- Asia-Pacific Institute of  
Management, New Delhi)  
saurabh.m@asiapacific.edu

### Editorial Board Member

#### Editorial Board Members Oniwide Oyetola

Dept. Of Political Science & Industrial  
Relations, Fountain University, Osogbo.  
oniwideoyetola@hotmail.com

#### Dr. Ashu Singh

(Faculty – Asia-Pacific  
Institute of Management,  
New Delhi)

#### Sh. Ajay Kumar Dhir

(Chairman-APAC CXO Forum)

#### Dr. R K Garg

(Advisor- Coal India Ltd. New Delhi)

#### Dr. Saurabh Gupta

(Professor- J K Business School, Gurgaon)

#### Mr. Rusen Kumar

(Founder- INDIACSR rusenk@indiacsr.in )

#### Dr. Ashutosh Kumar

(Professor- Amity University, Gurgaon)

# Journal of Corporate Social Responsibility

(Volume No. 12, Issue No. 2, May - August 2024)

## Contents

Sr. No	Title	Authors	Pg No.
01	Multinational Corporations and Social Responsibility in Nigeria: Challenges and Prospects <i>- Oyetola Oniwide</i>		1-10
02	Corporate Social Responsibility: With Reference to “Cultural City – Vadodara”, Gujarat, India <i>- Minasree Borgohain</i>		11-22
03	Corporate Social Responsibility & Sustainable Development in Mining Industry – A Case Study <i>- Shanth A Themmaiah, Ravi D. R, Y. V. Rao and M. Aruna</i>		23-30
04	Overlooking the Corporate Social Responsibility by the Multi National Companies: An unconstructive Approach in India <i>- Mamata Biswal</i>		31-38
05	The Challenge of Implementing National Voluntary Guidelines on CSR: Sustainability, Shared Value and Stakeholder Engagement <i>- Ankita Kashyap, Sriram Khanna</i>		39-65



# Multinational Corporations and Social Responsibility in Nigeria: Challenges and Prospects

**Oyetola Oniwide<sup>1</sup>**

<sup>1</sup>Fountain University, Nigeria.  
[oniwideoyetola@hotmail.com](mailto:oniwideoyetola@hotmail.com)

## **ABSTRACT**

*The task of this research paper was the explication of the three views on business social responsibility. To accomplish this task, the work was divided into four parts. Part one dealt with some introductory issues including: statement of problem, objective of the study and clarification of concepts. Part two was a presentation of the three views and issues in social responsibility. Part three examined some empirical observations, and part four, the summary and conclusion. It was argued in this work that social responsibility in every society is an outcome of complex interplay of factors and actors whose interests are both mutually beneficial and conflicting. This argument was built on firm theoretical and empirically demonstrable foundations. Drawing largely from Nigeria's experience, an inevitable conclusion was reached that the two extreme views (poles) on business social responsibility will serve less the nation's interest as the middle (moderate) one, - though with greater emphasis towards the (Activist) position. Put differently, it is high time the social responsibility of the business community is broadened, that government pursue in most determined manner the actualization of this goal, within limits that will not negate, in absolute terms, the traditional concerns of business, namely, profit making.*

**Keywords Business, Social Responsibility and Profit making**

## **1. INTRODUCTION**

In general terms, social policy refers to society created rules governing social conduct and order. The history of social policy is the one dealing with man's struggles to satisfy physiological, psychological and social needs in environments characterized by relative scarcity and inequality. Social policies maintain social order through programmes (embodying services) that are social in nature aimed at directly or indirectly contributing to a rise in the overall condition or standard of living of the people. In specific terms, social policies, and therefore, programmes aim at reducing - if elimination is impossible - the sources and causes of social inequality and injustice; and such programmes are related to such areas as health, land reforms, labour, education, security, employment, civic participation, human development, among others (Gil, 1979; Rondrigues in Adedokun, 1997). Giving effect to social policies and programmes is the task of social policy administration.

Every social policy and, by extension, programme creates or, better still, prescribes responsibility that is of social consequence. Such social responsibilities, by and large, refer to the task of providing those

services or activities or obligations the pursuit and delivery of which is aimed at serving public interest or good, and are beneficial to the society, other than those dealing with profit-making by corporate organizations.

The subject of social responsibility has, especially in the capitalist societies, gained prominence just as it has become acutely controversial. Rapid changes in most capitalist societies have created enormous and ever increasing social problems and responsibilities for the various governments. Resources for addressing these problems have not, however, grown correspondingly in most areas, especially, in the Less Developed Countries (LDC5). This situation proved to be a source of growing concern in those societies. Expectedly, business outfits have come to be viewed as another- or indeed, a complementary - source of cushioning these problems, part of which they create. This raises the question as to what role “business” should play in addressing these attendant social problems. Accordingly, the pattern has been that of rising expectations on the part of the society regarding the contributions from the business community. But to what extent these expectations have been matched by performance on the part of the business community is not only hazy but also debatable for reasons bordering on the unresolved issue of role definition and re-definition.

Regardless of the general presumptive feelings in the society (as is the case in Nigeria) that the performance of the business community leaves much to be desired, lack of clear understanding of the real or expected role of business in the society remain a source of great concern. The absence of clear delineation of boundaries often leads to misunderstanding and confusion. This state of affairs, often times, degenerate to frustration and bitterness among those who advocate a shift in emphasis from strictly profit-motivated pursuits to greater social responsibility by business, on the one hand, and those in defence of business pursuing its traditional role of profit-motivated activities. The problem is even accentuated in LDCs, Nigeria inclusive, where excessive demand for business social responsibility might be incongruent with the increasing drive for foreign business investment. In other words, would such pressures for greater social responsibility on business not serve as a disincentive to investors in the short and long run? These problems constitute the basis of our inquiry.

The task of this essay is three folds. First, is a concern to present and explicate the three views regarding social responsibility of 'business', on a general basis; second, to evaluate the relevance and applicability of these views in the environment of a LDC such as Nigeria; and third, to further our understanding of the issues raised by the various views and their policy implications.

---

## Issues in Corporate Social Responsibility: The Three Contending Views

General Issues As a prelude to clearer understanding of the three views of social responsibility of business, it is pertinent to comment on some general issues around which these views are built. Put differently, these issues to a large extent inform the three views which this work intends to explicate. They include: the nature of public expectation and demands; changes in the character of social responsibility; the question of who is responsible for quality of life - role allocation; the relationship between business and society; and pressures on business, among others:

(i) Public Expectation and Demands As social responsibilities grow in geometric proportions and support for it does not grow correspondingly in most modern societies, the outcome, most times, is increasing frustration, hopelessness and restiveness - factors that hardly augur well for social cohesion and progress - among the populace. The lack of capacity to tackle the ever-increasing social responsibilities and the perception that business lines its coffers with huge profit returns have combined to cause a shift in the direction of expectations and demands.

Expectedly, business came in focus. Bowen (1975) drew attention to the changing public mood in the last half century and averred that “today, economic efficiency, productivity and growth- the staples of corporate enterprise - are valued less highly than they were twenty-two years ago”. On a general note, he identified such controversial demands to include improvement in the quality of work, protection of the environment, elimination of discrimination, observance of the law, honesty in advertising and mass communication, reduced corporate influence on government and international mailers, reduced consumption of natural resources, and the development of a more equitable income distribution, These and perhaps more, constitute what the public views as proper. However, there is often remarkable discrepancy between such expectations and the actual results. This leads to frustration and disenchantment in the society.

(ii) Changes in the Character of Social Responsibility However it be conceived, the factor or component of social responsibility is dynamic - what it requires today, in most cases, differs from what it required yesterday and what it will require tomorrow. The boundaries - where it begins and ends - remain debatable. In addition, technological changes brings with it new problems just as it set out to check hitherto existing ones. For an example, the introduction of automation in production was seen as a veritable means of checking low productivity and underutilization of resources. However, this development had created a new set of problems including environmental pollution and degradation.

Again, the improvement in Medi-care and sanitation which provided a check on the problem of poor health has in turn exacerbated the problem of over-population and the attendant crises. Finally, the process of industrialization which offered prospects of greater employment generation have not only the potentials to create, but have actually caused, problems of urbanization, rural-urban migration, decapitation of the rural areas. The examples are legion.

**(iii) Who is Responsible for Quality of life?** Kreps and Duke (1975) raised the basic poser: Who is responsible for the quality of life - government, education or business? Consider, for instance, the problem of unemployment in Nigeria. Who bails the cat? The same applies to the educational sector where structures are collapsing and standard is falling geometrically. In the face of the embarrassing reality of government's incapacity to sustain the system and structures, we do - even through legislation - involve the business community as partners or out rightly shifting the responsibility to them? We must not also lose sight of the problem of environmental pollution arising from the operations of businesses engaged in oil prospecting in Nigeria. Who takes responsibility - government or business?

**(iv) Relationship between Business and Society** The fundamental question here is: As active participants in the society, what is the role or place of business? Put differently, in terms of usefulness and utility, is the role of business community a positive or negative one? Ideally, the relationship should be symbiotic. But in reality, benefits accruing to the society from business and vice-versa are hardly equal in terms of proportions. Regardless of views - traditional, moderate and activist - one basic fact is that both society and business derive, in varying degrees, some benefits from their co-existence. However, the problem remains the nature and scope of the expected benefits arising from their co-existence and interdependence. We agree no less with Hester's (1975) view that, today, the corporation (business) is undergoing the most intensive public scrutiny in its history. And this is of significance to us in this essay.

### **The Three Views**

There are three major views with respect to business social responsibility, which, for analytical convenience, we label the 'Traditional', the 'Moderate' and the 'Activist' according to their respective emphasis, expectations and dispositions regarding the extent of involvement of business in responsibilities that are of social significance. It will serve our purpose to illuminate the positions of these views in greater detail.

**(I) The Traditional View** The argument of this school is founded on the notion that: the business of business is business, Business is a self-interest economic pursuit with the avowed goal of profit-making



in a competitive environment. In the words of Sheldon and Parke (1975), “the question of how one makes a profit or for what purpose is not particularly germane to the businessman qua businessmen”. A leading advocate of this view, Milton Friedman, underlines the primacy of profit-making or drive by business (cited in Beckman, 1975). Business in the view of this school has incidental social responsibilities, including, provision of employment, fostering scientific and technological advancement, ensuring optimum allocation and utilization of scarce societal resources, provision of goods and services necessary for the upliftment of standard of living for the members of society, among others. Business according to them, addresses these issues in addition to its traditional concern. These responsibilities fit into what Bauer (1973) described as task environment', about which business has pursued and recorded a good measure of success world-wide. Oftentimes, direct involvement of business in wider social responsibilities is considered out of place, and an unnecessary and unwarranted departure from its traditional concerns which is counter-productive. Taxation and spending by governments, not business, should address wider social responsibilities.

**(ii) The Activist View** The position of this school is that business should follow lines of action that will achieve socially significant goals determined not only by political processes and legislations, but also morally informed self-initiative. This describes a shift in philosophy - from unfettered self-interest to selfless pursuits that promotes social interest. With regard to the role of business, the mood of this school is aptly captured by Hester (OR cit.) thus: “it has been alleged that they are little concerned about the interest of the consumer, are indifferent to the deteriorating social order, and are dangerous polluters of the environment.” However it be viewed, the arguments of this school bears a strong moral component. It is a call for direct action by business beyond its traditional scope of profit making. Goldston (1971) a leading proponent of this view, argues that nothing short of broader social responsibility by business will serve the society in the contemporary world.

**(iii) The Moderate View** This view falls in-between the two extreme poles discussed above. In the words of Diebold - a leading advocate of this view, “The right way to bring about the required switch in production to social priorities is for the government to establish incentives and constraints in such a way that profit is made doing what society most needs to be done in a manner that society finds acceptable.” (Cited in Backman, 1973:4). This position, in essence, describes the marriage of profit- making motive with attainment of agreed upon social goals. On this score, Backman (ibid) has this to say: “Actually, the role of business has never been at the extremes of ignoring completely its social responsibility or of being guided completely by that goal.” While commenting on this view, Sheldon and Parke (op. cit) points out that, “This approach holds that business has a responsibility to the society with respect to its employees and products, and a responsibility to mirror the ideals and values of the society within its

---

own microcosm.” In summary, this view argues that in addition to its traditional concerns for organizational efficiency and profit making, business should promote honesty and safety; eliminate within the limits of possibility, those environmentally degrading fall-outs from their activities; and be responsive to the changing needs of the society.

Comments on Some Empirical Observations At this juncture, a look at the Nigerian situation would be useful in further illuminating issues in corporate social responsibility. Regardless of the degree of state intervention, Nigeria remains in essence a capitalist country. Against the backdrop of the relative underdevelopment of the country, the need for such state intervention need not be overemphasized, if only for the argument of accelerated development goal. Expectably, the Nigerian state had in the past and present played a dominant role in the provision of social services which cost-benefit rationalisation is not a principal objective (Lgbozurike, cited in Adedokun, O. Monograph, 1995). The social component of such life-supporting services derives from the fact that they serve as enabling instrument to make people work hard and thus offer their best to the society. Overtime, as obtains in some other countries, there has been a philosophical shift in role emphasis - mounting demand and expectation that business get more involved in social responsibilities than is hitherto the case. This demand emanates from the government and the public in particular. Two major reasons account for this new trend, namely: dwindling economic fortunes on the part of the government to match the ever-increasing burden of providing social services alone, and the ever-increasing prominence of business whose fortunes, to a reasonable extent, depends on those social services provided single-handedly by the government.

There are mainly three major actors involved in the generation and administration of social policies and programmes in Nigeria - the government, the public and the business. One is not unmindful of the role of the non-profit-making organizations (NGOs) in many circles. For convenience of analysis, this group is viewed as part of the public. The Nigerian government consists of the decision-making machinery (D.M); the public consists mainly of members of the Nigerian public and interest groups such as environmental protection groups, consumer protection groups/agencies, etc. whose consistent pressures occasion governments' regulatory policies (PO), and indigenous business groups (DE & SIG); the business, especially, corporate groups consists of largely multinational companies (MNCs) and other large-scale indigenous business outfits of international significance - that qualifies to be described as Third World MNCs, all falls under External Environment (EE). What we have done is no more than an application of our theoretical schema to Nigeria's context. To make progress, we must invoke the primary questions posed in this work, namely: How feasible is the goal of increasing the share of social responsibility of business in Nigeria? To what extent will the incidence of social

responsibility be borne by business in Nigeria? To what extent can a major shift in the role of business contribute to overall national development - taking into consideration the cost-benefit factor - in Nigeria? The first question is concerned with the issue of possibility in actualizing the goal of increasing business social responsibility, if the desirability is taken for granted. On this, one cannot but admit that many problems stand on the path of success in this direction. The economic aspect of domestic parameters shown in our theoretical schema in Nigeria, points to the free-market and dependent economy. Philosophically, free market system is built on the Laissez-Faire Doctrine - no matter how diminished. By implication, this imposes great limitations to how far the government can push the issue of increased social responsibility by business. This problem is further compounded by the dependent nature of Nigeria's economy. Dependence scarcely allows for autonomy of action. Sadly, there is always a limit to what the state can do, without hurting the fingers that feeds it. The level of economic development compels a more cautious attitude in governmental regulation, since it is argued that the economic sector needs every encouragement - even if concessionary in nature - and stimuli from the government. There are, no doubt, difficulties in reconciling this need and the equally important demand for broader social responsibility. Since philosophically, business is not charity, would the country not face a new problem of capital flight in the face of dwindling profit occasioned by increased social responsibility? In point of fact, the policy-making structures (DM) are obviously hamstrung by the complex and often conflicting demands made on it by different groups - EE; DE and S1G. The second questions: To what extent will the incidence of social responsibility be borne by business in Nigeria? The issue, in this case, is who does what and who pays? How and at what point do we delineate the boundaries of social responsibility? By way of example, in the case of environmental degradation or pollution resulting from the operations of the oil companies in Nigeria, what is the limit of responsibility of the government and the oil companies and the public? Hitherto, much of the increasing shift in emphasis - more of the social responsibility should be borne by the companies and less, if any, by the public. The question of feasibility which we tried to address earlier re-echoes here again. Let us draw from the Ogoni imbroglio which offers instructive insight to the complex nature of the issues involved.

For the Ogonis, oil prospecting and exploitation had brought great environmental and socioeconomic costs. According to the official report of unrepresented Nations and Peoples Organization's (UNPO) mission to investigate the Ogoni case, the Ogonis have suffered various forms of assaults in the wake of their overt resistance against environmental degradation and other perceived injustices. A section of the report reveals that: Large flares burnt gas from the oil extraction process, illuminating the sky and polluting the air. Most of the flares burnt at ground level, and some flares were built close to populated areas... Land availability was already a problem in the densely populated Ogoni land. Tension increased

as oil companies moved in, also needing land... Many Ogonis claim if compensation was offered, it was neither inadequate, accepted under duress or simply not paid (see Tempo, 3/8/95).

This situation had generated even more tension as the Ogonis became increasingly restive. There has been several incidents of direct clashes between the Ogonis and the oil companies especially, Shell Petroleum whose interests have become mutually conflicted.

The Nigerian State, expectably, intervened in a manner no reasonable mind can describe as impartial. In a most unmistakable manner, and indicative of alignment of mutual interests between the State and the oil companies, the former came to the support of the latter. The objective was clear - a cleansing and sanitization mission in Ogoni land. The means, sadly, was application of brute force and coercion. The UNPO mission report reveals that the deployment of soldiers and other security operatives in Ogoni land had further increased tension in that region. These government agents have maintained close surveillance and systematic harassment of Ogonis. Brutal military occupation has further marginalized the Ogonis who are increasingly becoming destitute in their land (See Tempo of 3/ 8/95 for the UNPO mission report). The Ogoni case offers us some useful insight into the nature of the problems associated with sharing the burden of social responsibility. Still using this case in point, it is obvious that whatever the policy output (P0) was, the DM came under substantial influence of DE & SIG and especially EE. It could not have been any different given the state of the economic component of DP, namely, dependence. There is no mistaking the matter Enormous environmental and economic damage is occasioned by the oil exploitation activities of the oil companies but not accompanied by reasonable and acceptable social responsibility. There are 96 oil wells hooked to 5 flow stations in Ogoni land. According to Shell Petroleum, the oil fields date from the 1960s and 1970s and currently have a production capacity of 28,000 barrels of crude oil a day. By Shell Petroleum's reckoning, 624 million barrels of crude oil have been extracted from the Ogoni oil fields (UNPO report, *ibid.*).

