

## Corporate Social Responsibility and its Relevance

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### ABSTRACT

The goal of this research paper is to explore a very essential topic of Corporate Governance, which is Corporate Social Responsibility by studying its major impacts and trends in the modern world. The paper will also focus on its principle ethics and its role in making the corporate sector a financially trustable platform and the relevance of CSR in the legal sphere. To place their trust in huge companies and firms, a person must first critically evaluate the values it holds and the morals of its owners and employees. This helps them in determining the overall development the company can offer and the sense of social responsibility the company actively takes in making the world a better place. This is not only an essential factor in the corporate legal sector since its impact spreads to all the sectors of society from the environment and the government, to the child and labour rights, as discussed in this research paper. Therefore it is extremely crucial to shed light on the changes CSR has brought to not just the corporate world, but the society as a whole and how it continues to facilitate management. The history of corporate social responsibility is also elementary in understanding the role it plays today as it helps in the differentiation of legal and social scenarios, by the detection of its relevance in each. Another objective of this meticulous study is to strengthen the kind of social, environmental, economic and philanthropic responsibilities CSR serves to enhance, by elaborating these aspects and spreading awareness on the same. The different stages of CSR are also described in this research paper along with its fundamental types and the challenges it faces. The position it holds in India and the role of judiciary is discussed with the help of important case laws. The laws related to CSR that are now prevalent and how they came to be is another topic of dialogue. Lastly, based on some recommendations are the methods that can be used to improve the current situation, explaining what can be achieved with the application of Corporate Social Responsibility and all that is yet to be done in the field.

### KEYWORDS

CSR, ethics, society, corporations, business leaders, environment, sustainability, transparency, social welfare, principles, CSR laws

## **INTRODUCTION**

The impact of Corporate Social Responsibility spreads wide and generally, its application has positive influence on the corporations which take up its practices and policies of pro-social objectives. The integration of social and environmental concerns in business operations helps in the enhancement of the business standards. The key idea behind this integration is the promotion and incubation of standard ethical values and the concern for the environment among large and small corporations alike. It is important to learn about the meaning of Corporate Social Responsibility and its importance in the modern world.

**MEANING:** CSR is a form of international business self-management which regulates business standards and combines them with social standards by incorporating business ethics and volunteering practices in corporations by raising accountability. This method can not only improve the perception of a business but also help its employees feel a sense of social morality by engaging in philanthropic, activist and environmental awareness along with achieving societal goals of selfless nature. CSR is a part of Corporate Governance which by its name suggests the private form of self-regulation in business industries. This private nature of business and financial markets can leave it at a state of freedom which in turn can lead to the absence of accountability or transparency. In such a condition it is difficult to build a level of trust with the public at large as the public feels like it is neither Corporate Social Responsibility included nor important for the working of the corporate sector. The truth however, is far from it and this is where the role of CSR comes in. Not just to build trust, but if taken up sincerely, the goals of CSR provide for real diversified change in the society and the ability to build a positive ambiance towards the corporate sector.

**IMPORTANCE:** The corporate legal sector is generally considered to be working in disengagement from social work. A typical example in the field is the misconceptions surrounding corporate law firms and that they protect the companies that destroy the environment while environmental law firms are not able to operate against them. This, while true in some cases as seen in the past, is not true for the companies that truly follow the principles of corporate social responsibility and align their goals with social work, trustable resources, charitable associations and the environment. These corporations have found a way to balance their business and their responsibilities towards the community. CSR also provides a positive work environment for genuinely considerate employees and builds trust with consumers and investors. When a company has incorporated CSR, it is open to the public and accountable to its stakeholders, which makes it easier to trust the intentions of the company. Of course, if a company is seeking to inherit the values of CSR, it makes itself answerable to the public as it relates itself to social work and ethical values of administration. Many companies now have a special department to overlook the CSR responsibilities. This can be a good or a bad thing, depending on the visions and intentions of the particular industry leader. From the profitable aspect, the company also saves a significant amount of money following the principles of CSR as customers are willing to pay for a socially responsible brand. Although this might encourage fake CSR activities in companies, as mentioned earlier, the companies would be accountable and answerable to their investors and customers. The bad intentions of some business leaders must not reflect as the failure of CSR techniques, but as the failure of that particular corporation to grasp the significance of it. This is also particularly why the legal mandate of CSR is required. Showing socially responsible behaviour is an ideal method of giving back to society.