Even if we go by the disputable figures from Shell Petroleum -a principal party in the dispute, - one cannot but reach the conclusion that Ogoni land would not have been agriculturally and indeed, economically, wasted, were the oil companies and the Nigerian State more alive to their social responsibilities. The picture of Ogoni case is typical of the confusion regarding who bears the burden - and to what degree - of social responsibility the last of our primary question is: To what extent can a major shift in the role of business contribute to the overall national development - taking into consideration the cost-benefit factor - in Nigeria? There is no gain saying that efforts at national development are not the monopoly of the government. Indeed it is a function of combined efforts of all active agents - the government, corporate organizations, formal and informal groups, and individuals

- in the society. Granted that the state plays a leading role in this process, but the contributions of other active forces in the society are, more than ever before, becoming increasingly critical. It is our view that, against the backdrop of dwindling economic fortunes of the government, the case for increased social responsibility for the business is imperative. We are not unmindful of the need for caution in embarking on a policy of major shift in the role of business - given the dependent nature of Nigeria's economy. However it be viewed, regardless of what form it takes, increased social responsibility for business - whose fortunes are on the increase going by records - is an urgent matter in Nigeria. One is afraid though, that such shift will not be voluntarily accepted by the business community, without a deliberate redirection in public policy orientation.

### **Summary and Conclusion**

The task of this essay is the explication of the three views on business social responsibility. To accomplish this task, the work was divided into four parts. Part one dealt with some introductory issues including: statement of problem, objective of the study and clarification of concepts. Part two was a presentation of the three views and issues in social responsibility. Part three examined some empirical observations; and part four, the summary and conclusions.

It is argued in this work that social responsibility in every society is an outcome of complex interplay of factors and actors whose interests are both mutually beneficial and conflicting. This argument is built on firm theoretical and empirically demonstrable foundations. Drawing largely from Nigeria's experience, we reached the inevitable conclusion that the two extreme views (poles) on business social responsibility will serve less the nation's interest as the middle (moderate) one, - though with greater emphasis towards the 'Activist' position. Put differently, it is high time the social responsibility of the business community is broadened; that government pursue in most determined manner the actualization of this goal, within limits that will not negate, in absolute terms, the traditional concerns of business, namely, profit making.

### **References**

- Adedokun, S. (1997) 'The Meaning And Scope of Social Policy Administration' (Unpublished Series paper), University of Calabar*
- Akeredolu-Ale, E.O. eds. (1982) Social/Development in Nigeria: A Survey of Policy And Research Ibadan: NISER.*
- Bauer, R.A. and Dierkes, M. (eds.) 1973, Corporate Social Accounting. New York: Praeger*
- Beckman & Jules eds. (1975) Social Responsibility and Accountability, New York: New York University Press.*
- Bowen, H. R. (1953) Social Responsibilities of the Businessman, New York: Harper & Bros.*
- Diabold, J. (1973) "Financial Institutions and Social Priorities," an Address to American Bankers Association, Chicago.*
- Gil, D.G. (1979) Beyond The Jungle Essays on Human Possibilities Social Alternative and Radical Practical Massachusetts: G.K. & Co.*

- 
- Goldston, E. (1971) *The Quantification of Concern*, Pittsburg: Carnegie-Mellon University
- Hester, J. M. (1975) "Social Responsibility of Organizations in a Free Society" in Beckman & Jules (eds.) *Social Responsibility and Accountability* op. cit
- Kreps & Duke (1975) "Who Is Responsible for the Quality of Life? ' in Beckman & Jules (eds.) *Social Responsibility and Accountability*, op. cit.
- Mckie, J. W. (1975) *Social Responsibility and the Business Predicament* Washington DC: The Brooklings Institution.
- Sanda, A. O. ed. (1981) *Social Science and Social Policy in Nigeria*, Ibadan: NISER.
- Sheldon, & Parke (1975) "Social Indicators and Corporate Social Performance: A Case of Delayed Parallelism" in Beckman & Jules, *ibid*.
- Tempo Magazine (1995) "The UNPO Mission in Ogoni," Lagos, August 3.
- Walter, I. (1975) "A Guide To Social Responsibility of Multinational Enterprise" in Beckman & Jules, op. cit.

## Author's Profile

### Oyetola Oniwide



Oyetola Oniwide's research areas or interests include: Public Policy, Personnel or Human Resource Management, Local Government Administration, Governance and Development Administration. He has published extensively in these major areas of Political Science and Public Administration. He is currently the Head of Department of Political Science and Industrial Relations, Fountain University, Osogbo, Nigeria.



# Corporate Social Responsibility: With Reference to “Cultural City – Vadodara”, Gujarat, India

**Minasree Borgohain<sup>1</sup>**

<sup>1</sup>Ph.D Research Student, Dept. of Sociology, Faculty of Arts  
The M. S. University of Baroda, Vadodara, Gujarat, India  
[minasree@gmail.com](mailto:minasree@gmail.com)

## **ABSTRACT**

*The aim of this study is to understand the concept and initiatives of corporates in the arena of Corporate Social Responsibility (CSR). Today, CSR has gone beyond mere charity and donations, and approached in a more organized fashion. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programmes and set aside budgets to support them. The research sample consists of eight Corporates belonging Public Sector and MNC Sector which have a strong presence in Vadodara region, Gujarat. The data is collected using both qualitative and quantitative techniques. Stakeholder theory which has emerged as the dominant paradigm in CSR is used to analyze the data. The present study has shown how employees become the backbone of these initiatives and carry out the CSR activities to the surrounding villages. These CSR programs range from overall development of a community to supporting causes like education, healthcare, vocational training program, environment etc.*

**Keyword Corporate Social Responsibility, Stakeholder, Initiatives**

## **INTRODUCTION**

### **Definitions of CSR**

Corporate Social Responsibility (CSR) is denoted by a number of other names including corporate responsibility, corporate accountability, corporate ethics, corporate philanthropy, corporate citizenship or stewardship, responsible entrepreneurship or responsible business, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability. CSR has been definitions by various scholars from all over the world. CSR defined by 'Business for Social Responsibility' (2004) as - “Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business”.

Carroll (1979) stated CSR as “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”. In his concept “Pyramid of Corporate Social Responsibility” he argued that corporations have four types of

of responsibilities. The first and most obvious is the economic responsibility to be profitable. The second is the legal responsibility to obey the laws set forth by society. The third, which is closely linked to the second, is the ethical responsibility. That is to do what is right even when business is not compelled to do so by law. The fourth is the philanthropic responsibility. Also called the discretionary responsibility, it is best described by the resources contributed by corporations toward social, educational, recreational and/or cultural purposes.

### **History and Development of CSR**

The history of CSR is as old as the business itself. For example, laws to protect forest and commercial logging operations can both be traced back almost 5,000 years. Around 1700 BC, King Hammurabi of Ancient Mesopotamia is known to have introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens. Meanwhile, history has equally recorded the grumblings of Ancient Roman senators about the failure of businesses to contribute sufficient taxes to fund their military campaigns. In 1622 disgruntled shareholders in the Dutch East India Company, are said to have started issuing pamphlets complaining about management secrecy and “self-enrichment” (BRASS Centre, 2007).

In India, the term CSR might be new but the concept is not. It has been there since the earliest times, going back to an age when society itself was in its formative stages. It has been incorporated in the various religious laws where a part of one's earnings are donated for the benefit of the poor and community welfare. The Hindus call it 'Dharmmada', the Muslims 'Zakatah', the Sikhs 'Dashaant'; call it by whatever name you will, the concept has been imbibed in the society from the very beginning. As individual joined hands to form organizations, the same concept became embedded in the organization (Baxi, 2005). Religious traditions in India have also always influenced business practices. Traditionally, religion encourages “business benevolence,” giving back to the community, whether it is through improvement of infrastructure, education or other ventures. Much of the connection between social responsibility and companies is representative of Gandhian values that purport the necessity of social improvement, ethics and values and a need to care for society as traits of the model business (Asongu, 2007).

### **Literature Review**

A lot of literature is available in the field of Corporate Social Responsibility.

### **International Studies**

Philip Kotler and Nancy Lee (2004) stated that corporations are expected to give something back to their communities in the form of charitable projects. They explained in their book why charity is good for both Public Relations and for business. They show business leaders how to choose social causes, design charity initiatives, gain employee support, and evaluate their efforts. They also provide all the best practices and cutting-edge ideas that leaders need to maximize their contributions to social causes and do the most good.



Michael Hopkins (2008) written that the business of business is business. Why should corporations be involved in development? This groundbreaking new book makes the case that governments and their international agencies, grouped under the umbrella of the United Nations, have failed in their attempts to rid the planet of underdevelopment and poverty. If development is the objective then it seems that the solution and the responsibility lies with the private sector - particularly through the Corporate Social Responsibility programmes of large corporations, with their tremendous power and economic strength. Dinah Rajak (2011) says that under the banner of Corporate Social Responsibility, corporations have become increasingly important players in international development. These days, CSR's union of economics and ethics is virtually unquestioned as an antidote to harsh neoliberal reforms and the delinquency of the state, but nothing is straightforward about this apparently win-win formula.

### **National Studies**

Sanjay Kumar Panda (2009) explains in his book about the concept of CSR and then takes the reader to the global scenario and then on to the Indian scene. This is followed by its chronological history and present status among Indian corporates. For ages, much before the advent of corporate form of organizations, the rich in India had discharged their social responsibility through philanthropy as enjoined by their religions. V. Balachandran and V. Chandrasekaran (2009) highlighted in their book with a number of high profile scandals involving corporates coming to light in recent times, the need for transparency, accountability and corporate responsibility to the society has become more crucial than ever before. They address the contemporary ethical, legal and environmental issues and concepts in the corporate business world.

### **Gujarat and Vadodara Studies**

Gujarat has emerged as one of the most suitable platforms for launching CSR initiative. A study conducted by The Associated Chamber of Commerce and Industry of India (ASSOCHAM, 2008) shows that Gujarat stands second with share of 11.62% in total CSR activities, while Maharashtra tops the chart with total share of 35.68%. Delhi (9.66%), Tamil Nadu (9.17%) and Andhra Pradesh (7.04%) are the other states with the highest CSR activities.

Taking about the special reference to Vadodara, the researcher would like to highlight a brief glimpse of Vadodara. Vadodara is recognized as one of the noteworthy places in the state of Gujarat. Until the early 1960s Vadodara was considered to be a cultural and educational centre. The first modern factory (Alembic Pharmaceuticals) was established in Vadodara in 1907 and subsequently companies such as Sarabhai Chemicals, and Jyoti came up in the 1940s. By 1962 there were 288 factories employing 27,510 workers. At that time, the dominant industrial groups were chemicals and pharmaceuticals,

cotton textiles and machine tools.

The visionary Maharaja Sayajirao Gaekwad III is also very renowned for his reforming initiatives in the socio-economic development of this region. Maharaja Sayajirao Gaekwad III established the Bank of Baroda in the year 1908 and the bank has successfully developed as one of the leading banks in India and internationally and helped in industrial growth. The Maharaja supported the establishment of railway transport system in this region. He took many other initiatives like improving the state of education, uplifting the conditions of the oppressed and deprived people and various other agricultural, social and judicial reforms. Sayajirao III played a vital role in the expansion of textile industry in



Sayajirao Gaekwad III

Baroda. He primarily focused on social and educational reforms such as spread of education, removal of untouchability, ban on child marriage, advancement of Sanskrit, legislation of divorce, religious education and ideological studies and the improvement of fine arts etc.

In Vadodara, various large-scale industries such as Gujarat State Fertilizers & Chemicals (GSFC), Indian Petrochemicals Corporation Limited (IPCL, now owned by Reliance Industries Limited) and Gujarat Alkalies and Chemicals Limited (GACL) have come up in the vicinity of Gujarat Refinery and all of them are dependent on it for their fuel and feedstock. Other large-scale public sector units are Heavy Water Project, Gujarat Industries Power Company Limited (GIPCL), Oil and Natural Gas Corporation (ONGC) & Gas Authority of India Limited (GAIL). In addition to these public sector enterprises, a number of other large-scale enterprises have come up in the private sector such as Bombardier Transportation, a Canadian company manufacturing the Delhi Metro from its site in Savli. Baroda also has quite a few established manufacturing units such as - General Motors, Siemens, Alstom, ABB, Philips, Panasonic, FAG, Apollo Tyres, Sun Pharmaceuticals, L&T, Schneider and Alstom Grid, Bombardier, and GAGL (Gujarat Automotive Gears Limited). There are also a number of glass manufacturing companies in and around Vadodara, including HNG Float Glass, Philips Glass, Piramal Glass etc.

The establishment of large industrial units in a region automatically brings into existence a number of smaller enterprises. Vadodara is no exception and the city and the surrounding areas are today humming with industrial activity. The industrialization of Vadodara has attracted entrepreneurs not only from Vadodara but also from all over Gujarat and the rest of India and abroad. In line with the 'Knowledge

City' vision of the Confederation of Indian Industry, Vadodara is gradually becoming a hub in Gujarat for IT and other development projects. Vadodara is also home to the Vadodara Stock Exchange (VSE).

### Objectives

The main objectives of this paper are:

- (i) To understand the concept and the CSR activities carried out by selected companies in Vadodara, Gujarat, India.
- (ii) To examine the corporate strategies to implement the CSR initiatives.
- (iii) To find out whether the beneficiaries are really benefited by the CSR work of corporations

### Research Methodology

Sample The research sample consists of eight Corporates belonging to Public Sector and MNC Sector which have a strong presence in Vadodara region.

Table -1. The lists of the selected companies (samples) are:

GOVERNMENT UNDERTAKEN PUBLIC SECTOR		MNC SECTOR	
1	Gujarat State Fertilizers & Chemicals Limited	5	DuPont India Private Limited
2	Gujarat Alkalies & Chemicals Limited	6	ABB Limited
3	Gujarat Industries Power Company Limited	7	Larsen & Toubro Limited (L&T)
4	Power Grid Corporation of India Limited	8	FAG Bearings India (Schaeffler)

**Techniques of Data Collection** The data is collected through both qualitative and quantitative techniques with company visit, beneficiaries' site visit and interviewed the officials who are responsible for CSR of a particular company. Stakeholder theory which has emerged as the dominant paradigm in CSR is used to analyze the data.

### Theoretical Approach

**Stakeholder Theory** A company's CSR activities impact different stakeholders in different ways. Stakeholder theory explains the influence of the stakeholders on a company's decision making. The most widely accepted stakeholder definition includes “all of those groups and individuals that can affect, or are affected by, the accomplishment of organizational purpose” (Freeman, 1984, p. 84). In addition, the Social Investment Forum (2001) emphasizes that “shareholders have both a right and a responsibility to take an interest in the company's

policies practices and impacts” (Ibid, p. 14). If a lasting and productive relationship with stakeholders is created, it is expected to help the company maintain a competitive advantage (Bhattacharya and Sen, 2004). Stakeholders` influence is both direct and indirect, with different intensities of influence. The stakeholder strategy contributes to promoting the long-term relationship. The most obvious of these groups are customers, employees and shareholders. The other groups include competitors, suppliers, the community, special-interest groups, the media, and society, or the public at large. Mitchell and Orwig divided the target consumers into three categories: current and potential consumers; business partners; and community stakeholders. The stakeholders of the companies in Vadodara are: Employees, Suppliers, Consumers, Shareholders and Local Communities.

### **CSR Initiatives of Public Sector Companies**

#### **Gujarat State Fertilizers & Chemicals Limited**

Introduction Gujarat State Fertilizers & Chemicals Limited (GSFC) is an Indian manufacturer of fertilizer. GSFC was founded in 1967. GSFC manufactures fertilizers, plastics, nylons, fibers, industrial gases and varied chemicals including urea, ammonia, ammonium sulfate, sulfuric acid, phosphoric acid & diammonium phosphate. It is located near Vadodara, Gujarat, on the Vadodara-Ahmedabad National Highway.

**CSR Activities** GSFC contributes towards Mid-Day Meal Scheme run by Akshaya Patra Foundation. Akshaya Patra Foundation which provides nutritious and hygienic food to around 617 schools with 50,000 children in Vadodara city and Talukas. GSFC has put street lights on village roads and has constructed bus-stand and other facilities for nearby villages. GSFC has spearheaded Biogas as an alternative energy source and has installed over 22000 Biogas plants.

Around Rs.1.50 crore has been contributed towards capital expenditure and committed to contribute Rs.3.36 crore for operating expenditure in 3 years. GSFC extends financial support to “Society for Village Development”, NGO working in the field of developing village infrastructure, sanitation, water recharging, education, youth activities, health awareness, etc. GSFC has allocated budget of Rs.1.22 crore for construction of 1750 Household Sanitary Latrines (HSL) for families living in surrounding villages. GSFC has provided computer system, software, 29” colour television and speakers to school in Dashrath village to enable multimedia computer based training for students. GSFC conducts various medical camps in nearby villages like eye check-up camps, blood donation camps, etc. For providing drinking water, the company has built up many overhead tanks and water connections for nearby villages.

GSFC has constructed school & college buildings, donated funds for library facility to the rural youth & encourage young children for primary schooling. GSFC organizes various sports camps and also has job facility on sports quota for upcoming youth talents. In order to create healthy environment, GSFC educates youth about the environment and safety measures & cleanliness. GSFC has promoted many gardens circles and assisted Barodians in maintenance of common infrastructure.

### **Gujarat Alkalies & Chemicals Limited**

Introduction Gujarat Alkalies and Chemicals Limited were founded in 1973 and are based in Vadodara, India. Gujarat Alkalies and Chemicals Limited engage in the production and sale of various chemical products in India. It provides caustic soda flakes, caustic soda lye, caustic soda prills, sodium hypo chlorite, liquid chlorine, compressed hydrogen gas, and hydrochloric acid; caustic potash flakes, caustic potash lye, and potassium carbonate etc. products are used in various industries, such as textiles, pulp and paper, soaps and detergents, alumina, water treatment, petroleum fertilizers, pharmaceuticals, agrochemicals, plant protection, and dyes and dyes intermediates.

**CSR Activities** The company has identified 11 Villages in and around Vadodara complex and collaborated with the NGOs (SVADES & ANARDE) were engaged to undertake the below activities:

(i) Environment The Company is the first in the country to switchover to membrane cell technology from mercurys cell technology, switched over from Naphtha to Natural Gas for Power Plant, received UN's prestigious Clean Development Mechanism (CDM) projects approval, established 83.75 MW wind mills for renewable green energy. GACL is installed Solar Cooking system for canteen to use green energy and save conventional fuel. Developed Green Belt by growing more than 1, 00,000 trees. They have developed and maintaining 'Klori Bird Park' at Dahej Complex.

(ii) **Health & Sanitation** GACL is contributed for the medical camps organized for salt labourers (Agarias) of Bharuch district, contributed for purchase of 5 Multipara Monitors for Pediatric Intensive Care Unit of Kashiben Gordhandas Patel Children Hospital, Vadodara. Organized blood donation camps at Baroda and Dahej complexes. The company frequently organizes eye check-up camps with a focus on cataract, both at Ranoli and Dahej villages. GACL Co-sponsored the health survey being carried out by the Department of Food and Nutrition, Faculty of Family & Community Science, The M.S. University of Baroda under Mid-Day Meal Programme. GACL has taken up new construction & repairing of Ranoli Public Health Center (PHC) and Maternity Home. Sponsored construction of 34 household sanitary latrines for BPL families at Ranoli, 91 Household Sanitary Latrines for BPL families at Dashrath villages of Baroda Dist. & also co-sponsored construction of 285 HSL for Sardar Sarvoar Punarvasvat Agency.

**(iii) Education** Provided school bags, school kits and toys for Anganwadis' entrants as a part of Kanya Kelavani Mahotsav, sponsored toys for Anganwadis entrants of tribal areas of Baroda District Sponsored construction of a modern centralized kitchen and delivery vans for running Mid-Day Meal programme by Akshaya Patra Foundation.

**(iv) Infrastructure** Laid RCC Roads at Sherkhi, Karachia and Anagadh Villages of Baroda roads. They installed a High-Mast lighting System & Traffic Island at Link Road of Bharuch. They contributed for drinking water under CADP scheme at village Vav, Vagra Taluka of Bharuch District.

**(iv) Sports & Culture** Co-sponsored Special Olympics, Bharat for the Intellectually Disabled youth, Co-sponsored National Cricket tournament for the Deaf at Delhi. Co-sponsored State Ranking Tournament & National Talent Series in Tennis organized by Bal Bhavan Society, Vadodara. Sponsored vocal music programme organized by Swar Vilas, Vadodara. Contributed towards Navaratri Mahotsav for United Way of Baroda and SOS (Serve Our Society). Co-sponsored Malhar Festival of classical music by Komal Nishad, Vadodara.

### **Gujarat Industries Power Company Limited**

**Introduction** GIPCL was incorporated in 1985 as Public Limited Company under the auspices of Government of Gujarat. The company is engaged in business of Electrical Power Generation. The total present capacity of Vadodara and Mangrol plants is 815 MW.

**CSR Activities** The Company is co-sponsoring a Mid-day Meal Scheme run by Akshaya Patra Foundation at Vadodara. GIPCL has adopted ITI's in the remote tribal belts of Jhankhvav (Dist: Surat-Gujarat) and Dediapada (Dist: Rajpipla- Gujarat). Development Efforts for Rural Economy and People (DEEP) has been promoted by GIPCL to undertake Social Developmental Activities in the surrounding areas which focus on school infrastructure, drinking water, sanitation facilities, drainage system, recreational park, computer system, sponsorship to meritorious students etc. The other CSR activities are organizing various free health camps i.e. General Checkup, Sickle Cell, Eye camp and also organized tricycle distribution to physically challenged. GIPCL also contributed to green belt development of mining land periphery, in and around power station, township. They have formed many Self Help Group of micro finance and skill development for self-development. Self-development training includes tailoring, beauty parlour, home decoration, Jari work (Silk industry) etc.

### **Power Grid Corporation of India Limited**

**Introduction** Power Grid Corporation of India Limited is a state-owned electric utilities company



headquartered in Gurgaon, India. Power Grid wheels about 50% of the total power generated in India on its transmission network.

**CSR Activities** All Sub-stations actively participated to undertake activities in their neighborhood areas with a focus on different thrust areas like Education, Health-care, Infrastructure Development, Ecology and Environment Conservation, Developmental Programmes in Tribal areas etc. Health checkup, Vaccination to school Children camp was organized at Village Bamhorisheikh and in nearby villages. A Veterinary health checkup camp was organized for the domestic animals like Cows, Buffaloes, Dogs, Sheeps etc. Beneficiaries were residents of 7 villages. Fifteen (15) Ceramic Steel Green Chalk Boards were supplied and installed to 10 schools of nearby 7 villages. Other CSR activities include installation of Solar LED lights, Free Computer Training Programmes, Construction of Water Tank, Toilet for School, Repairing of Roads, Tree Plantation at surroundings of Sub-station, Sponsorship for Sports event “KHEL UTSAV – 2011” etc.

### **CSR Initiatives of MNC Sector**

#### **DuPont India Private Limited**

**Introduction** A subsidiary of US-based \$38 billion E. I. du Pont de Nemours and company. DuPont association with India started in 1802 when the first shipment of raw materials for black powder to be used in explosives was imported by India from the U.S. DuPont India markets a wide range of products in a variety of market segments including agriculture, food and nutrition; health care; home and construction; electronics; safety and protection; and transportation and infrastructure.

**CSR Activities** CSR activities have focused on improving the education facility at the school, and upgrading the village infrastructure and creating a hygienic school environment. The employees of DuPont India have contributed to Prayas - sponsoring few village children at Savli by paying for their education, medical requirements, clothing, food and shelter., CSR activities includes computer donation, RO plant at primary school, scholarship scheme to meritorious students, water tank at Manjusar village, drainage line and drinking water line, general health checkup, orthopedic medical camp, public sanitation block at Nimeshra village etc.

#### **ABB Limited**

**Introduction** ABB is a leader in power and automation technologies that enable to improve performance while lowering environmental impact. ABB operations in India include 12 manufacturing facilities with over 10,355 employees. The ABB Group is increasingly leveraging the Indian operations

for projects, products, services, engineering and R&D.

**CSR Activities** ABB has upgraded school buildings in nearby villages; providing basic amenities and electricity to the rural places. ABB organized a visit to Community Science Centre for 309 students from Makarpura and Fathepura Schools. ABB started outsourcing parts of its electrical relay assembly in 2005 to the Sevathirth training and rehabilitation center in Vadodara. Since then more than 30 young people have been trained in the work. ABB pays Rs.50 for each assembled electrical relay, and workers at the center earn around Rs. 2,500 - 4,000 per month.

### **Larsen & Toubro Limited (L&T)**

**Introduction** Larsen & Toubro also known as L&T, is an Indian multinational conglomerate headquartered in Mumbai, India. L & T, Vadodara offers single point design, engineering and development solutions for core sector industries mid and downstream hydro carbon projects, power plant and water system technologies including integrated engineering services.

**CSR Activities** CSI (Corporate Social Initiatives) set up at Vadodara has expended its activities in the identified trust areas and its ladies club has taken keen interest in education programs and support to specially abled. The CSR areas are included mother and child health, health camp, education, skill building, project 'Neev', distribution of uniforms, donation of education kits to schools in Waghodia village, summer camp for students, prepared teaching material for Balwadi teachers in regional language calls 'Vidya Arambhasanskaram', tailoring courses for women particularly in Ekta Nagar, Slum of Vadodara. L&T Ladies Welfare Association-Vadodara, Darshan is a welfare association started in 1995 by spouses of L&T employees. Members are spouses of employees, lady employees, and mothers of L&T employees. The objectives of this association are to perform work for charity, extend moral, physical and financial support to the underprivileged of our society. It is contributing to the various needs of such institutions like old age homes, schools for the physically and mentally challenged children and giving main focus on women empowerment and children health and education etc.

### **FAG Bearings India Limited**

**Introduction** FAG Bearings India Limited was incorporated in 1962. Since January 2002 FAG has been integrated into a strong network because that is when FAG, together with INA and LuK formed the Schaeffler Group. INA and FAG became the world's second largest rolling bearing manufacturer. FAG India's headquarter and manufacturing facilities are located in Vadodara, Gujarat, India.



**CSR Activities** FAG is involved into effective environment management system with respect to air, water, waste and noise; expansion of medical facility for betterment; certification Occupational Health & Safety Management System for better and healthy work environment and commitment for safety of people working in the premises; EU Standards in the areas of Environment Health and Safety. For betterment of the society, donations are given to school, provide free lunch to Mother Teresa's Missionaries of Charity at Maneja village, police commissioner of Baroda for the purpose of portable huts for policemen for renovation of police chow key at Tarsali, running Aanganwadi at Maneja village on monthly basis, blood donated to Blood Bank by employees regularly and V-One Society for providing aids to physically handicapped people.

### Conclusions

The present study exhibits that corporate sector in Vadodara city is gradually showing more interest to implement and invest in social needs under the horizon of CSR, or CSI. In general, in Vadodara, except a few, all other corporate are vision and strategy towards CSR is not clear and are not implementing CSR activities in a consistent and organized manner. The main focus areas are considered as education, health, infrastructure, environment and skill development. Majority of these industries adopted the surrounding villages of operational areas, but the above eight corporations, under study, showed their interest, consistency to implementation CSR activities. The main beneficiaries of villages are local community, villagers, students, tribal belt in general and women, and youth in particular. Although corporates are instigated their CSR initiative to the betterment of nearby areas of operation but the surrounding village people feel and shared that the corporations could do much more for the betterment of the villages, investing more resources in more regular way. The local youth shared that the corporates should introduce innovation on educational development and income generating program.

Such long term/range CSR initiatives may bring positive change to the larger society for its sustainable growth and development.

### References

- Balachandran V., V. C. (2009). Corporate Governance and Social Responsibility. Prentice-Hall of India Pvt.Ltd.*
- Baxi C. V., A. P. (2005). Corporate Social Responsibility-Concepts and Cases. New Delhi: Excel Books.*
- Freeman, R.E., 1984. Strategic Management: a stakeholder approach. Pitman Publishing Company, Massachusetts, USA*
- Panda, S. K. (2009). Corporate Social Responsibility in India: Past, Present and Future. New Delhi: IFCAI University Press.*
- Philip Kotler, N. L. (2004). Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause. Hoboken: John Wiley & Sons.*
- Rajak, D. (2011). In Good Company: An Anatomy of Corporate Social Responsibility. California: Stanford University Press.*

- Asongu, J.J. (2007). "The History of Corporate Social Responsibility." *Journal of Business and Public Policy*, Volume 1, Number 2, Spring 2007.
- ASSOCHEM. (2008). *Corporate Social Responsibility –Towards a Sustainable Future*. KPMG and ASSOCHEM- A White Paper, New Delhi.
- Bhattacharya, C.B., Sen, S., 2004. *Doing Better at Doing Good: When, Why, and How Consumers respond to Corporate Social Initiatives*. *California Management Review* 47 (1), 9-24.
- Carroll, A.B. (1979). "A Three-Dimensional Conceptual Model of Corporate Performance." *Academy of Management Review*, Vol. 4, No. 4, p. 500.
- Nada K. Kakabadse, C. R.-D. (2005). *Corporate Social Responsibility and stakeholder approach: a conceptual review*. *Int. J. Business Governance and Ethics*, Vol. 1. No. 4
- Baker, M. (2004, June 8). *Corporate social responsibility - What does it mean?* Retrieved March 28, 2013, from <http://www.mallenbaker.net/csr/definition.php>
- BRASS Centre (2007). "History of Corporate Social Responsibility and Sustainability." Retrieved April 3, 2013, from [http://www.brass.cf.ac.uk/uploads/History\\_L3.pdf](http://www.brass.cf.ac.uk/uploads/History_L3.pdf)

## Author's Profile

### Ms. Minasree Borgohain



Ms. Minasree Borgohain is currently pursuing Ph.D in Sociology from the Department of Sociology of Arts Faculty of The Maharaja Sayajirao University of Baroda, Gujarat. Ms. Minasree did Masters in Sociology and has a Post-Graduation Degree in Human Resource Development. She has successfully qualified both National Eligibility Test (UGC-NET) and Gujarat State Eligibility Test (GSET) in 2011. Career Matrix commenced as Student Advisory-CSR at CONMET Systems Pvt. Ltd. She has a great experience in various CSR projects, impact assessment with various renowned companies i.e. Reliance Industries Limited, Dr. Reddy Foundation etc. She has presented and published various research papers related to CSR, society's development in both national and international journals. She is actively participated in different conferences, workshops and training i.e. ISO 26000 organized by CII, Delhi, sustainability development etc.

# Corporate Social Responsibility & Sustainable Development in Mining Industry – A Case Study

**Shanth A Themmaiah<sup>1</sup>, Ravi D. R.<sup>2</sup>, Y. V. Rao<sup>3</sup> and M. Aruna<sup>4</sup>**

<sup>1</sup>Metamorphosis, Bangalore, <sup>2</sup>KSPCB, Bangalore,

<sup>3</sup>Metamorphosis, Bangalore, <sup>4</sup>NITK, Surathkal

[shanth@metamorphosis\\_india.com](mailto:shanth@metamorphosis_india.com), [ravikspcb@gmail.com](mailto:ravikspcb@gmail.com)

[yvrao\\_48@yahoo.co.in](mailto:yvrao_48@yahoo.co.in), [arunamangalpady@gmail.com](mailto:arunamangalpady@gmail.com)

## **ABSTRACT**

*The mining activity causes environmental damage in the form of pollution, which threatens the natural environment and reduces the quality of human life. The Corporate Social Responsibility (CSR) is the responsibility of the entrepreneur to ensure the development which meets the needs of the present generation without compromising the ability of the future generations to meet their own needs. This paper describes the economic dimension in terms of extraction of mineral resources from the earth's crust, its environmental dimension in the form of pollution of surrounding environmental attributes and the social dimension in the form of creation of job opportunities for all sections of people. As a case study the application of CSR in achieving sustainable development in the Bellary-Hospet –Sandur sectors of India is discussed by analyzing the impact of increasing iron ore production in the region.*

**Keywords** Mine Environment, Corporate Social Responsibility, Sustainable Development.

## **INTRODUCTION**

The Mining is the process of extraction of mineral resources from the earth's crust by adopting suitable technology. This process of mineral extraction causes environmental damage in the form of pollution, which threatens the natural environment and reduces the quality of human life. The urge of attaining rapid industrialization and the immediate transfer of benefits to local communities subdued environmental concerns of sustainable development.

The degradation of the environment also relates to an interface between the goods and services that are provided directly or indirectly by the environment to the economy. Hence it is necessary to regulate economic activity, so that the balance is achieved among the environment, economy and the other social goods (Emmanuel & Ababio, 2009). The Sustainable development is the development which meets the needs of the present generation without compromising the ability of the future generations to meet their own needs. The main components of the Corporate Social Responsibility (CSR) are - Economic Performance, Environmental Performance and Social Performance. Environmentally responsible production is therefore a part of corporate social responsibility (Gerking & Stanley, 1986). Hence the mining shall be carried out to protect the environment which encompasses the protection of:

- The Economic Sphere includes effects over time on relative economic benefits, wages/salary rates, the distribution of natural resource-based commodity rents (taxes, royalties etc.) and economic effects on local community.
- Biophysical Sphere, which includes effects over time on the health of the ecosystem, on biodiversity conservation, on clean air and water and the physical base of healthy livelihoods, marine resources, minerals, forests and agricultural soils.
- The Social Sphere includes Socio-political effects over time on the rights of individuals and groups, and their capacity to organize. It also includes effects on human health and working conditions, Socio-cultural effects over time of individuals and groups and with respect to their education.

Its principles are described as - social progress that recognizes the needs of everyone; effective protection of the environment; prudent use of natural resources, and maintenance of high and stable levels of economic growth and employment (Hanley et al. 1999).

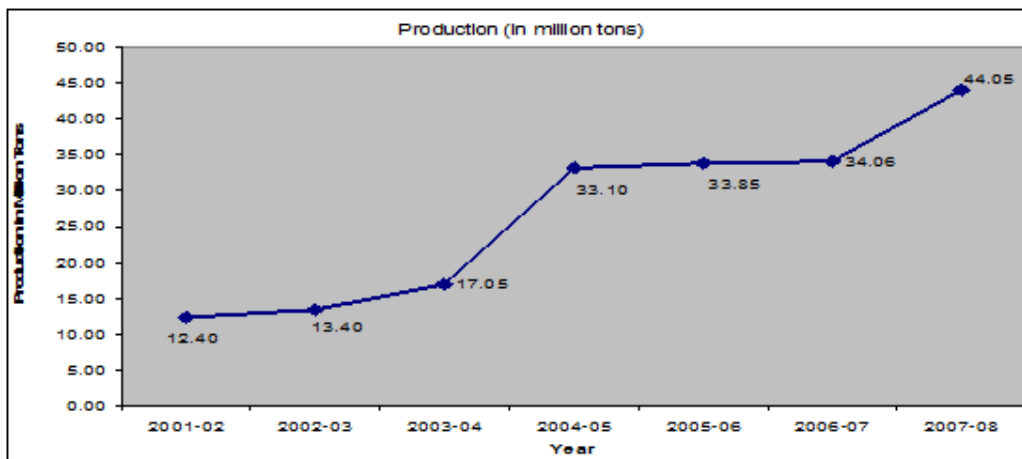
**The Economic Dimension** The mining of iron and manganese ore started way back in 1950's in Bellary-Hospet-Sandur sectors in India. There are 32 operating mines within the vicinity of 10 KM radius with total mining lease area of 3346.81 Ha. The mining was started with low scale and supplied to local steel plants in the earlier period. Subsequently with liberalization of the economy and demand from various countries like China, Korea and Japan etc., the production of all grades of ore has increased progressively in the recent past. From 2003-04 onwards the production has increased drastically to meet the global market. The annual production of iron ore in last few years is shown in Figure 1.

The mining operations have created more than 20,000 direct employments and about 50,000 indirect employments in the region. This has significantly contributed for the economic upliftment of the local population, as main occupation in the region is the agricultural activity, which depends on the rain.

**The Environmental Dimension** The mining causes environmental damage in two phases i.e., during the Deposit Prospecting Phase, where the preparation of road for accessing mining area, topographic and geological mapping, establishment of camps and auxiliary facilities, geophysical works carried out, hydro-geological research, opening up of reconnaissance trenches and pits, taking of different samples for analysis etc., will contribute of environmental degradation in the form of air, noise pollution and the vegetation loss (Hilson & Murck, 2000).

During the Exploitation Phase the impact on the environment depends on the method of mining used. In

forest zones, the process of deforestation of the land, with the consequent elimination of vegetation (which is greater in the case of opencast mines) has short, medium and long-term impacts. Deforestation not only affects large number of habitat of endemic species (many doomed to extinction), but also the maintenance of a constant flow of water from the forests area towards other ecosystems and urban centers. The consequent soil erosion and silting (sedimentation of the watercourse beds) has become more serious due to accumulation of heaps of residues (known as tailings), that usually form great mounds, sometimes larger than the area given over for excavation (Jenkens & Yakovleve, 2006; Kitula, 2006).