## **1. HISTORY**

The term 'Corporate Social Responsibility' was first coined in 1953 by Howard Bowen. He first mentioned the term in his publication 'Social responsibilities of a businessman' and is known as the Father of CSR. Private companies and laws related to the preservation of social causes had existed since long before then, but the essence of CSR was realised and applied with the business industry in the 1950s.

However, the first socially responsible organizations emerged in the 1800s during the industrial revolution due to the growing concern for the worker's well-being. During that time, labourers and workers in industries were not given basic rights which led to revolts and strikes. The development of CSR principles came to the attention of industry leaders with the various Human Rights activists and speakers who criticised the working conditions of these companies. This was also the time when philanthropic practices emerged as the rise in awareness of human rights and labour rights increased. Industry leaders started donating money to scientific and educational causes. These two practices may or may not be related to each other but they were later incorporated under the wing of CSR. The employment of women and children in factories, especially in America was observed as a social issue in the mid 1800s and the rise in strikes indicated unrest and dissatisfaction among the workers. The role of environmental sustainability came in a lot later in the picture when the effects of industries and factories were observed on the environment. The air polluted, the land and marine environment harmed with the waste produced which led to the loss of wildlife. Although the 1800s was the age of rise of philanthropy in the corporate sector, it was unknowingly the most harmful age for the environment. The need for sustainable practices related to environment protection were not realised until the 1900s and even after its realisation, the human race has become so greedy for comfort living that not much of the laws implicated for this cause have been actually implemented and if they are, it's not nearly enough to bring a significant change.

### **An American economist, college president and writer (1908-1989)**

The incorporation of CSR as a mechanism for corporate governance began in America in the 1970s, almost two decades after the term was first coined. In 1971, the American committee for economic development introduced the concept of a 'Social Contract' between society and businesses. Once this was established, it was not long before CSR evolved with the help of market competition into what it is now. The 1990s was the peak of development in the field due to widespread approval. As studies continued on the subject, it was bound to improve. In 1991, in an article 'The pyramid of corporate social responsibility' published by Archie B. Carroll. He mentioned the ways in which CSR should be implemented in an organisation. With the intention to expand and improve the scopes of early CSR models, Donna J. Wood also published the 'Corporate Social performance revisited' in 1991. Due to the various studies on the topic over the years, it has become an essential method of operation in all industries. As companies progressed, it was realised that the standards set under CSR promoted socio-economic growth but were not enough to bring a major difference. Apart from introducing environmental laws and labour laws through the values of CSR, it was needed to be directly incorporated in the Legal system. India was the first country to realise this need and formulated Section 135 in the Companies Act 2013. Later, the UK also officially mandated CSR in 2006. The UK was the first country to have a 'Minister of CSR' under its Trade and Industry department but now it has declared that the need for such a ministry is no more as the legal mandates are enough to regulate the concept and there is no further need for its promotion as it was before. It is an accurate thought, but the need for its awareness will never end because there is always change to be brought and history to be made as we flow through the dimension of time. Historically, the field of CSR has come a long way and still has a long way to go. It is a perpetual process and will keep on transforming with the changing times.

## **2. PRINCIPLES AND GOALS**

There are several core features of CSR and some goals that it strives to follow. These principles were developed by researchers through close and careful observation of corporate behaviour and the goals are in line with the needs of these social practices. Corporate social responsibility comes with certain expected ethical behaviours. Due to the strong public interest in the business conduct and its increasing demand in the society, corporations face competition for good social behaviour which reinforces their moral practices. In his article on the principles of CSR, Joseph Falcetta suggests that another reason for following the principles of CSR might be the desire of corporations to preserve their autonomy. In any case, it is clear that to follow CSR, a set of principles have been developed over time which are widely used and followed by companies along with a set of goals. These factors are expressly discussed in this chapter.

## 2.1 PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY

For any concept to have a successful impact on the world, it must be guided with certain principles that direct its aims and objectives. For CSR, there are mainly 7 of these principles.