**Figure 1. Year-wise iron ore production in Bellary-Hospet-Sandur sectors**

The enormous amount of water consumption reduces the water table around the mining area, which results in drying up of wells and springs. Dumping of acidic toxic material will remain in the environment in different forms. The heavy metals with time separates from the waste and are disseminated by the wind, deposited on the soil and in the beds of watercourses and slowly integrating the tissues of living organisms.

Air pollution is being caused by the dust generated through mining activities. Serious causes of illness in the form of respiratory alignments in the people and asphyxia of plants and trees. Release of gases like sulphur dioxide (responsible for acid rain in the atmosphere) and carbon dioxide and methane (two of the main greenhouse gases causing climate change) through the process of metal treatment.

The deafening sound of the machinery used in mining and the blasting can also causes major impacts, as they create conditions that may become unbearable for the local populations and the forest wildlife.

The Social Dimension The mining operations create opportunities for all sections of employment, both in skilled, semi-skilled and un-skilled categories. Especially, the illiterate population could fulfill the

---

demand of un-skilled jobs. Further, it supports for the migration to the local urban settlements in search of the employment opportunities, as the opportunities in the agricultural farm sector was not sufficient. There is an improvement in the overall infrastructure facilities such as shops, communication, road network, transpiration facilities etc (Kumuda, 2008).

With employment either directly in mines or indirect employment due to mining operations, there is change in the income levels at household levels. This increase in income has realized in terms of education to children, purchasing household amenities, higher spending on food/recreation, investment in household assets etc. The very first principle of Rio Declaration in 1992, which reads as: 'Human beings are at the centre of concern for sustainable development. They are entitled to a healthy and productive life in harmony with nature'.

### **Overall Discussions**

**Economic Status** The mining in the region has created about 37 % to 63 % of the employment in the surrounding area. 27 % of the employment has been created in the region where there are no mines and the people will work in the mines which are nearby. This has significantly contributed for their monthly income. About 27 % to 80 % will earn Rs. 5000 to Rs. 10,000 and about 3 % to 7 % will earn above Rs. 15000.

**Ambient Air Quality Status** There is heavy movement of vehicles and handling of heavy earth moving machinery caused fugitive emission in the area finally contributing for deterioration of air quality in the area. There is significant contribution from meteorological parameters like wind speed, wind direction and temperature for the concentration of air pollutant in the region.

**Water Quality Status** The analysis of ground water indicates that there is no considerable impact on quality of ground water even though the mining and its allied activities increased in the area. However, there is a significant change in the surface water quality in terms of total suspended solids, turbidity, hardness and heavy metal concentration especially iron content in the nearby water bodies, where the mines are established and operated near to the surface water source.

**Soil Quality Status** The analysis of soil samples shows that there is no considerable impact on quality of soil even though the mining and its allied activities are started since 1950's and also there is a drastic increase in annual production from the year 2003 onwards.

**Noise Quality Status** Based on the noise level monitoring, the ambient noise in the study area has



increased slightly due to movement of iron ore through tippers/trucks.

**Impact on Vegetation (Flora)** The cultivation fields, cropping system, agro-trees, village community plantation on roadside etc., are also the component of flora in the region. Nevertheless the weeds associated in the agriculture crops, roadside shrubs and under-shrubs which are dispersed by moving vehicles and HEMM are also the component of vegetation of the area.

**Impact on Animal (Fauna)** There are reserve forest and the adjoining ecological landscape in the study area, which are renowned places for harboring various wild animals. It includes the slot bear, wild boar, porcupine, fox, jackal and even panther. It is important to spread knowledge on rare and threat animals in the area so as to create awareness on the important species. The mining activity should be undertaken without extensive disturbance to these animal species. The mining worker should be given awareness on the conservation value of the rare and threat animals of the area (Singh, 1988). Hence, it is necessary to incorporate the reclamation work, which mainly consists of plantation of local species to bring back the same ecological landscape similar to the condition before mining. This shall further bring back the fauna components which are displaced due to the mechanized activity involving machine and men.

**Impact on Health** The prevalence of environmentally induced illness and the incidences of suffering from the pollution induced set of health disorders like cough, asthma, dust allergy; respiratory disorders etc., for definite duration were common in the region. The measure of the health cost imposed by increase in the mining activity, has indicated that there is an additional “out of pocket” expenditure in terms of treatment cost, medicine, doctor's fee etc., which has to be borne by the people in the region. About 8 % to 32 % of their annual income will be spent towards health cost due to the sufferings in the region.

## **Conclusion**

The analysis of Environmental Management Model clearly indicates that there is a positive impact on the economic output, as there is an increase in the employment opportunities. Further, the basic facilities in the villages like drinking water supply, community health and infrastructure has been improved because of contribution from the owners of surrounding mining companies with the intension that they can operate the mining operations with the complete cooperation from the surrounding community. This also is a part of social responsibility of the entrepreneur under Corporate Social Responsibility for environmental protection.

There is a positive impact on the community health, the affordability of people for health care facilities and also from the mine owners. There is a positive impact on the literacy rates of the people due to the facilities provided by government through collection of high revenues in terms of tax from the mining companies or directly from mining companies themselves as a part of social obligations.

The qualitative impact index of ecological parameters are also reveals that in all the villages of the study area, there is a moderate impact on vegetation, agriculture, crops and soil characteristics due to increase in mining activity by the surrounding mines. However, there is least impact on the ground water aquifer in all the study villages and there is severe impact on soil erosion in three out of five villages of the study area, but there is a moderate impact in two villages on the issue of soil erosion. The overall analysis of qualitative impact index reveals that the impact will be from low to moderate as compared to the severe.

## Reference

- Emmanuel K. B. & Ababio F. (2009), Corporate social responsibility in Ghana: Lessons from the mining sector, 29th Annual Conference proceedings of the International Association for Impact Assessment, Accra.*
- Gerking, S. & Stanley, L. R (1986), An economic analysis of air pollution and health: The case of St Luise, Review of Economics and Statistics, 68, 115-121.*
- Hanley, Nick, Ryanand & Wright. R. (1999), Estimating the monetary value of health care: Lessons from environmental economics, Health Economics, 12, 3-1*
- Hilson, G. & Murck, B. (2000), Sustainable development in mining industry: Clarifying the corporate perspective, Resource Policy 26, 227-238.*
- Jenkins, H & Yakovlev, N (2006), Corporate social responsibility in the mining industry: Exploring trends in social and environmental disclosure, Journal of Cleaner Production, 14, 271-284.*
- Kitula, A (2006), The environmental and socio-economic impacts of mining on local livelihoods in Tanzania: A case study of Geita district, Mendeley, 14, 405-414.*
- Kumuda (2008), Impact of mining on medicinal plants of sandur forest range, M.Sc., thesis submitted to Bangalore University, India.*
- Singh, N. P. (1988), Flora of eastern Karnataka. Mittal Publications, Shree Hari Printers, India.*

## Author's Profile

### Shanth A. Thimmaiah



Dr. Shanth A. Thimmaiah has completed his B. Tech in Mining Engineering and M. Tech in Industrial Pollution Control Engineering (Chemical Engineering) He did his Ph .D from NITK, Surathkal in the year 2013. He is a Recognized Qualified Person (RQP) from Ministry of Coal & Mines, Government of India, Indian Bureau and also he is a Government Analyst under Environmental Protection Act 1986, Ministry of Environment & Forests, Govt. of India, New Delhi. He is started his professional career from 1998 as an Environmental Engineer with M/s. Transoft International Pvt. Ltd., Bangalore and exposed various industrial consultancy services. Later he joined M/s. V. M. Salgaocar & Bro. Pvt. Ltd. Vasco-de-Gama, GOA, as a Corporate s.

Environmental Engineer and worked there from 1999 to 2004. From 2005 onwards he worked in Environmental Consultancy firm involving in preparation of Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) for various Mining Industries to obtain Environmental Clearance (EC) from Ministry of Environment & Forests (MOEF) and also prepared many of Mining Plans and or Scheme of Mining for various Mining Lease.



Ravi D. R.



Mr. Ravi D. R. with Masters of Technology in Environmental Engineering (M. Tech) is a seasoned professional with over 19 years' of rich experience in a pioneering career involving Monitoring, Liaison, Treatment Plant Operations, Environmental Management, Maintenance Management, Statutory Applications with extensive and diverse experience in Private and Government agencies. Presently serving as Deputy Environmental Officer, Bangalore at Karnataka State Pollution Control Board (KSPCB), Expertise in Environmental Policy, Environmental Legislation, Environmental economics, Urban water supply and sanitation and Environmental Impact Assessment.

Ing.-Y. V. Rao



Dr. Ing.-Y. V. Rao graduated in Mining Engineering from Osmania University in 1971 and obtained his M.Tech from BHU, Varanasi in 1975. He obtained his Ph.D degree in Mining Engineering in 1982 from Berg Academie Freiberg, Germany. He worked as Lecturer and Reader in the Mining Engineering Department at Osmania University from 1972-1987. From 1987 onwards he worked as a Professor in the Mining Engineering Department at NITK, Surathkal. He was Director of NIT Warangal from 2008 - 2012. At present he is Consulting Advisor of Metamorphosis, Bangalore.

Mangalpady Aruna



Dr. Mangalpady Aruna, B. Tech., Mining Engineering: National Institute of Technology Karnataka, Surathkal; Ph. D: Indian School of Mines, Dhanbad. At present he is Associate Professor and Head, Department of Mining Engineering at NITK, Surathkal. He has worked for five years in mechanized iron ore mines in different capacities. Having fourteen years teaching experience at NITK, Surathkal. Involved in various R&D and industrial consultancy projects and published several papers in International and National peer reviewed journals. Member of various professional bodies.



# Overlooking the Corporate Social Responsibility by the Multi National Companies: An unconstructive Approach in India

**Mamata Biswal<sup>1</sup>**

<sup>1</sup>Gujarat National Law University, Gujarat, India  
[mbiswal@gnlu.ac.in](mailto:mbiswal@gnlu.ac.in)

## **ABSTRACT**

*In the recent years, the corporate sectors pay no attention to the various issues relating to social responsibilities and grossly violate a wide range human values starting from human rights aspect to environmental issues. It is very evident from the Bhopal Gas leak tragedy incident in India, how the corporate sectors attempt for a sustainable business without responsible approach towards the society. Good business and good values should go hand in hand in the corporate sectors. Featuring the Philanthropic approach by the MNCs is very self regulated and can't solve the purpose. Mandatory accountability in certain aspects is vastly required in India. Even though the Govt. of India has made an attempt to make CSR mandate in case of some companies through the current Companies Bill but it seems to be off-putting. An attempt has been made in this paper to scrutinize the corporate accountability towards various human values in the Indian context.*

**Key words Sustainable, Social, Responsibility, MNC's**

### **Corporate Social Responsibility- A Conceptual Approach:**

Corporate Social Responsibility has been defined as “open and transparent business practices that are based upon ethical values and respect for employees, communities and the environment – [and] designed to deliver sustainable value to society at large, as well as to shareholders.” – The Prince of Wales Business Leaders Forum.

'Social responsibility' is the imperative obligation of every person towards the various societal concerns. When 'Corporate Social Responsibility' is concerned, it is the prime conscientiousness of all the corporate entities to protect, improve the welfare of the society within the boundaries and beyond. But the most important question before us is that, whether the corporate entities are maintaining the reciprocal relation with the society in the matters of gain and pain? This question remains unanswered, because of the various unfortunate incidents have occurred in India where the Multi National Companies' (MNCs) have ignored vary important human and societal values. The Bhopal Gas Leak Disaster in 1984 is the glaring example in the Indian history, where the gross violations of many important human values are evident. It is very crystal clear in the case of Coca-Cola's conflict, how the company discriminates the Indian consumers, in maintaining different standards in the level of

of pesticide residue in the Coca-Cola beverages. There are many imperceptible instances, where the MNCs ignore the Corporate Social Responsibility approach. The present legal system of the country, keeps open various ways for exit, by the corporate sectors from all the liabilities.

CSR is a concept where by companies integrates social and environmental concerns in their business operations and in their interaction with their stakeholders in a voluntary basis. The commonly agreed features of CSR are:

- CSR is behaviour by businesses over and above legal requirements, voluntarily adopted because business is to be in their long-term interest.
- CSR is intrinsically linked to the concept of sustainable development, i.e. business need to integrate the economic social and environmental impact in their operations.
- CSR is not an optional 'add-on' to business core activities – but about the way in which businesses are managed.<sup>i</sup>

### **Multi National Companies: Commercial Intent Vs Social Responsibility**

The Multi National Companies hold a vital position in the globalised business world and are considered as the driving factor for the economic growth. In the recent decades, the Multi National Companies (MNCs) have shown enormous growth in the corporate world. The commercial intent of the MNCs is superseding the intent of fulfilling the social responsibilities and they take the markets for granted. MNCs have pumped in at least 20,000 crores over the past five years to hike stake in their Indian units.

The list of MNCs that hiked stake in Indian arms includes ABB Group's Rs4, 400 crore (\$965million) infusion in May 2010, when it raised stake in ABB from 52.11 per cent to 75per cent. Siemens resorted to Rs 6,211 crores (\$1.4 billion) share purchase in Siemens to raise its stake from 55 per cent to 75 per cent in March 2011 and Pfizer pumped in 680(\$136 million) to increase its holding from 41.23per cent to 70.75 in April 2009.<sup>ii</sup>

But when the responsibility towards the investor's protection is concerned, the companies are not inclined towards the investor's protection. In India, the recent corporate scams have de-motivated the investors. Starting from the Satyam scam to the Reebok India scam, nowhere the company had taken any initiative to protect the investors. A very stringent Corporate Governance policy is required to have power over the corporate frauds and to make responsible the acting people of the companies. While the OECD and many national codes of conduct, as well as much academic commentary, use the term 'corporate governance' very broadly to refer to a company's responsibilities to all stakeholders (much

in the way the term 'corporate and social responsibility' is used in this book), the term is used by most corporate and securities lawyers to refer more narrowly to the checks and balances adopted by a company to protect the interests of its stakeholders. We use the term in its narrower sense in this chapter not only because it allows us to distinguish the subject from what is dealt with in other chapter, but also because it helps us to make an important distinction.<sup>iii</sup>

### **Overlooking the Social Responsibilities by the MNCs: An Indian Perspectives**

India has been preferred as a good destination for the Multi National Companies' because of the huge market potential of the Country, attractive Foreign Investment, Macro Economic Stability. India also draws many advantages from the Multi National Companies (MNCs) like boosting the economy, participating in the globalized trade and commerce, reduction of foreign exchange gap, reduction of technological gap etc. But the more disadvantageous situation is ignorance of various social responsibility issues. When the corporate restructuring takes place between the companies, they give least importance to the rights of the workers, their future etc. Another instance where entrepreneurs are running ancillary and distribution business for large retail and industrial manufacturers like 3M India, GE, etc., under huge trust and confidence. These MNCs load these small and medium entrepreneurs with such terms and conditions that protect the principal companies than the entrepreneurs. Recent experience in the Indian market, where one of the large MNCs established the business through distribution network (where direct selling was self-prohibited) has started direct selling, pouching of resources from those distributors, creating havoc in the latter's organizations, etc., Such brutal act on MNC's part is killing the entrepreneurship in India.<sup>iv</sup>

In the matters of violation of the environmental standards, many companies do not meet the environmental standards. Recently, there was the news, Vedanta Aluminium Ltd.'s operations in Orissa state could suffer a setback after a government team said the company, a unit of mining giant Vedanta Resources PLC, violated environmental guidelines at its planned mining site in the Niyamgiri Hills. When the corporate sectors are heading towards the pinnacle of the commercial goals, they completely ignore their responsibility towards the society in terms of human rights, environmental protections, labour issues, consumer values; basic human needs i.e. sanitation and drinking water. In India, there is no legislative compulsion to fulfill the societal rights by the corporate sectors.

Human rights form an underlying legal foundation for CSR. Some 60 years ago Archibald McLeish opined that human rights, not communism, would be the true revolutionary movement of the 20th century. He was right. Since World War II, there has been a revolutionary development of international human rights. As Professor Paul Redmond put it, the human rights revolution “carries the hopes and

claims of the most marginal, the dispossessed and weakest on the planet; the satisfaction of their needs is the primary responsibility of national and global institutions, and the ultimate source of their moral legitimacy' Human rights development and protection are a matter of 'joint global responsibility'<sup>vi</sup>

The Multi National Companies do not take into account the various social concerns, while conducting their commercial activities. There is gross violation of the societal responsibilities in the form of violation of human rights, economic rights, thousands of people were killed and maimed when the lethal Methyl Iso Cynate (MIC) gas leaked from the Union Carbide on the intervening nights of December 2-3 in 1984.<sup>vii</sup>

"This is in contrast to Dow Chemical Co stated position where it claimed 1,400 deaths. Dow pointed out before the Supreme Court that amount paid as compensation was three times more than envisaged under Indian laws," said Satinath Sarangi, activist working for gas victims, here on Wednesday. Dow took over UCIL in since 2001. A cable dated June 22, 2009 summarizes the situation 25-years after the gas leak and its impact on two sizeable Dow projects in western India - a USD 100 million R&D facility outside of Pune in Maharashtra and a chemical manufacturing plant in Gujarat. For years, these and Dow's other facilities have been plagued by protests, political intimidation, and ongoing and indefinite litigation owing to the UCC take over. Victims' groups and NGOs assert that Dow, which took over Union Carbide, should be held liable as a successor-company for UCC's [Bhopal legacy and the environmental rehabilitation of the accident site.](#)<sup>viii</sup>

Former Chief Justice of India J S Verma today described the Bhopal Gas Tragedy as the biggest example of human rights violation in the world. "Bhopal Gas Tragedy is the biggest example of human rights violation in the world," Justice Verma, who is also former chairman of National Human Rights Commission, said at the inaugural function of a two-day international seminar on "Corporate Social Responsibility and Industrial Disasters" at National Law Institute University here. He said that there was a need to implement the law to prevent recurrence of Bhopal like horrible tragedies in the country. Citing a report, he said that an inadequate compensation of Rs 12,400 was given to each victims of the gas tragedy. The former CJI called upon the law students to come forward and help people, especially poor, in getting justice. He urged them to extend help in early disposal of cases against under trails languishing in jails, who account for 75 per cent of the total prisoners.

Marc Galanter, Professor of Department of Law, London School of Economics and Political Science, blamed the Union Carbide Factory for the gas tragedy and said that it was the responsibility of the company to pay full compensation to victims. Prof Galanter said that the Indian Judicial system was

under immense pressure following a huge backlog of cases and suggested that new draft should be prepared to provide compensation to victims of industrial disasters. National Institute of Disaster Management Executive Director P G Dhar Chakravarti said the Bhopal Gas Tragedy was the worst industrial disaster of the world and therefore it is the responsibility of the corporate world to ensure complete relief and rehabilitation to its victims. He said that steps will have to be undertaken to prevent such incidents in future. Before the inaugural session, a two-minute silence was observed to pay tributes to the gas victims.

### **Need for a Strategic Legal Framework to address the CSR issues**

**CSR initiatives by the Indian Companies:** In the recent days, the companies within the national boundaries are active in CSR activities. Rural Transformation: Some of the Indian companies have started their CSR activities targeting the rural India. The Reliance foundation has undertaken the responsibility for rural transformation covering 10 States in India, engaging 20,000 farming households from 250 villages. But all these activities are very philanthropic in nature. There is the need of the absolute accountability approach.

The recent Companies Bill, 2012 is a little ray of hope for the people of India. The clause 135 of the Bill speaks about the companies having net worth of rupees 500 crores or more, or turnover of rupees one thousand crores or more, or the net profit of five crore or more during the financial year should constitute the Corporate Social Responsibility Committee. And at least 2% of average net profit of the company should be spent by the companies for the corporate social responsibility. But this will not serve all the purposes and also the other companies' who don't have the abovementioned amount can escape very easily. In the absence of any specific legislation, it is difficult to tackle the present situation.

There is the practice of CSR scanning, in assessing the CSR compliance. CSR scanning is a specific type of scanning that analyzes a myriad of information sources including activist discussions, potential government actions. Reputation evaluations and polling data results. CSR scanning should include internal sources by examining the CSR concerns of employees. Corporations cannot meet stakeholder expectations if they are not aware of them. A mosaic of the social concern prominent among stakeholders emerges as relevant information is collected and analyzed.<sup>x</sup>

### **Conclusion**

Undoubtedly CSR is already inspiring the corporate governance and management at the dawn of the 21st century. However, the CSR movement is still full of imprecision which needs definition and



determination on its nation, shape and effects as it prospers throughout the world. It is precisely these issues that are explicitly discussed in the book. The need of the hour is to integrate the 'Corporate Social Responsibility' approach amongst the MNCs. In the Indian scenario, the CSR performance must be assessed by the Ministry of Corporate Affairs on annual basis.

The Corporate social responsibility must be made the part of the relevant policy in India. The various important factors like environmental protection, human rights concerns by the MNCs should be considered as the core criteria for allowing a company to operate in the India market. The Ministry of Corporate Affairs should be empowered to blacklist the MNCs, who violate the CSR values. The CSR compliance must not be a philanthropic approach; rather it must be absolute accountability of the corporate entities to take care of the employees, environment, and the society at large. After violating the corporate social responsibilities, the company should not be allowed for any kind of change in the management, structure, restructuring etc unless, the company has not fulfilled the liabilities. As the UCC and DOW story took place after the Bhopal Gas Leak Disaster. Assessment of CSR performance by the Multi National Companies: The concerned ministry should assess the CSR standards adopted and performed by the company. The company must be blacklisted for not complying with the minimum CSR standards.

I conclude the paper with the definition of the World Business Council for Sustainable Development – “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large.”<sup>xii</sup>

## References

- i Renu Jatana and David Crowther, *Corporate Social Responsibility: Theory and Practice with case studies*, Deep and Deep Publication Pvt. Ltd, 2007 p-223
- ii Now trending: MNCs up holdings in Indian units, <http://www.mydigitalfc.com/news/now-trending-mnccs-holdings-indian-units-959>, Last visited on 30th 2013
- iii Ramon Mullarat, *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, KLUER Law International and International Bar Association, 2005, p-38
- iv G Nagraj, *Role of MNCs in India*, [http://www.businessgyan.com/b/role\\_mnccs\\_india](http://www.businessgyan.com/b/role_mnccs_india) Retrieved on 25th April, 2013
- v India Cites Violations at Vedanta Mine Project, [http://www.mallenbaker.net/csr/page.php?Story\\_ID=2597](http://www.mallenbaker.net/csr/page.php?Story_ID=2597)
- vi Ramon Mullarat, *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, KLUER Law International and International Bar Association, p-100
- vii Bhopal Disaster, *Biggest Example of Human Rights violation* <http://news.outlookindia.com/items.aspx?artid=670577>
- viii [http://articles.timesofindia.indiatimes.com/2013-04-18/bhopal/38646198\\_1\\_dow-chemical-co-gas-victims-satinath-sarangi](http://articles.timesofindia.indiatimes.com/2013-04-18/bhopal/38646198_1_dow-chemical-co-gas-victims-satinath-sarangi)
- ix Reliance Industries CSR initiatives focuses on 24 poor rural areas in 10 States: <http://www.indiacsr.in/en/?p=10301>, Last visited on 24/04/2013
- x W. Timothy Coombs and Sherry J. Holladay, *Managing the Corporate Social Responsibility- A communication Approach*, Wiley-Blackwell publication, 2012, p-54
- xi Ramon Mullarat, *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, KLUER Law International and International Bar Association, 2005, p-5
- xii Ibid



---

## Author's Profile

### Dr. Mamata Biswal



*Dr. Mamata Biswal is currently working as an Associate Professor of Law at Gujarat National Law University, one of the premier law school in India. She teaches Corporate Laws. She has presented papers on various themes of law in International and National Conferences. Her research papers on various themes of law are published in many journals. Some are Women In the Sphere of Law-National and International Perspectives-has been published in the National Law News, April-September,2010, Vol-13-14, ISSN: 0976-4305 An Attempt To Look into the Future of Competition Laws in India: Soliciting Changes (Joint publication) –has been published in the Selected Civil Decisions, March 2010, Vol. I Part No 3. Paper titled 'Good Governance V Right to Information Law in India: An Efficacious Contrivance for a Better Democracy-Problems and Prospects' has been published*

*in the multidisciplinary quarterly International Refereed Research Journal ,Vol. 1 Issue 3, July 2011.. (ISSN No-2231-413X) . Presented a Paper on 'The Significant Role of Corporate Sector in the course of Globalisation of Trade and Corporate Social Responsibility': An Analytical Approach in the Indian Perspective in the national conference on corporate social responsibility – issues & challenges organized by Maratha Mandir's Baba Saheb Gawde Institute of Management, Mumbai on 26th march, 2011. Presented a paper on Women, Socio Religious Practices and Injustice in the Indian Perspective ':A pragmatic approach to the Judicial Response in the Post Constitutional Era in the National Colloquium on 'Right to Health-With special Reference to Health ,organised by National Human Rights Commission and MIT Laxmangarh, Rajasthan.*



# The Challenge of Implementing National Voluntary Guidelines on CSR: Sustainability, Shared Value and Stakeholder Engagement

**Ankita Kashyap<sup>1</sup>, Sriram Khanna<sup>2</sup>**

<sup>1</sup>Delhi School of Economics, University of Delhi (India),

<sup>2</sup>Delhi School of Economics, University of Delhi (India),

<sup>1</sup>[ankitarameshkashyap@gmail.com](mailto:ankitarameshkashyap@gmail.com), <sup>2</sup>[sriramkhanna@yahoo.co.in](mailto:sriramkhanna@yahoo.co.in)

## **ABSTRACT**

*The concept of CSR has evolved from merely charitable actions by organizations to making them accountable to different stakeholder groups who are associated with the organisation. To help organizations in developing & implementing their social responsibility practices various national and international voluntary guidance notes on social, environmental and economic responsibilities are available. Such guidelines include ISO26000, GRI G3.1 Sustainability Reporting Guidelines, AccountAbility's AA1000 Standard, National Voluntary Guidelines (India), UN Global Compact, CSR: An Implementation guide by IISD. Authors compare NVG with above mentioned international guidelines and conclude that NVGs in itself are not sufficient rather it should be complemented with international instruments. A section of this paper focuses on National and international guidelines available to assist firms in engaging with different stakeholder groups with special attention on the disadvantaged and vulnerable section of the society and Indian Case Study. Consumers as stakeholder groups have been studied in the last section.*

### **Corporate Social Responsibility Includes Sustainable Development**

Corporate social responsibility (CSR) term is gaining importance these days. CSR means a social obligation that an organization has towards different constituents of the society in which it operates. It means behaving ethically and in a responsible manner to create a positive impact on the society. CSR concept has a long history in some form or the other, yet its modern version is far too elaborate and is still in its growing stages.

**Traditional Approach** According to Friedman (1970) the aim of the organisation should be the maximization of profits by following legal and ethical means. Beyond that if the individuals of the organisation indulge in any form of activity not directed to this stated goal is irresponsibility. The traditional view of CSR was largely limited to philanthropic approach to CSR wherein charity, donations and benevolence were the key areas.

**Evolution of Strategic CSR & Sustainable Development** There is a continuing shift in the approach of corporate responsibility. According to modern view there is no longer need to relate CSR with profit as it is a part of business strategy (Murthy K.V., 2007). There are 3 aspects related to philosophy of business on which strategic CSR is based.

Good Governance It involves transparency in handling & controlling the affairs of the organization. Corporate Social Responsibility It takes into consideration the responsibility of business towards the society at large. It is about satisfying the needs of the society in general and creating a favorable impact of the organization. Environment Accountability As a business draws its resources from the environment, it has to pay back for their use and also minimize the negative effect caused by its operations on the environment. So as to make good to this bad effect the business is expected to design sustainable business operation and practices. Sustainable Development is a component of CSR. It involves taking into consideration the environmental and social factors in addition to economic factors while designing business strategies, operations and practices. This is called Triple Bottom Line Approach wherein all the above mentioned three factors are taken care of. Thus, the new shift emphasizes that organisation does not merely exist to make profit but in addition has various social responsibilities to its stakeholders.

As traditionally held, relying only on government regulations to implement the business ethics, is not in line with the modern approach. If it is not voluntary in nature it will lose its meaning. Voluntary action in an environment where unethical conduct is penalized works better than self regulation without legal penalties. Hence traditional approach is not seen with lot of positivity as it eliminates the element of spontaneity and voluntary action which is an essential feature of social responsibility.

### **Strategic CSR**

Under the modern approach there is also a concept of strategic CSR. This concept does not see profit making and social activities as two separate poles. Rather, it encourages the firms to integrate the concept of profit making while fulfilling the social needs by adopting strategic CSR. Norman & MacDonald (2004) emphasized that it is not sufficient for a firm to merely develop a report or code of conduct on ethics; rather it should focus on integrating these with the values & beliefs of the organisation. Responsibility practices cannot be standardized for the fact each organisation is unique and accordingly designs its own social activities. The same practices that lead to advancement by one organisation can cause decline for the other. Though the practices should be distinctive but by and large common principles apply to similar companies. Following strategic CSR by organisations serves the need of the society and that too profitably. Hence, strategic CSR makes an organization self-sustainable. (Heslin A. Peter & Ochoa D. Jenna, 2008).

Firms have realized that their long term survival in the industry is not possible only by following the principle of profit maximization, which may be a necessary requirement but can't be a sufficient one. Nowadays, the stakeholders are really enlightened and are clear as to what they require from the firms. The organizations are thus, moving towards the concept of Corporate citizenship i.e. emphasis on long term relationship of the organization with the society as a whole. This approach forgoes a narrow

outlook towards achieving only one aim and focuses on broader aspect of satisfying the society.

**Creating Shared Value** There is an increasing drift from CSR to Creating Shared Value (CSV). CSV as a concept is in its initial stages of growth. This concept of CSV focuses more on an inclusive growth (Porter, E. Michael & Kramer Mark, 2011). CSV means discovering such business activities which would help solve some of the social challenges while meeting its basic objective of making profits at the same time. It means designing business models which are rewarding and solves the societal problems simultaneously. It is a concept that enable firms to perform social activities but not at the cost of forgoing their profits. This can be achieved by three ways: Reconsidering products & markets, Redefining productivity in value chain and Enabling local cluster development.

The concept of CSV is crucial for developing countries particularly India as it faces many challenges which require immediate attention. India has experienced a rapid rate of economic growth but there has not been adequate inclusive growth. This means immediate social demands need to be addressed like health care facilities, job opportunities, infrastructure development etc. This development is not the sole responsibility of the government rather it requires a more holistic approach wherein various parties (NGOs, private corporations and civil society) collectively work together to achieve better social conditions. Indian firms need to learn a lot more about this concept and its practical implementation.

### **Relationship between CSR and CSV**

CSR is related to doing well to the society but CSV relates the social causes with the economic feasibility. CSR is done at the cost of profit making. On the contrary CSV focuses on increasing profits by adopting business models that also advance social causes. Old view of CSR is about philanthropy, includes only social aims whereas CSV is more about combining or blending company and society goals based on stakeholder engagement.

CSV is a futuristic approach which evades the dilemma of pursuing a single objective between social and economic. It amalgamates both these concerns of the organizations and helps in profitable growth.

### **Comparison between Strategic CSR and CSV**

As discussed above CSV is a concept which stresses on developing business models in conjunction with the social issues. In Harvard Business Review, Porter and Kramer (2006) have presented an article on “Strategic CSR: A link between competitive advantage and CSR.” In this, strategic CSR has been stressed as the integration model of social activities and profitable business. The service to the society and profit making are not disconnected concepts. Integrating the social activities in the business practices is the essence of strategic CSR. Strategic CSR recognizes the co-existence of both the concepts. Social activities need not be performed at the cost of profit-making rather these two can be

combined.

If, we look closely both the CSV concept and Strategic CSR point towards the same thing. Both concepts mean to encourage the social practices by corporate either by integrating it into their already existing practices or by formulating new business models so as to address the social issues. It provides fulfillment of both the purposes, attainment of social goals and also making profits by gaining competitive edge over others.

### **Tools to implement NVG: Need to use global tools**

**National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business** National Voluntary Guidelines, 2011 (India) are a refinement over the Corporate Social Responsibility Voluntary Guidelines 2009, released by the Ministry of Corporate Affairs of Union Indian Government in December 2009.

These guidelines are brought out by the Ministry of Corporate Affairs in association with India Institute of Corporate Affairs (IICA) to help Indian companies and also Multi-National Corporations (MNCs) operating in India to carry out the social responsibilities towards different stakeholders.

Significant inputs from national and international standards prevailing in the area of social responsibility have been integrated into NVG particularly keeping in view specific issues and concerns pertaining to India. It aims towards providing a direction to the Indian corporate sector in being socially responsible and also channelizing their efforts towards inclusive and sustainable development.

Though, the guidelines claim to be an outcome of diverse stakeholder involvement process, but the fact of the matter is that only representatives of business entities, trade and industry participated in the drafting process. The process of designing of the principles did not follow a comprehensive multi-stakeholder approach. Particularly the representations of a major section of stakeholder group i.e. consumers was not involved during the drafting process. This should, however not be an argument for criticizing the guideline. It is hoped that sooner than later these guidelines would further be refined to include the expectation of consumers as stakeholders.

These guidelines provide following nine principles and advocates that the companies whether large or small should follow all these principles rather than choosing the ones that might suit them.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Principle 2: Business should provide goods and services that are safe and contribute to sustainability



in their life cycle.

Principle 3: Businesses should promote the wellbeing of all employees

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

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: Business should engage with and provide value to their customers and consumers in a responsible manner.

Financial regulator in India, Securities and Exchange Board of India (SEBI) vide notification no. CIR/CFD/DIL/8/2012 dated 13.08.2012 has made it mandatory for the top 100 listed companies of BSE and NSE to submit their Business Responsibility Reports (“BRR reports”) as part of Annual reports with effect from financial year ending on or after December 31, 2012. These business responsibility reports should be in accordance to the principles listed in NNG issued by Government of India. A new clause 55 has been inserted in the equity listing agreement which details a suggestive framework to be followed for preparing BRR reports. These guidelines which are voluntary in nature will form the benchmark and define the parameter against which the company's social responsible behavior can be assessed.

**International Organization for Standardization (ISO) 26000 vs. NVG** International Organization for Standardization (ISO) is a body which formulates various product and service standards and certification schemes so that globally organizations adhere to certain standards in conducting their business practices. ISO 26000 was developed in 2010 following a multi-stakeholder approach wherein views of different stakeholders were integrated and incorporated. ISO 26000 provides only guidance to firms in carrying out their social responsibilities. It neither provides certification nor is a regulation, it is only a voluntary set of guidelines which an organization should voluntarily respect & obey to become a socially responsible entity (ISO26000, 2010).

ISO 26000, Guidance on Social Responsibility provides the organizations across the globe the basic understanding of concept of social responsibility, the principles governing social responsibility, guidance on identifying and engaging with different stakeholder groups, the core subjects & issues of social responsibility (Organisational Governance, Human Rights, Labour Practices, Environment, Fair operating practices, consumer issues and community involvement & development) and also guides on ways to integrate and implement these obligations directed towards the stakeholders. For detailed

description of core issues and clauses refer Annexure- I.

**Comparison ISO 26000 and NVG** In comparison between ISO 26000 guidelines and NVG, we find that though both cover the issues and standards pertaining to CSR but the former (ISO 26000 guidelines) is more elaborate and explanatory as compared to the National Voluntary Guidelines. ISO26000 provides point by point detailed description of every clause. It is further divided into sub-clauses and explained at length. NVG also somewhat explain the same standards with minor alterations but are not clarified with same detailing and leave much to the imagination. Hence, we can say NVG is more or less a summarization of detailed version of CSR practices laid down in ISO26000 guidelines. (Refer Annexure –I).

NVG just provides some general principles and might leave Indian corporate in a dilemma as to how to apply and comply with legal mandate issued by SEBI. It will be an eye opener to see the reporting by Indian companies to see how they and their annual reports in 2013 interpret the different clauses for integrating reporting purposes.

**Global Reporting Initiative G3.1 Sustainability Reporting Framework** Global Reporting Initiative (GRI), located in Netherlands was formed by United States with support of United Nations Global Compact. It is a non- profit organization that provides sustainability guidelines and reporting framework. 'G3 Third Generation', GRI's Sustainability Reporting Guidelines was launched in 2006. Guidelines G3.1 consists of economic, social and environmental performance indicators. Following this as a standard of measuring and reporting sustainability performance provides transparent and accountable disclosures and hence helps to increase the stakeholders' confidence. (G3.1 Sustainability Reporting Guidelines, 2011). 'G4 Fourth Generation' Guidelines are also in its advance stages of development.

In its first part it explains principles for defining report content i.e. determining topics and indicators, principles for defining quality and reporting guidance on boundary setting. The principles for determining topics include Principle of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. The principles for defining quality pertain to Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability. The second part of the sustainability reporting framework lists down various standard disclosures that are expected to be made by organizations namely Strategy and Analysis, Organisation Profile, Reporting Parameters, Governance, commitment, engagement and Management Approach. In the third part various performance indicators including Economic, Environment and Social indicators with their checklists has been listed down. Social indicators are further classified into labour practices, human rights, society and product responsibility. Under each head it provides the list of core and additional issues that should be reported by an organisation.