### 2.1.1 Sustainability

Be it corporate sustainability or environmental sustainability, it is undoubtedly one of the most important principles. CSR has encouraged the assistance of environmental goals through businesses by stating the importance of a clean environment and laying out ways in which corporations can manage their own waste without throwing their untreated waste out into natural water bodies or land. It has regulated methods of recycling and reusing waste materials. It is evident that companies play a generic role in influencing youngsters and adults alike into using their products through various attractive advertisements. This strategy can be harnessed and used in making the public aware about the uses of environmental sustainability and responsible behaviour. Sustainability is achievable through small things like reusing, reducing or recycling waste, planting trees and using less plastic. Corporations can show these initiatives themselves by going green and encouraging the people to do so. Responsible behaviour towards the environment includes saving electricity in workplaces, using renewable energy and simultaneously making people aware about the same. This not only significantly helps in the awareness process, but also impacts the overall cost consumption of the company. It also makes the employees of that company more positive toward their workplace and their lives in general. Corporate sustainability relates to creating long term stakeholder value through the implementation of business strategies and building trustable relations with the clientele. A good initiative always helps in effective management and building good relations with key stakeholders, business partners and even the public in general.

### 2.1.2 Accountability

Corporations that feel answerable and accountable towards their consumers always have been considered more trustworthy and better businesses overall. The lack of accountability over the years has corroded public respect for businesses but with the rise of CSR accountability has been once again acknowledged. The public has a direct effect on the growth of a business and as the public is becoming more and more socially connected, it is becoming aware of these rights. The privacy rights are questioned when some social media corporation tries to undermine them. So are the rights of children, labourers, women and animals alike. If a business learns to take accountability of their actions and review them from time to time, the public can see the potency in its growth and support it. Although social media sites usually make people addicted to them, and so do some products which are portrayed to be necessary but really aren't. These are similar strategies but in different industries and can be misused as they are a profitable financial resource.

But if exposed, companies face major scrutiny from the public as well as welfare corporations as they have multiple times in the past. Therefore to be self-accountable from the beginning is a major principle of CSR as it is a method of self regulation.

### 2.1.3 Transparency

Transparency goes hand in hand with accountability. If a company is transparent on its intentions and goals for the future, it can go a long way for the company's profit. Not only moral support from the public, transparency brings financial support from investors and if it is for a good cause or a charity, the public is more than ready to do its part and donate. This is good for the name of the company as well as for the boost of confidence and positive ambience it spreads among the company's employees. However, a company must not only verbally acclaim its intentions but also act in a manner that supports its claims. It can be considered similar to a political leader's promises of change before elections that he must fulfil after. Otherwise they would lose their credibility and the public's faith. Transparency might also help with the better understanding and clarity of a company's business model and trajectory which could in turn help an investor to make a decision in whether or not the goals of the company align with his/her interests.

### 2.1.4 Ethical Behaviour

Considerate ethical behaviour is paramount in serving the public at any capacity; even employees of a company should be taught how to show moral respect. For a workplace to be appropriate and professional, certain ethics need to be maintained by the employers as well as the employees not just with the public or just for show, but within the workplace and at all times. This includes international norms of behaviour. The code of ethics helps in the maintenance of a certain decorum in the workplace which in turn helps the people of that workplace inhibit qualities like being punctual, disciplined, empathetic, kind and professional. To treat fellow co-workers with respect, to know if a certain law is being broken or if the industry is leading to the harm of the environment and most of all, to do something about all of it by taking a moral stand; all of these instincts can be taught by ethical practices. The code of conduct therefore is a must in all industries whether it relates to research and medical diagnoses or something as simple as agriculture.

### 2.1.5 Respect for Community and Stakeholder interests alike

A corporation cannot aspire to work profitably without the support of the community and various stakeholders that are also a part of the same community. Therefore, an industry must first aspire to fulfil the needs of the society and offer its support to them so that if people believe in the work done by that industry, they might support it and become its stakeholders or investors. This is how the ecosystem of a corporation and the society itself are co-dependent. The product or the service offered by a company is needed by the public but at the same time, the product needs the public to recognize it and make it worth the need. Therefore, it is of utmost importance and a key principle of CSR that companies give respect to the society and its shareholders alike.