The next component pertains to Application Levels/Certification of reports. Reports can be classified into six categories namely, C,C+,B,B+,A,A+(wherein A+ is the highest credible report) based on the degree of compliance of reporting principles and framework laid down in the GRI G3.1 Sustainability guidelines. The reporting organisations can either self- declare the category under which their report falls or can get it assessed by a third party or can also ask GRI to check for their self-declaration. When the report is verified and assessed by a third party and assurance is provided that is correct an additional “+” sign is added to the report category. The basic objective to classify the report in different levels is to help the report readers figure out the extent of GRI guidelines observed in the report. Also, it helps the report makers know the extent to which actual application of the guidelines has taken place and improve and expand their sustainability reports in future. The demerit here in GRI guidelines is that it does not provide any mechanism for scrutiny of certified reports and accreditation of certifying bodies.

The last part of the framework, “Technical Protocol” emphasizes on balancing the report to cover all substantial issues and prioritize it effectively. It defines and explains the process of how the report content and indicators identified crucial for an organisation are applied and disclosed in the report. It provide steps to apply the principles and standards listed in the GRI Sustainability Reporting Guidelines.

Some of the companies which follow GRI guidelines for reporting are-Coca-Cola, Johnson & Johnson, Microsoft, IBM, Dupont & Dell. There are 80 Indian companies that report in accordance to GRI sustainability guidelines. Some of these are Wipro, Infosys Technologies India, TCS, ITC Ltd, Dr. Reddy's Laboratories Ltd., Reliance Industries Ltd. (John Sujit, 2012).

**Comparison GRI G3.1 Guidelines vs. NVG** A detailed comparison between GRI G3.1 and NVG has been provided in Annexure- II.

**Linking document ISO 26000 and GRI Guidelines** ISO 26000 and Global Reporting Initiative G3.1 Guideline both provide principles and voluntary standards that guide the organizations to adopt social responsibility practices. These are developed to help the firms in following various social, economic and environmental policies. (GRI ISO 26000 linkage document on Social Responsibility, November 2010) (Refer Annexure- III).

On comparing ISO26000 and GRI framework we find, GRI G3.1 guidelines provide a comprehensive reporting framework for the organizations to record and document the sustainability practices followed by them as it provides specific performance indicators. On the other hand ISO26000 guidelines are a well-elaborated, structured framework that helps the organizations in understanding their social responsibilities and also guides them with ways to adopt and implement these practices. ISO 26000

advises for third party verification of the practices followed whereas GRI guidelines go one step ahead and elaborate the validity concept.

Hence, we can say that both the guidelines complement each other. Once the organizations are able to effectively execute the responsibility practices (referred in ISO26000) it should then be supplemented by proper recording of practices in the reporting framework as prescribed in GRI G3.1 sustainability reporting framework to increase its credibility. Both the guidelines may thus be used in conjunction with each other so as to complete the process of implementing and reporting corporate social responsibility.

**Account Ability's AA1000 Standards** Account Ability is an organisation formed in 1995 with its offices around the globe that provides various standards on corporate social responsibility and sustainable development. It also provides research facilities and guidance to business entities, NGOs and government agencies by anticipating the future opportunities and risks on sustainability related issues. The special area of focus includes Organizational Accountability, Responsible Competitiveness, Collaborative Governance, Citizen Participation. The third arm of Account Ability is the advisory services. It advises its clients on Strategy and Governance, Stakeholder Engagement, Performance Management, Program Management etc. It also provides certification training to individuals and organizations to help understand the working and implementation of the standards formulated. AA 1000 standard series include:

**AA1000 Accounting Principle Standard (AA1000APS 2008)** It is a standard that helps organizations to understand the concept of accountability and ways to bring it into practice. This standard also forms the basis of comprehending other standards issued by the Accountability. It comprises of Foundation Principle of Inclusivity, Principle of Materiality and Principle of Responsiveness.

**AA 1000 Assurance Standard (AA1000AS 2008)** This standard provides procedures for due authentication by assurance providers of the sustainability practices followed by the organisation. Following or reporting the sustainability practices by organizations would lose its significance if the stakeholders are not convinced about its proper adherence. So as to satisfy the stakeholders that actual implementation of policies is taking place Accountability has developed an Assurance Standard. This standard provides procedures for due authentication of practices followed on sustainability by assurance providers.

GRI G3.1 Guidelines in general state that the reports should be externally assured to make it more reliable and authentic. But the specifications of assurance are not provided. Whereas, Accountability realizes the relevance of third party assurance and thus has dedicated a complete standard on Assurance.

. The purpose of assurance, the uses, types of engagement, the levels of assurance, the competence of assurance provider, the process of conducting assurance have all been laid down in this standard in detail. Hence, it is more elaborate and comprehensive as compared to GRI G3.1 Guidelines in respect of assurance in particular.

**AA1000 Stakeholder Engagement Standard (AA1000SES 2011)** This standard lays down the commitment required on part of management before engaging with the stakeholders, then the process of engagement, the level and methods of engaging are also provided.

**UN Global Compact** Another international guideline in respect of social responsibility practices is United Nation's Global Compact. UN Global Compact is a voluntary initiative and lists down ten principles in four major areas namely human rights, labour, environment and anti-corruption.

UN Global Compact is more general in its approach. It lists only broad and common ideologies that should be followed by the business entities. It neither provides any specific guidance on how to follow the responsibility practices nor does it provide assistance on implementation of these practices. It should be noted that UN Global Compact's Ten Principles were brought out in 2004. In those times more specific documents like ISO26000, GRI G3.1 Reporting Framework, National Voluntary Guidelines (India) and the likes discussed above were not available for guidance of the business concerns. Hence, UN Global Compact today has less relevance in times wherein more precise and detailed guidance is offered by these international guidelines.

**Corporate Social Responsibility: An Implementation Guide by International Institute on Sustainable Development (IISD)** This document on CSR provides guidance on the various possible CSR issues and keeping these issues in view, guides on how companies should design their CSR policies. It also provides assistance on the implementation of the CSR initiatives. It is a suggestive in nature & applies to all sizes of firms whether large, small, medium & micro enterprises. It has been prepared by integrating various international instruments like OECD guidelines for multinational enterprises, UN global compact, Global Report Initiative, ISO & Accountability AA1000 Series. (Hohnen Paul and Potts Jason, 2007).

It recognizes that “Responsible business is Good business”. It brings to light the fact that an organization operates in a dynamic environment and hence its responsibilities towards the society also keeps on changing on a continuous basis. Therefore, advises the companies to keep pace with changing scenario & accordingly alter their CSR policies so as to satisfy the growing needs of stakeholders.

The implementation of CSR policies should be in accordance to the organisation's objectives,

expectations of stakeholders and environment surrounding the organisation. The IISD guidelines on CSR provide a well-structured framework for implementing the CSR activities.

**Comparison: NVG and Other Established International Standards on Sustainability** NVG provide no link or relation to the already established international standards in respect of social responsibility. The group of stakeholders' representatives, who drafted the NVG's were aware of the deliberations to formulate ISO26000 as both documents were being formulated at around the same time. However, NVGs did not provide any elaboration to how the principles were to be implemented in corporate context. They leave it to the imagination of the corporate leaders. The worldwide standards in social responsibility context like the AA1000 standards, GRI G3 and G3.1 guidelines and ISO26000 provide implementation approaches to social practices, lists down social, economic, environmental indicators, checklists tests to comply for credible policies on social responsibility, reporting framework for proper documentation, process for communicating it to stakeholders etc. NVG lacks in these above mentioned aspects. Also, Indian corporate are new to this arena of adhering to the sustainability standards; hence require more detailed and elaborated guidelines which are not met by the NVG. NVG just provides some general principles and might leave Indian corporate in dilemma as to how to apply and comply with the legal mandate issued by SEBI. Also, NVG provides enough scope for defense of the company in not carrying out the social practices as no comprehensive or inclusive practices have been stipulated.

Thus, NVG (India), deserve to be used in conjunction with the international standards on social responsibility like ISO26000, GRI G3.1 Guidelines and Accountability AA1000 series. These international guidelines are hence complementary documents to NVG. Indian corporate should seek guidance on issues which are ambiguous in NVGs, from these international guidelines and framework on social responsibility.

**Multi- Stakeholder Engagement: An Act of Balance** Engagement with stakeholders form an important part in Corporate Social Responsibility (CSR) as it ensures the success of the business project. It entails identifying the stakeholders, entering into a dialogue with them and adhering to their needs through the firm's business model. This would help to satisfy their needs and improve their living conditions. This scenario would then lead to a strong economy and increase in the demands of the consumers thereby creating more opportunities for the business entities. The better organized and systematic the stakeholder engagement process is, the more beneficial it is for the business organizations. The importance and relevance of stakeholder engagement process can also be gauged from the fact that all national and international guidelines on CSR have touched upon this very prominently.



---

**Stakeholder engagement and national/ international guidelines** National and International guidelines on social responsibility recognize the importance of stakeholder engagement. It emphasizes that it is impossible for an organization to grow in isolation and so engaging with the stakeholders is an important aspect for flourishing the business.

**Accountability's AA1000** standards realizing the importance of stakeholder engagement activity has devoted a whole standard called AA1000 Stakeholder Engagement Standard (AA1000SES) to address this concept. As discussed above it not only explains the relevance of stakeholder- engagement but also provides a step wise process to aid the corporate in systematically following the engagement process.

**Global Reporting Initiative G3.1 Sustainability Reporting Guidelines** under Part-1 clause 1.1 emphasizes on 'Stakeholder Inclusiveness'. It further lists down the check-list and tests that should be adhered to by an organization to follow this principle. Detailed guidance regarding implementation of this standard, stakeholder engagement, is described in its section 'Technical Protocol'. Also, an imminent part of the reporting guidelines in its Part-2 Standard Disclosures under the head Governance, Commitment, Engagement, provides direction on structure of stakeholder engagement and commitment of organizations with external initiatives.

**Corporate Social Responsibility: an Implementation Guide for Business Published by International Institute for Sustainable Development (IISD)** in its Part-3 provides a well-structured framework and steps to recognize different stakeholder groups and resolve their unique issues. It also provides guidance to small and medium sized business on the relevance of stakeholder engagement and methods and approaches to follow the process of commitment.

**ISO 26000** lists down the stakeholder engagement process in detail under clause 5 'Recognizing social responsibility and engaging stakeholders' sub-clause 5.3.2 Stakeholder identification and 5.3.3 Stakeholder engagement. Also, clause 6.8 'Community Involvement and Development' specifies in detail the need and use of stakeholder engagement. In its sub-clauses 6.8.3 'Community Involvement' & 6.8.9 'Social Investment' specifications regarding what activities should be under-taken to the engage with the stakeholders are mentioned. In its clause 6.3.7 'Discrimination & Vulnerable groups' under Human Rights it explains of how to protect and meet the needs of marginalized stakeholders.

**National Voluntary Guideline (India) on Social, Environment and Economic for Business** in its Principle 4 states: “Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged and vulnerable. It states that business entities should not restrict their focus to only a few powerful stakeholder groups rather should direct its efforts towards engaging with the vulnerable groups as well. Though the NVG (India) principle 4 lays down

the significance and relevance of multi-stakeholder engagement yet it does not guide the corporate on how to implement this principle.

NVG in comparison to the above- mentioned international standards do not provide an action-oriented approach in stakeholder engagement process. It is a mere description of what is stakeholder engagement and states that it should be followed but how it is to be applied in real practice is kept to the imagination of the corporate executives charged with the responsibility. The irony is that this subject is in its developing phases wherein many corporate are still trying to understand this concept in India but have no solid and relevant guidance on how to begin and initiate this approach. The international standards on CSR practices, therefore, deserve to be used as complementary guidelines with the NVG by the business organizations designing their CSR programme and reporting them.

### **Challenges to Multi-Stakeholder Engagement**

- There are various challenges in engaging in multi-stakeholder initiatives.
- There is a lack of trust among various groups. Like the NGOs don't trust the practices followed by the organizations in favour of the society.
- The people and various interest groups are not many times aware of their probable participation with the organizations in decision making.
- In numerous cases it is found that voices and concerns of the weak groups of stakeholders are overpowered by the more dominant ones.
- ISO26000 does not contain elaborate provisions on how to identify various stakeholder groups and practically implement their concerns. Also, in case of conflict among the stakeholder groups ISO26000 does not prescribe how to solve it & how to move towards consensus. More comprehensive guide on stakeholder engagement is thus needed. The provisions should be modified and integrated with other standards like the AA1000 and GRI G3.1 Sustainability Framework.
- Lastly, overall willingness of all stakeholders is also required to reach a consensus which may not be a unanimous decision but a good one in interest of the society.

One of the stakeholder groups that suffer the most in multi-stakeholder engagement process are the 'Disadvantaged groups'. These are not classified on the basis of race, ethnicity or social class. Rather these are the 'Disadvantaged Groups' who do not have access to facilities which others have and who are not self-sufficient. Their voice on concerns related to the organization's business related activities is strategically overpowered by the strong influential groups. They do not get proper opportunity of representation. On other occasions if the on table discussions do take place with these groups, the dialogue is maintained deliberately on the neutral issues. Sometimes the representatives of the weaker sections may not really exhibit the concerns of the disadvantaged as they may be bribed or coerced to

give consent to the decisions of the powerful groups.

The corporate have a responsibility towards their needs and interests which is often overlooked. The need is felt more in developing countries as the government is not able to meet various social needs. Here more proactive involvement with the deprived is required. The disadvantaged groups should thus not be made visible to the powerful groups or be given an opportunity to align themselves with a powerful group. Organizations should try to reach out to the disadvantaged groups in more than one way rather than only negotiations. (Edmund David & Wallenberg Eva, 2002).

**Indian context** India has the second largest population in the world and only 2.4% of planet's landmass and 4% of fresh water resources. Also, 32.7% of population of the country falls under the below poverty line. India ranks 127 in Human Development Index. India's average economic GDP growth rate is around 6%. (World Bank, 2011). These all facts show that though India has had a good economic growth over the years but there has not been inclusive growth.

There are various disadvantaged stakeholders in India- slum dwelling in the firm's neighborhood, the laborers, women, children, aged, disabled, HIV/AIDS affected. India ranks first in world for employment of child laborers. Special attention is required to protect the health and human rights of these vulnerable groups.

Though, we find that many guidelines have been laid down for the proper implementation of the stakeholder engagement, Indian corporate have been lacking far behind in its active involvement. Indian corporate is still following corporate philanthropy only. They are yet to move towards new and finer concept of CSR. Lot needs to be done for the society and especially the vulnerable group of people at large. (“FICCI Aditya Birla Centre of Excellence”, n.d., para 1).

CII-ITC Centre of Excellence for Sustainability Development which provides guidance to the Indian companies on integrating their business practices with sustainability concept has started a unique stakeholder engagement training program. This program is mainly directed towards making the business firms understand the concept of stakeholder engagement, its need, uses & active implementation. This program promotes the concept that organizations cannot survive alone, it needs to take others along and move forward. It also recognizes the activities performed by various Indian companies in respect of internal and external stakeholder involvement and its key results. Examples of good practices are shared and acknowledged through awards. (“CII-ITC Centre of Excellence for Sustainability Development”, n.d., para 1).

Realizing the impact of strategic CSR, India is picking up on the concept of all-round development through contribution of corporate to the society at large. As for stakeholder engagement, Indian corporate claim that their business decisions are made in accordance to the stakeholders' concerns after due discussions with them but the actual practice is contrary to these reports and assertions. The actual implementation of stakeholder engagement is merely a formality and remains a question mark.

**Consumer's as Strategic Stakeholders** Customers form a major stakeholder group. Greater part of CSR activities should ideally be directed to satisfy them. This concept is yet to be accepted by a large number of companies. The consumers are getting more and more aware about the company's responsibility towards them and the society at large. They are keen to be associated and buy products and services of those firms which they consider are socially responsible. So as to achieve the goal of satisfying consumers and maintaining healthy relations with them prominence should be given on entering into a dialogue with the current & potential customers and understanding their issues and viewpoints. In India though many big groups of corporate world have been following CSR activities since long but the modern day requirement is far greater than a simple charity event or funding a social cause, which has been the hallmark of many Indian companies.

**Consumers' Perception towards CSR: CSR Halo Effect** This section focuses to study whether consumer awareness about a particular CSR activity of a company influences their perception regarding the overall responsiveness of a specific company towards social responsibility or not? Do few positive or negative social activities taken up by a company shape up the general outlook of consumers towards them?

According to the research performed, when CSR activities go beyond the legal framework they do affect the perception of the consumers in one way or the other. But this effect on consumers is dependent on various factors. (Smith Craig, Smith Daniel and Lopez Sofia, 2010). The assessment of consumers regarding the social responsibility attitude of businesses is related to the correspondence between consumer- company expectations. Consumers tend to pay more for products of ethical conduct business houses though the favorable behavior of the consumer is up-to a point. Misleading information supplied by the organizations can lead to perceived corporate pretense and ultimately negative behavior like avoidance or boycott of their products etc. The consumers' harsh behavior towards corporate pretense is proportionately more than their favorable attitude.

This research suggests that consumers make inferences about company CSR activities on the basis of very limited information available to them. Consumers transcend that minimum amount of information

to other CSR activities either of the same area or other area that a company may follow for which they have no real information and accordingly they form an overall impression of the company. Keeping the above conclusion in mind, it makes communication of the CSR activities a key to create a favorable image in the mind of consumers. Positive activities should rightfully be communicated. But, in Indian context the ethical consumerism has not been studied thoroughly to arrive at similar conclusion. The extent to which the ethical behavior of the company affects the decision making actions of the consumers remains a question.

**Creating Value for Customers** Marketing has grown so much in its approach in comparison to its traditional view. The change has been due to the emergence of international markets. Keeping in view the dynamic nature of the environment surrounding the company and the ever demanding customer base, requires a company to create value for its customers and not blindly running after profit maximization. For value creation the following points should be noted. (Warren J. Keegan, 2004)

- Marketing is no longer limited to the concept of selling or advertising or limited to the 4 P's given by McCarthy. It is much broader and more holistic approach. Marketing is a business strategy which should be pervasive in the organisation and embedded in the organizational objectives.
- The long standing aim of creating a right balance between customer benefits and customer expenses would lead to customer value creation and profits would automatically follow.
- Customer satisfaction is a necessity to create customer value but the focus should not only be on customer satisfaction rather efforts should be made to retain the customer. The quality of profits from the old and existing customer is more valued in comparison to new first time customers.
- Every customer is unique and has its own set of demands. The needs and wants of the customers cannot be generalized.
- The company should not only satisfy the needs of the customers as and when they arise rather should predict and forecast the needs of the customers. Foreseeing the change provides a competitive edge to the company.
- Brand is of utmost significance. It is the brand that helps in creating the price and transforms a company from being a price-taker to a price maker. Good brand creation would lead to satisfied and loyal customers.
- Along with brand, the service provided by the company, the quality of the product and its cost all contributes towards building its value with the customers.
- Creating a favourable image of the company in the mind of the consumers is not enough. Instead it is necessary to create a credible and trustworthy impression of the organisation.

**Case of Tobacco Industry** The tobacco producing companies are seen low on CSR because of the

products they produce and also their past behavior has been disappointing. They have a bad public image and reputation when it comes to CSR. (Palazzo Guido and Ritzer Ulf, 2007)

For a tobacco firm to adopt a CSR approach is little more difficult than other firms. Here is why:

- Funds offered by a tobacco company are not accepted as it is considered to be earned by wrong means of inflicting addiction and damaging health of general public.
- No entity wants to be associated with them as they draw negative public image. Therefore, the tobacco firms lose the opportunity of being a part of some massive social drive.
- When CSR report is prepared by a tobacco firm the essence of reporting is lost as it is treated by people as a façade.
- Tobacco companies are always seen with a suspicious eye and hence their fairness remains doubted.

In India despite total ban on tobacco advertising, they continue below the line producers activities. Some tobacco firms in the world have been alleged of involvement in illegal imports of cigarettes and been accused of politicization. Tobacco marketing has a still more threatening effect in the developing countries. The people of these countries are far more exposed to the harmful effects of cigarette marketing as many are not educated to understand the ill-effects of tobacco consumption.

**Case Study- ITC Ltd.** ITC was incorporated in 1910 under the name Imperial Tobacco Company of India Ltd. In 1970. It primarily started with Leaf and Tobacco business and then gradually ventured into other businesses like Packaging and Printing Business, Hotels Business, Paper Boards, Stationery, Retailing Business, Hospitality, Logistics and other Consumer Packaged Goods etc. ITC is the market leader in cigarettes in India with a variety of portfolio brands. Sizeable amount of revenue for ITC Ltd. is still from its tobacco business.

ITC's Sustainability report for the period April 2011- March 2012 claims to be adhering to the GRI guidelines. It reports on framework laid down by GRI and gets it externally assured by Ernst and Young. According to its independent report by Ernst and Young, ITC sustainability approach belongs to the A+ Application Level category. It has mapped this GRI based reporting in view of principles laid down in NVGs and explains its contribution in accordance with these principles.

It claims to adhere to National Standards while addressing consumer safety. It follows international quality of health and safety standards. Rural uplift has been a core area of focus by ITC. Setting up e-choupals, empowering women by providing employment opportunity etc. are few works in area of rural development. ITC recognizes the agriculture pre-dominance in India and as agriculture is unduly affected by weather fluctuations it has developed National Action plan on climate change. ITC organis-



ations comply with Universal Declaration and Fundamental Human Rights Convention issued by International Labour Organizations. It partners with CII in CII-ITC Centre of Excellence for Sustainable Development which focuses towards inclusive growth. ITC is also associated with State government in projects like MGNREGA for watershed development. It claims to recognize the need of engaging with the consumers and does that by way of trust building. In addition to all this ITC recognizes the challenges faced by India and the need for protecting the environment. In an attempt to preserve the natural resources ITC emphasizes on use of renewable sources of energy, enhanced efficiency in water- management like rain water harvesting practices, recycling solid wastes and low-carbon growth strategy.

In this report we find that though it explains the practices under each principle of NVG, yet there is no mention of any practice related to one of its major areas of operation, tobacco business. ITC brand name always is synonymous to the tobacco business in India despite the fact that it has ventured out into different lines of business activities. The earliest and major area of operation still remains cigarettes and tobacco products. In ITC's report we do not find any reference on how the company addresses the issue of deteriorating health of general people by tobacco consumption. It makes no social contributions in this largely needed aspect towards consumers. A company of such repute that claims to be following international and national guidelines on social responsibility and edging out on a grave issue of health can't be absorbed.

GRI G3.1 Sustainability Guidelines pointedly lists down under the head "Reporting Principles for Defining Quality" the principle of 'Balance'. This principle focuses that the report should reflect both the positive and negative aspects of the practices followed by an organization. According to this principle the organization should not select or omit certain facts. The report should be conclusive and provide a comprehensive view of the practices of the organization. This principle is incorporated so as to make sure that there is no window dressing and the stakeholders get to know the real picture of the practices being followed by the organization. This would also help to reduce the bias in the report and any form of ambiguity that can mislead the stakeholders.

Though being such an important principle we do not find this being adhered to in the sustainability report of ITC. ITC's report does not mention anything regarding the negative aspects or unfavorable results of the practices related to its tobacco business. To that extent it has violated responsibility guidelines laid down by GRI.

Further, in GRI G3.1 Sustainability Guidelines under the head Product Responsibility Performance Indicators, there is a specific clause on disclosure in respect of Customer Health and Safety. This aspect

of the of the performance indicator lays emphasis on reporting in view of health and safety impacts of the product being produced and sold by the organization.

In this respect also, ITC's sustainability report does not throw light on how their tobacco manufacture has a long-lasting and dreadful effect on the life of thousands of consumers. The ill- effects caused on the health of the consumers by cigarette/tobacco consumption finds no place in their sustainability reports. We find these are glaring salient omissions missing from the reports of ITC. These aspects have totally been ignored while reporting. Hence, we can say the ITC's report is camouflaged and disguised only to present the favorable aspects of its practices which are highly unacceptable.

The damage that tobacco has been causing to the society can't be justified or overshadowed by other good social behavior followed by ITC Ltd. The report is showing only the positive impacts delivered but the actual or real- life picture taking into consideration the tobacco consumption has been completely avoided. This creates doubts in the mind of the stakeholders particularly consumers on the sanctity of other issues covered in the report as well. It is thus, seen as questionable and dubious behavior.

In this entire reporting flaw, one another organization that has a questionable behavior is the Assurance Provider to this sustainability report, The Ernst and Young. We find that despite the irregularities in reporting on part of ITC, their independent assurance provider (Ernst and Young) has provided an A+ ranking to them with respect to GRI G3.1 Reporting Framework. They claim that the reports belong to the highest possible disclosure category of A+. The assurance provider has also completely ignored the notable principles of GRI Guidelines as mentioned above thus compelling us to view their audit activities also with a suspicious eye.

**Case Study DLF in a Real Estate Sector** Competition Commission of India (CCI) slapped Rs.630 crore penalties on DLF in August 2011. It was in relation to the cases filed by various clients of DLF housing. They alleged undue use of dominance by DLF.

The Commission in its order considered the relevant provisions of the laws applicable to the development of group housing projects in Gurgaon, particularly the mandatory requirements which must be followed by every developer/builder, but which were not followed by DLF Ltd in this case. CCI satisfied with the one-sided, abusive and unfair behavior to allottees on part of DLF thus imposed a heavy fine and also ordered DLF to modify buyer agreement and remove unfair competitive practices.

DLF rather than modifying the buyer agreement challenged this order passed by CCI and moved to COMPAT (Competition Appellate Tribunal) for a review of CCI's judgment. COMPAT has ordered CCI (competition regulator) to prepare a modified buyer-seller agreement between DLF and its clients. CCI on direction of COMPAT issued a supplementary order on 3rd January 2013 that modifies the buyer agreement and has removed unfair conditions and one-sided clauses. The Original and Modified Clauses has been detailed. Refer Annexure- IV

These modified agreements would be applicable to the DLF projects of Belaire, Park Place and also Magnolia. This case is still in court and the final verdict is awaited. CCI hopes that the supplementary order on modifications in the buyer agreement in case of DLF would serve as a benchmark for other real-estate builder companies as well.

It remains to be seen whether DLF on its own includes the amended clauses to the agreements to be entered by it in other projects launched or to be launched in future or sticks to only the legal compulsions. Whether it displays grace and commitment to responsible practices by voluntarily applying the modified clauses in future projects or just fulfills the legal requirement/order and implements the amended clauses only for the projects ordered by CCI. The future behavior on part of DLF is thus to be seen in this aspect.

The case of DLF abuse of dominant position in real-estate sector is a case of misleading and unfair dealing with its consumers. The customers of housing apartments do seldom get what is originally claimed by the company and also undue alterations in the housing plan are done with no prior consent or approval of the customers.

Besides being an unlawful act this is also a violation of code of ethics and goes to show a poor social responsibility approach towards its customers in particular. The real- estate companies should be more careful in its social responsibility practices as it is dealing with dream housing projects where customers expect fair and honest behavior in return of their lifelong savings.

DLF having attained such a high position in the sector of real- estate is expected to behave responsibly in line with following principles and standards laid down in 'ISO 26000: Guidance on Social Responsibility.'

ISO 26000 in its Part-4 on Principles of social responsibility lists down the principle of Transparency,

Business Ethics, Respect for stakeholder interests and rule of law. The principle on 'Transparency' emphasizes that an organization should disclose its activities and practices in clear, accurate, complete manner and in a sufficient degree as so not to mislead any of its stakeholders. Principle on Business Ethics stresses that the behavior of the organization should be honest and truthful while dealing with every stakeholder group. Next, DLF should pay due concern to the interests of the stakeholders. Further, legal requirements should be fulfilled and due regard to the rights of the stakeholders should be taken into consideration.

According to Part 6 of ISO 26000 which mentions various clauses lists down the following in view of which DLF is expected to behave. Fair Operating Practices- Organizations should be just and reasonable while dealing with their stakeholders. DLF should promote fair competition and not take any undue advantage of the social conditions prevailing. It should not indulge in any kind of unfair competitive behavior or misuse its dominant position.' Consumer Issue' clause of ISO26000 guides the entities to behave responsibly with its consumers. Keeping this in view, DLF should provide accurate, fair and transparent information to its consumers so that it helps them in making informed decisions. Unbiased information and fair contractual practices on part of DLF are desirable.

### **Conclusion**

In this paper we find, that organization's are soon realizing the importance of corporate social responsibility for their long term survival and standing. Separate sustainability departments are being created in large multi-nationals, a lot is being talked about it and the organisations are also publishing their sustainability reports, carrying out campaigns to advertise their social commitment but the extent of serious implementation still remains a question. There are various national and international guidelines and frameworks (as discussed in Part-II of this paper) to assist the organisations in their social practices. But the implementation part of the practices which has to be done by the business on its own, still remains a front where lot needs to be accomplished.

The firms are seen to be reluctant to satisfy the concerns of the consumers as seen in the case study of ITC Ltd. and DLF Housing. Consumers are being treated as commodities for making profits and due concern which should be paid to their needs is lacking. Firms make attempt to lure the consumers by one means or other to buy their products but the actual well- being of consumers is being compromised.

This would thus be of great significance to find how the social responsibility practices claimed by the organizations in their reports are being actually met and complied with? Or it is mere a window-dressing to showcase a good brand image? More needs to be found out on this aspect.

Thus, the sustainability reports should not be taken at their face value. There can be an amount of white washing in the reports so as to project a rosy image in front of their stakeholders. The stakeholders are required to be well-educated so as to decipher between the true and erroneous practices followed by the organizations. The researchers and academicians should get into the details of actual practices being followed by the corporate. There is also a need to scrutinize CSR reports in line with various National and International Guidelines like GRI G3.1 Sustainability Reporting Guidelines, Accountability's AA1000 series and National Voluntary Guidelines on Social, Economic and Environmental Aspects for business supplemented by ISO26000 to know the true and factual corporate behavior. All these guidelines taken together would serve as a benchmark to assess the sustainability practices followed by the organizations.

## REFERENCES

- Accountability AA1000 Standards (2010 & 2011)*,  
<http://www.accountability.org/standards/aa1000ses/index.html>
- CII- ITC Centre of Excellence for Sustainability Development (n.d.) Retrieved from:*  
<http://www.sustainabledevelopment.in/index.asp>
- DLF Ltd. Case CCI (2011)*,  
<http://www.cci.gov.in/May2011/Home/DLFOrderModified.pdf>, <http://economictimes.indiatimes.com/markets/real-estate/news/cci-modifies-apartment-buyers-agreements-in-two-more-dlf-cases/articleshow/18021532.cms>
- Edmunds David & Wollenberg Eva (2002), Disadvantaged groups in multi-stakeholder negotiations*, [http://www.cifor.org/publications/pdf\\_files/strategic\\_negotiation\\_report.pdf](http://www.cifor.org/publications/pdf_files/strategic_negotiation_report.pdf)
- FICCI Aditya Birla Centre for Excellence (n.d.)*, Retrieved from  
[http://www.csrfce.org/csr\\_in\\_india.htm](http://www.csrfce.org/csr_in_india.htm)
- Friedman, M. (1970), The Social Responsibility of Business is to Increase its profits*,  
*New York Times Magazine*, September 13, 1970, No. 33, pp. 122-126.
- G3.1 Sustainability Reporting Framework (2010), Global Reporting Initiative*,  
<https://www.globalreporting.org/resource/library/G3.1-Guidelines-Incl-Technical-Protocol.pdf>
- Heslin A. Peter & Ochoa D. Jenna (2008), Understanding & Developing Strategic CSR*,  
*Organisational Dynamics*, Vol. 37, No. 2, pp. 125-144, Elsevier Inc.
- Hohnen Paul & Potts Jason, Corporate Social Responsibility: An Implementation Guide*  
*International Institute of Sustainable Development*, [http://www.iisd.org/pdf/2007/csr\\_guide.pdf](http://www.iisd.org/pdf/2007/csr_guide.pdf)
- ISO 26000 (2010), International Standard Organisation*
- ITC Ltd. Sustainability Report 2012, ITC Ltd.*,  
<http://www.itcportal.com/sustainability/sustainability-report-2012/index.aspx>.
- John Sujit, 80 Indian companies are now doing sustainability reporting (2012, Dec 11)*,  
 Retrieved from <http://timesofindia.indiatimes.com/business/india-business/80-Indian-companies-are-now-doing-sustainability-reporting/articleshow/17573219.cms>
- Linkage between ISO26000 and GRI (2010), Global Reporting Initiative, Retrieved from:*  
[www.globalreporting.org](http://www.globalreporting.org)
- Ministry of Corporate Affairs (2011)*,  
*National Voluntary Guidelines on Social, Environment and Economic Responsibility for Business*, Retrieved from  
[http://www.mca.gov.in/Ministry/latestnews/National\\_Voluntary\\_Guidelines\\_2011\\_12jul2011.pdf](http://www.mca.gov.in/Ministry/latestnews/National_Voluntary_Guidelines_2011_12jul2011.pdf)
- Murthy, K. V. (2007), Business Ethics & CSR : A New Perspective*,  
*Working paper In ISO 26000 Guidance on Social Responsibility and the implications for developing countries*,  
<http://ssrn.com/abstract=979230>



- Norman Wayne & MacDonald Chris (2004), *Getting to the bottom of Triple Bottom line, Business Ethics Quarterly, Vol.14, Issue 2, pp.243-262.*
- Notification No. CIR/CFD/DIL/8/2012, *Securities and Exchange Board of India (2012), [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1344915990072.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1344915990072.pdf)*
- Palazzo Guido & Richter Ulf (2005), *CSR business as Usual? The Case of the Tobacco Industry, Journal of Business Ethics, Vol.61 No.4, pp 387-401, Springer.*
- Porter.E.Michael & Kramer Mark (2006), *Link between Competitive Advantage and CSR, Harvard Business Review, December 2006, <http://hbr.org/2006/12/strategy-and-society-the-link-between-competitive-advantage-and-corporate-social-responsibility/ar/1>*
- Porter. E. Michael & Kramer Mark (2011), *Creating Shared Value through CSR in India, Presented in Workshop on CSV in New Delhi, FSG and Harvard Business Review.*
- Smith Craig N., Smith Daniel & Lopez Sofia (2010), *Consumers' Perception towards CSR: CSR Halo Effect, Faculty and Research Working Paper , INSEAD Business School for the World, <http://ssrn.com/abstract=1577000>*
- UN Global Compact Principles (2004), *United Nations, <http://www.unglobalcompact.org/AboutTheGC/index.html>*
- Warren, J. Keegan (2002), *Global Marketing Management, Edition 7th, Prentice Hall*
- World Bank (2011), <http://www.worldbank.org/depweb>

## Annexure-I

Table-1 Comparison between ISO 26000 and National Voluntary Guidelines (India) NVG, 2011

ISO clause	Description	NVG Principle	Description
<b>6.1 Organizational Governance</b>	Advises companies to follow accountability, transparency principles and also respect law of the land.	Principle1- Business should conduct & govern themselves with Ethics, Transparency and Accountability	Advises companies to carry out business activities ethically and provide full disclosures of information to the stakeholders
<b>6.3 Human Rights</b>	Organizations should preserve and protect the human rights of all stakeholders. It should not indulge in any form of discrimination and also protect the rights of vulnerable group with special emphasis.	<i>Principle 5</i> Business should respect and promote human rights  <i>Principle 4</i> Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	It states treat everyone equally and with a human approach.  It states the organization should not limit its focus on the powerful groups of stakeholders only instead due efforts should be devoted to satisfy the concerns of the disadvantaged as well.
Sub clauses			
6.3.3 Due diligence			
6.3.4 Human rights risk situations			
6.3.5 Avoidance of complicity			
6.3.6 Resolving grievances			
6.3.7 Discrimination and vulnerable groups			
6.3.8 Civil and political rights			
6.3.9 Economic, social and cultural rights			
6.3.10 Fundamental principles and rights at work			
<b>6.4 Labour Practices</b>	Organisation should have deep commitment towards the labour group. Fair & equal treatment of workers. Providing healthy and safe working conditions. Following policies in interest of laborers & proper grievance redressal mechanisms. The ILO labour laws should be adhered to.	Principle 3 Businesses should promote the well-being of all employees	It emphasizes on taking good care of the employees as a whole. No specific protection of labour has been provided rather it emphasizes on long term growth & satisfaction of the employees.
Sub clauses			
6.4.3 Employment and employment relationships.			
6.4.4 Conditions of work and social protection.			
6.4.5 Social dialogue			
6.4.6 Health and safety at work			
6.4.7 Human development and training in the workplace			