### 2.1.6 Respect for Rule of Law

The rule of law states that nothing and nobody is above the law and that the law is the supreme power. It also comes with some characteristics and dictates that 'everybody is equal before law' and 'everybody has an equal right to justice'. Since the incorporation of CSR in many legal systems, it is important for the companies to understand that anything that they do wrong or against the law will be punished. The law considers a company as an artificial person and capable of unlawful activities. Therefore corporation heads



must respect the rule of law as much as the people working under them. They can't think that since a company is not a living body, it cannot be sued and they can perform illegal actions in the company's name. In fact, they are responsible for all illicit activities of the company or acts done under the company's name just as they are responsible for its good name and the profit it holds.

### 2.1.7 Respect for Animal and Human Rights

The growth of various industries has been alleged to be achieved by the ignorance of child rights and basic human rights. There also have been cases of animal cruelty in the food and agriculture industries. CSR practices helped a lot of these causes by making the public aware about these issues. Companies have therefore incorporated the practice of respect for animal and human rights by taking animal and child welfare initiatives and by making workplaces gender equal. These practices yet have a lot to add as these problems are still prevalent. Therefore this is an important principle of CSR and one of the most crucial ones for the development of society and industry to go hand in hand.

## 2.2 GOALS OF CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility provides for certain goals that have been a subject in the past and some that are still not achieved. In the future, with changing times, new CSR goals may be implemented. The goals of CSR are therefore ceaseless due to the change in society and the continuous inauguration of new companies where these goals must be incorporated again and again. The change in society brings a change in these goals, which is why they can never be fully achieved. The industry can only come closer and closer to achieving them, but as crime can never be prevented, these goals can never fully see success. Some of these goals are discussed below:

### 2.2.1 Environmental Goals

Corporations need to keep in check, the waste excreted by their activities and how that waste is treated. It is high time for companies to be dependent on the government for their waste treatment systems and take self measures to ensure that their waste is properly separated into biodegradable and non-biodegradable, plastic and other recyclable material is properly recycled and reused. Moreover, it is important to keep a check on the air and water pollution produced by a particular corporation as it causes drastic environmental degradation. The goal for CSR here is to spread awareness amongst the workers and the leaders of various industries so that they may keep in check their waste production and actively take part in conservation and sustainability practices.

### 2.2.2 Human Rights Goals

The goals of CSR related to Human Rights can be further categorised into the types of rights. Those are women rights, child rights and rights of workers and labourers. All these rights have been recognised on an international level by multiple esteemed organisations including the United Nations so their importance is invaluable and of great need. World hunger and poverty are some issues that a few corporations are generously helping in. The corporate society has come a long way since the development of CSR in giving equal rights to women, saving children from labour practices and instead providing them with education and spreading awareness on unfair labour practices in industries. But it still remains a major goal to achieve as it has not been realised in its entirety. Human rights also include the rights of workers to get compensation, accurate wages, health benefits and a lot more. All these rights are being realised by industries and corporate life has become significantly better. But this is not true for all industries. While corporate

employees enjoy many benefits and perks, some industries are still struggling to give equal rights to women, avoid child labour and mal labour practices. This is why human rights need to be urgently recognised by corporations of all spheres.

### 2.2.3 Animal Welfare Goals

The fauna on this earth are an integral part of its ecosystem and the chain of co-dependent organisms should not be messed with like it is recently. There is a rise in cases of animal cruelty due to the activities of food and agriculture industries and the destruction of marine environment because of the degraded level of waste disposal systems. Animals are bred to grow and then slaughtered to fill the stomachs of humans and pockets of industrialists. These animals face unimaginable cruelty and powerful companies have managed to conceal these actions while the public has decided to turn a blind eye. Recently, a protest in America from the activists of an NGO called 'Mercy for Animals' has highlighted this issue in detail revealing that almost 90% of farmers cultured these animals in their farms having contracts with big food joints, exposing the animals to harsh conditions and multiple injuries along the way. There is hope for these animals if organisations support the work of such NGO's and commit to better animal treatment by starting animal welfare initiatives. This is also an important goal for the food industry as it is bound to show their sincere commitment towards animal welfare.