<b>6.5 The Environment</b>		Corporate should follow policies that are environment- friendly. It should also try to lessen the effect of climatic changes taking place. Natural resources should be used judiciously and business entities should protect the environment with all possible means.	Principle 6- Business should respect, protect, and make efforts to restore the environment	As organization draws its resources from the environment it is its obligation to replenish the natural resources.
Sub Clauses				
6.5.3	Prevention of pollution			
6.5.4	Sustainable resource use			
6.5.5	Climate change mitigation and adaptation			
6.5.6	Protection of the environment, biodiversity and restoration of natural habitats			
<b>6.6 Fair Operating policies</b>		Organizations should conduct business in an overall unbiased manner. Details out the policies the business firms should follow in order maintain fair dealings.	Principle 7- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	This principle has also to do with behaving responsibly when engaging in public activities. It does not chart-out in detail how to follow responsible <u>behaviour</u> .
Sub Clauses				
6.6.3	Anti-corruption			
6.6.4	Responsible political involvement			
6.6.5	Fair competition			
6.6.6	Promoting social responsibility in the value chain			
6.6.7	Respect for property rights			
<b>6.7 Consumer Issues</b>		Consumers' form an image about the organization on the basis of its responsiveness towards the consumers. Organizations should follow fair marketing strategies. Adopt measures to sustainably use resources and produce safe and healthy products for the consumers. Consumers form an important stakeholder group and corporations should try out their best to satisfy them.	Principle 2- Business should provide goods and services that are safe & contribute to sustainability in their life cycle  Principle 9- Business should engage with & provide value to their customers & consumers in a responsible manner.	Organizations should produce such goods and services that do not harm the consumers in any manner.  Efforts should be drawn to achieve customer satisfaction by providing good quality products at reasonable prices.
Sub clauses				
6.7.3	Fair marketing, factual and unbiased information and fair contractual practices			
6.7.4	Protecting consumers' health and safety			
6.7.5	Sustainable consumption			
6.7.6	Consumer service, support, and complaint and dispute resolution			
6.7.7	Access to essential services			
6.7.8	Access to essential services			
6.7.9	Education and awareness			
<b>6.8 Community Involvement and Development</b>				
Sub Clauses				
6.8.3	Community involvement			
6.8.4	Education and culture			
6.8.5	Employment creation & skills development			
6.8.6	Technology development and access			
6.8.7	Wealth & income creation			
6.8.8	Health			
6.8.9	Social investment			



		engagement. Companies should involve in social activities like employment generation, wealth creation, technology development etc.	
--	--	--	--

**Annexure-II**

Table-2 Comparison between GRI G3.1 Reporting Framework and National Voluntary Guidelines

Clauses	NVG	Clauses	GRI
<p>Chp.2 <b>Principles CORE ELEMENTS</b></p>	<p>Businesses should conduct and govern themselves with Ethics, Transparency and Accountability Business should provide goods and services that are safe and contribute to sustainability in their life cycle. Businesses should promote the wellbeing of all employees Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. Businesses should respect and promote human rights Business should respect, protect, and make efforts to restore the environment Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner Businesses should support inclusive growth and equitable development Business should engage with and provide value to their customers and consumers in a responsible manner</p>	<p><b>Principles Reporting Guidelines</b></p> <p>Part- 1 <b>1.1 Defining Content</b></p> <p><b>1.2 Defining Quality</b></p>	<p>Materiality Stakeholder Inclusiveness Sustainability Context Completeness</p> <p>Balance Comparability Accuracy Timeliness Clarity Reliability</p> <p>Reporting Guidance for Boundary Setting is also provided.</p>
<p><b>Chp.3 Implementation Approach</b></p>	<p>Leadership Integration Engagement Reporting</p>	<p><b>Part-2 Standard Disclosures</b></p>	<p>1.1-1.2 Strategy &amp; Analysis 2.1-2.10 Profile 3.1-3.13 Reporting Parameters 4.1-4.7 Governance and commitment 5 Management Approach Performance Indicators</p>
<p><b>Performance Indicators- Essential &amp; Leadership Indicators</b></p>	<p>Commitment of top management &amp; governance structure Policy development &amp; process management Sensitization &amp; training Stakeholder Engagement</p>	<p><b>Part -2 Clause 5: Performance Indicators</b></p>	<p>Economic(EC1-EC9) Environmental(EN1-EN30) Social Performance Indicator</p> <ul style="list-style-type: none"> <li>• Labour(LA1-LA15)</li> <li>• Human Rights (HR1-HR11)</li> </ul>

	Monitoring & Evaluation Analysis & Improvement Continuous innovation Disclosure		<ul style="list-style-type: none"> <li>• Society(SO1-SO8)</li> <li>• Product Responsibility (PR1-PR9)</li> </ul> Provides a checklist and detailed description on each performance indicator
	NVG does not talk about Assurance or Application Levels	<b>Application Levels</b>	Assurance categories: C,C+,B,B+,A,A+ wherein A+ is the highest credible report
<b>Steps for Building Strategy</b>	Analyze your Business Identify Risk and Opportunities Develop a strategy Plan and implement a Strategy Monitor and Review Communicate	<b>Technical Protocol</b>	Identification of relevant topics Prioritization <ul style="list-style-type: none"> <li>• Significance to stakeholder</li> <li>• Significance to <u>organisation</u></li> </ul> Determining materiality & reporting priority Validation- checking completeness of material aspects.
	No specific sector supplement is available	<b>Sector Supplement</b>	Sector specific guidance in real-estate, construction, oil & gas, food processing, aviation, financial services, mining and metals, event organizers, electric utilities, NGO, Media

### Annexure-III

Table-3 Linkage between ISO26000 Guidance on Social Responsibility and GRI G3.1 Sustainability Reporting Framework

GRI G3.1 Sustainability Guidelines	ISO 26000 Core Social Responsibility Subjects	ISO 26000 Clauses
Report Boundary Protocol <ul style="list-style-type: none"> <li>• Strategy and Analysis</li> <li>• Organizational Analysis</li> <li>• Governance, Commitments &amp; Engagement</li> <li>• Assurance</li> </ul>	Community Development Organizational Governance	6.8.3 6.2
Performance Indicators Social Category: Human Rights <ul style="list-style-type: none"> <li>• % investments that have undergone human rights screening</li> <li>• % suppliers &amp; contractors that have undergone human rights screening</li> <li>• Incidence of grievance and actions taken</li> <li>• Incidents identified for potential child <u>labour</u> risk and measures adopted</li> </ul>	Human rights <ul style="list-style-type: none"> <li>• Due Diligence</li> <li>• Avoidance of complicity</li> <li>• Resolving Grievances</li> <li>• Discrimination and vulnerable group</li> </ul>	6.3 6.3.3 6.3.5 6.3.6 6.3.7
Social Category: Society	<u>Organisational</u> Governance Fair Operating Practices Community Involvement & Development	6.2 6.6 6.8
<ul style="list-style-type: none"> <li>• Effectiveness of programs undertaken for <u>upliftment</u> of community</li> <li>• Risk related to corruption and employees trained for anti-corruption practices</li> <li>• Legal actions for anti-competitive <u>behaviour</u> and monopoly practices</li> </ul> Social Category: <u>Labour</u>	<ul style="list-style-type: none"> <li>• Economic, Social and cultural rights</li> <li>• Employment creation and skills development</li> <li>• Anti-Corruption</li> <li>• Fair Competition</li> </ul> <u>Labour</u> Practices	6.3.9 6.8.5 6.6.3 6.6.5 6.4

<ul style="list-style-type: none"> <li>• Rate of employee turnover</li> <li>• Employees covered by collective bargaining agreements</li> <li>• Management-worker health and safety committees</li> <li>• Education, training of workforce &amp; community</li> </ul>	<ul style="list-style-type: none"> <li>• Employment &amp; employment relationship</li> <li>• Conditions of work and social protection</li> <li>• Health and safety at work</li> <li>• Education &amp; culture</li> </ul>	6.4.3 6.4.4 6.4.6 6.8.4
Social Category: Product Responsibility	Fair Operating Practices Consumer Issues	6.6 6.7
<ul style="list-style-type: none"> <li>• Health&amp; safety impacts of products &amp; services</li> <li>• Non-Compliance of voluntary code of health &amp; safety</li> <li>• Product and service information required to be disclosed by procedures</li> <li>• Practices related to customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Protecting consumers' health &amp; safety</li> <li>• Sustainability Consumption</li> <li>• Fair marketing, factual &amp; unbiased information &amp; fair contractual practices</li> <li>• Education &amp; awareness of consumers</li> </ul>	6.7.4 6.7.5 6.7.3 6.7.9
Economic Category	Organizational governance, Community involvement & development	6.2 6.8
<ul style="list-style-type: none"> <li>• Direct economic value generated</li> <li>• Financial Implication due to climatic change</li> <li>• Procedure for local hiring</li> </ul>	<ul style="list-style-type: none"> <li>• Wealth and income creation</li> <li>• Social Investment</li> <li>• Climate change mitigation&amp; action</li> <li>• Employment creation and skills development</li> </ul>	6.8.7 6.8.9 6.5.5 6.8.5
Environmental Category	The Environment	6.5
<ul style="list-style-type: none"> <li>• Materials used separately specifying the recycled material</li> <li>• Energy, Water consumption</li> <li>• Habitats protected and restored</li> <li>• Direct &amp; indirect GHGs emissions</li> <li>• Environmental impacts of transportation, packaging</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable resource use</li> <li>• Protection of environment &amp; biodiversity &amp; restoration of natural habitat</li> <li>• Prevention of pollution</li> <li>• Sustainable Consumption</li> </ul>	6.5.4 6.5.6 6.5.3 6.7.5

## Annexure-IV

### Case Study on DLF Real Estate Sector

The modified clauses over the original clauses are mentioned in the following table

S.no.	Point of Difference	Original Clause(s)	Modified Clause(s)
1	Amendment of Annexure	The company shall have the right to amend/ modify annexure of the agreement	The annexure can be modified only upon written consent of both parties.
2	Association of apartment owners	The company may form any association of apartment owners and all the apartment owners shall be compulsorily required to pay such subscription charges as may be decided by the company.	The company shall have no right to create an apartment owners club.
3	Additional Constructions	The company shall have the right to make any additions to the building or put any additional structures in the complex area.	The company cannot make any additions to the approved building plan or build any additional structure in the complex. The builder company will no longer have right to make changes in the layout plans unless mandated by the housing authority of the State. Also such changes should be properly communicated to the allottees in writing.
4	Use of Terrace	The Company shall have the title to the terrace area above the top floor and shall be rightfully allowed to rent the terrace area for installation of any antenna or, satellite dishes.	The Allottees shall have the title to the terrace area above the top floor and resident welfare association shall be rightfully allowed to rent the terrace area for installation of any antenna or, satellite dishes.

5	Time is Essence	Time is the essence for the Apartment allottee only. Apartment allottee shall be liable to make all the payments on time, failing which company can take appropriate measures.	Time is the essence for the Apartment allottee as well as for the company only. Apartment allottee shall be liable to make all the payments on time and company shall be liable to complete the construction as per schedule.
6	Dispute Resolution by Arbitration	In case of any dispute arising out of agreement, the same shall be resolved amicably through discussions, failing which an Arbitrator will be appointed. DLF will have the full power to appoint Arbitrator and the apartment party shall not object to the appointment even if the Arbitrator is related to DLF	In case of any dispute arising out of agreement, the same shall be resolved amicably through discussions, failing which an Arbitrator will be appointed. Arbitrator shall be mutually appointed by both parties and in case they are not able to do so, Court shall make the appointment of Arbitrator.
7	Common Spaces	The use for the common spaces would be determined by a mutual agreement between the parties and the rates chargeable for use of undivided land will be notified by company according to certificate from Chartered Engineer and/or Chartered Accountant including taxes. The common zones for commercial/residential and other uses can be changed by the company.	Modified clause defines the scope of common spaces. It includes: <ul style="list-style-type: none"> <li>• Land where building is located</li> <li>• Stairs, fountains, girders, main walls, escapes and exit from building etc.</li> <li>• Basements, tanks, pumps, motor, elevators.</li> </ul>
			The terms of use is by a mutual agreement between parties and rates for usage of such common facilities will be notified by the company in accordance to certificate from Chartered Engineer and/or Chartered Accountant exclusive of tax. The tax charges would be borne proportionately by the users of common spaces. The common spaces like open car entitled parking and spaces, as permissible under law.

## Authors Profile



### Ankita Kashyap

*Ankita Kashyap is an Assistant Professor in University of Delhi, pursuing her research work from Department of Commerce, Delhi School of Economics, University of Delhi under the esteemed supervision of Prof. Sriram Khanna on Corporate Social Responsibility. She is a qualified NET and Junior Research Fellowship holder. She completed her Masters in Commerce from University of Delhi. Completed her graduation in 2009 from Shri Ram College of Commerce, University of Delhi.*



### Sri Ram Khanna

*Prof. Sri Ram Khanna holds a Master's Degree in Commerce, a degree in law and a doctorate in International Business. He is a member of the Academy of International Business (AIB), USA, since 1983 and has been a member of the European International Business Academy (EIBA). He has taught Marketing and International Business for over thirty one years. He is a renowned expert in Global*

*Textile Trade and Industry and also has special expertise in Consumer and Competition Law and Consumer Affairs. He is author of several papers and four books including "Sourcing of Textile and Clothing from India" published by Economist Intelligence Unit (EIU), London and "International Trade in Textiles" published by Sage. His latest books include "Financial Markets in India and Protection of Investors" and "Food Standards and Safety in Globalize World- The impact of WTO and Codex" and "Consumer Affairs". He has carried out research studies and consulting assignment for a wide variety of national and foreign organizations and has traveled to USA, Germany, Belgium, UK, Holland, Italy, France, Sweden, Switzerland, Canada and Chile in the West and Japan, china, Hong Kong, Korea, Taiwan, Philippines, Thailand, Singapore, Malaysia, Australia, Fiji and Pakistan in the East. He has been Visiting Professor at Texas A & M University (USA). He has been a Director on the Board of The Life Insurance Corporation of India (LIC) and Consumer International (CI), London, He is Honorary Managing Editor of bilingual magazine 'Consumer Voice'. He is Principal Investigator for National Consumer Helpline, Project of University of Delhi Since 2004.*

# Instructions for Authors

## Essentials for Publishing in this Journal

- 1 Submitted articles should not have been previously published or be currently under consideration for publication elsewhere.
- 2 Conference papers may only be submitted if the paper has been completely re-written (taken to mean more than 50%) and the author has cleared any necessary permission with the copyright owner if it has been previously copyrighted.
- 3 All our articles are refereed through a double-blind process.
- 4 All authors must declare they have read and agreed to the content of the submitted article and must sign a declaration correspond to the originality of the article.

## Submission Process

All articles for this journal must be submitted using our online submissions system. <http://enrichedpub.com/> . Please use the Submit Your Article link in the Author Service area.

---

## Manuscript Guidelines

The instructions to authors about the article preparation for publication in the Manuscripts are submitted online, through the e-Ur (Electronic editing) system, developed by **Enriched Publications Pvt. Ltd.** The article should contain the abstract with keywords, introduction, body, conclusion, references and the summary in English language (without heading and subheading enumeration). The article length should not exceed 16 pages of A4 paper format.

## Title

The title should be informative. It is in both Journal's and author's best interest to use terms suitable. For indexing and word search. If there are no such terms in the title, the author is strongly advised to add a subtitle. The title should be given in English as well. The titles precede the abstract and the summary in an appropriate language.

## Letterhead Title

The letterhead title is given at a top of each page for easier identification of article copies in an Electronic form in particular. It contains the author's surname and first name initial, article title, journal title and collation (year, volume, and issue, first and last page). The journal and article titles can be given in a shortened form.

## Author's Name

Full name(s) of author(s) should be used. It is advisable to give the middle initial. Names are given in their original form.

## Contact Details

The postal address or the e-mail address of the author (usually of the first one if there are more Authors) is given in the footnote at the bottom of the first page.

## Type of Articles

Classification of articles is a duty of the editorial staff and is of special importance. Referees and the members of the editorial staff, or section editors, can propose a category, but the editor-in-chief has the sole responsibility for their classification. Journal articles are classified as follows:

### Scientific articles:

1. Original scientific paper (giving the previously unpublished results of the author's own research based on management methods).
2. Survey paper (giving an original, detailed and critical view of a research problem or an area to which the author has made a contribution visible through his self-citation);
3. Short or preliminary communication (original management paper of full format but of a smaller extent or of a preliminary character);
4. Scientific critique or forum (discussion on a particular scientific topic, based exclusively on management argumentation) and commentaries. Exceptionally, in particular areas, a scientific paper in the Journal can be in a form of a monograph or a critical edition of scientific data (historical, archival, lexicographic, bibliographic, data survey, etc.) which were unknown or hardly accessible for scientific research.



**Professional articles:**

1. Professional paper (contribution offering experience useful for improvement of professional practice but not necessarily based on scientific methods);
2. Informative contribution (editorial, commentary, etc.);
3. Review (of a book, software, case study, scientific event, etc.)

**Language**

The article should be in English. The grammar and style of the article should be of good quality. The systematized text should be without abbreviations (except standard ones). All measurements must be in SI units. The sequence of formulae is denoted in Arabic numerals in parentheses on the right-hand side.

**Abstract and Summary**

An abstract is a concise informative presentation of the article content for fast and accurate Evaluation of its relevance. It is both in the Editorial Office's and the author's best interest for an abstract to contain terms often used for indexing and article search. The abstract describes the purpose of the study and the methods, outlines the findings and state the conclusions. A 100- to 250-Word abstract should be placed between the title and the keywords with the body text to follow. Besides an abstract are advised to have a summary in English, at the end of the article, after the Reference list. The summary should be structured and long up to 1/10 of the article length (it is more extensive than the abstract).

**Keywords**

Keywords are terms or phrases showing adequately the article content for indexing and search purposes. They should be allocated heaving in mind widely accepted international sources (index, dictionary or thesaurus), such as the Web of Science keyword list for science in general. The higher their usage frequency is the better. Up to 10 keywords immediately follow the abstract and the summary, in respective languages.

**Acknowledgements**

The name and the number of the project or programmed within which the article was realized is given in a separate note at the bottom of the first page together with the name of the institution which financially supported the project or programmed.

**Tables and Illustrations**

All the captions should be in the original language as well as in English, together with the texts in illustrations if possible. Tables are typed in the same style as the text and are denoted by numerals at the top. Photographs and drawings, placed appropriately in the text, should be clear, precise and suitable for reproduction. Drawings should be created in Word or Corel.

**Citation in the Text**

Citation in the text must be uniform. When citing references in the text, use the reference number set in square brackets from the Reference list at the end of the article.

**Footnotes**

Footnotes are given at the bottom of the page with the text they refer to. They can contain less relevant details, additional explanations or used sources (e.g. scientific material, manuals). They cannot replace the cited literature.

The article should be accompanied with a cover letter with the information about the author(s): surname, middle initial, first name, and citizen personal number, rank, title, e-mail address, and affiliation address, home address including municipality, phone number in the office and at home (or a mobile phone number). The cover letter should state the type of the article and tell which illustrations are original and which are not.