### 2.2.4 Workplace Regulation Goals

For peaceful workplace interactions the ambiance of a workplace must be positive so that it may impact its progress in a good way. For equal opportunities for women, equal pay for equal jobs and more such initiatives to succeed, an employer must not only treat their employees equally but nurture the same qualities in their employees. To teach them to take an initiative, take a stand and make a difference. A workplace must also be free of stress for the better quality of work. Therefore recreational activities, indoor sports, break rooms and various group or cultural activities are used in spaces to make the employees a community rather than competing individuals. Because the effect of non cooperation and negativity may be drastic in a professional workplace and it may also affect the individual quality of work and the efficiency of workers. This is why achieving workplace regulation goals must be a prior concern for all employers. This also includes the satisfaction of workers in terms of provisional health benefits provided to all of them equally and the financial benefits for their individual quality of work. In short, a combination of positive cooperation and healthy competition must be maintained in a workplace for it to function smoothly.

### 2.2.5 Social Development Goals

As discussed earlier, society is an integral part of the corporate system and companies need to realise the need to give back to the community. Community involvement and development go hand in hand as feedback and investors grow increasingly important. That is why new strategies to involve the public are becoming more common, like the stock market, online feedbacks and fundraisers. A fair operating process is needed which also supports donations and charities, the good work of NGOs in the medicine and food industry or several educational opportunities for children. Consumer issues must also be thoroughly dealt with so that the consumers are happy with not just the product or service, but the sheer feasibility it provides and the purpose it serves. That is why innovation has such a wide scope in today's culture, just to make life easier and customers more satisfied. Not just that, it needs to be environment friendly and cost effective. That is what makes a product stand out from competition. On top of that, if the company selling such a product were to take part in philanthropic activities, it would be the ideal for both social welfare and the

company's profit margin.

### 3. IMPACTS AND LIMITATIONS

All that the goals of CSR have achieved so far and how it has changed the world for the better will be discussed as its impacts and all the challenges faced in achieving those goals will be under the limitations. So, impacts and limitations also go together as one tells us about the progress and the other about the failures; and both these factors are necessary to fully grasp the idea of CSR in the modern world and inspect what its future holds. Something can be learned from both. Here, impact is discussed in the positive aspect while the challenges tell us about the negatives of the field that are yet to overcome.

### 3. IMPACTS OF CSR

Along with its huge impact on society, CSR impacts the business as well. In the beginning, there was growing concern amongst considerate industry leaders for their employees but between the need for getting work done and the employee's needs for a job made it impossible to do something about the situation. In short, there was a compulsion for work in that era. Slowly, the concept of CSR was developed. It was followed and applied long before its name was officially coined. Its application has brought job satisfaction and employee retention. Not just that, the world needs socially conscious consumers, employees and business leaders. According to a 2016 study, quality talent prefers to be employed by a transparent company with the goal of doing good and actually making a difference, not just making money. With the increasing awareness in youth, the companies too need to develop accordingly as there is no shortage of opportunities in today's world and people realise the need for change, the need to have rights, not just money and the need to bring about a revolution in how the environment is treated. The work ethic CSR has created over the years is quite a path to tread. It has offered equal rights, great health benefits to employees, insurances, amazing working conditions and so much more. The overall quality of work life has increased by more than 80% in some industries while in some, there is less change, but it's still there and is gradually becoming better with increasing awareness. Of course, in the end it all depends on the company's heads to follow the principles of CSR and make it a great place for work.

### 4. TYPES OF CSR

There are 4 main types of corporate social responsibility which serve as its foundations. These types are explained by Archie B. Carroll in her article on the pyramid of CSR. She explains that CSR has different types with different levels of importance with Economic responsibilities at the bottom of the pyramid, followed by legal responsibilities, ethical responsibilities and then philanthropic responsibilities on the top. This chapter discusses all these types.

#### 4.1 ECONOMIC RESPONSIBILITIES

Economic responsibilities are generally considered to be the most fundamental since the activities of corporations most of all, affect its financial market. Economic responsibility refers to a company's practice of basing all of its financial decisions on its commitment to do well for the community. The ultimate goal is to have a positive impact on the environment, people, and society, not just maximise profits. The creation of jobs and cultivation of economic growth is the main objective of corporations along with the implementation of successful business models in order to retain a complimentary position in the community. It is important to follow some business strategies and models in order to fulfil this responsibility and engage in activities that tend to boost the growth of the economy in the business without compromising its ethical standards. A business should be a thriving economy in a democratic setup, with transparent and accountable



leaders who do not lose focus. It is a business's fundamental duty to operate as an enterprise that offers goods and services to the community, facilitates jobs and fosters innovation through a competitive free market.

## 4.2 LEGAL RESPONSIBILITIES

The legal responsibilities of companies under CSR include that they follow the Rule of Law, fulfill every need that the legal system needs of them, cooperate with law enforcement and report any kind of illegal activity instead of encouraging or enforcing them. The common good can be fulfilled only within a broad social framework with the help of the law. Every community has needs that must be satisfied in order for the common good to be achieved and maintained. So these responsibilities also include following regulations that prohibit companies from getting things done in an easy way by ignoring their environment. Examples include, the ban of plastic in some areas, illegal mining, hunting, trafficking, minimum waste production, waste treatment and not having irresponsible waste disposal systems leading to the loss of life. Any kind of ignorance towards such regulations must be considered illegal acts. Therefore, legal responsibilities also include environmental responsibilities.

## 4.3 ETHICAL RESPONSIBILITIES

Ethical responsibilities are a mixture of social welfare and workplace welfare practices. The workplace welfare includes equality, freedom of thought, employee rights, professional treatment and many such things that come under basic business ethics to be followed in a workplace. The social welfare practices include being transparent and accountable towards the public and the stakeholders alike, to treat consumers fairly and with respect, to treat investors with respect, to watch out of the community and organise donation events and awareness campaigns with them on socially trending issues, to be sympathetic towards unfair actions and to have an ethical sense of behaviour inside and outside of a workplace. A vibrant and multigenerational population involved in social activities and community development is essential for a thriving community. Communities that want to grow economically must be able to recruit new employees while also supporting those who already live there.

## 5. STAGES OF CSR

In order to incorporate CSR in an industry as efficiently as possible there need to be some stages to follow. These stages make the incorporation of CSR in the industry easier and also prevent overburden of small businesses. Any businessman who intends to follow CSR practices and be successful at the same time needs to find the stage most feasible to them and then go upwards from that stage. The Boston College Center for Corporate Citizenship adapted 5 such stages of CSR in their monograph "Stages of Corporate Citizenship: A Developmental Framework" which are studied in this chapter with some interpretative amends.

## 6. THE LEGAL SCENARIO: Comparison and Analysis

Legislations play a crucial role in implementing the practices of social work through provisions and provide enforcement procedures for those who would disobey those provisions. The role of legal directives is as important as the role of law enforcement and judiciary. The importance of mandating CSR was first realised in 2014 but the international laws relating to various principles of CSR were present way before CSR was even an idea. So it can be said that the idea of CSR came through these already existing initiatives but it later became the official connection between business and society. For example, the first laws against child labour were recognised by France in 1841 when CSR was not a concept. These laws are still related to Human Rights in industries and therefore currently come under the ambit of CSR. Even the UDHR<sup>6</sup> came 5 years before CSR. Universally, CSR is generally considered a voluntary initiative rather than mandatory.

However, a growing number of countries have adopted laws that explicitly require businesses to comply with CSR over the past few decades and undertaking these initiatives as laws is an increasingly popular practice throughout the world as governments have distinctly understood its need.

On an international level, there have been many efforts. In December 1946, the UN created a special fund for the betterment of children called UNICEF, working with multinational corporations, national companies and small to medium sized businesses. UNICEF currently has more than 25 corporate partners including H&M, Louis Vuitton, Microsoft and Unilever. Although UNICEF is not a legal mandate but just a fund for the welfare of children, this example is given here to show the participation of various companies in these efforts. Laws relating to such practices would also be respected by companies that follow CSR and the companies that go against these laws would face legal action and their activities would be known to the public. This cannot possibly be a favourable situation for any industry. While all legal mandates are different as they are adopted by different countries, most of them are derived from already existing international laws which make their basic principles the same. Some of these mandatory corporate responsibility legislations around the world are identified by Ms. Li-Wen Lin in her study and include obligatory CSR due diligence, corporate philanthropy, governance structures and other CSR duties under corporate law considered to be imperative.

- OBLIGATORY DUE DILIGENCE

The process oriented laws inspired by CSR helps companies to identify the social and environmental risks associated with their operations and establish associative directives to prevent such harm. A country that has advocated such a vigilance law is France, where a company with more than ten thousand employees worldwide is required to develop, disclose and implement a vigilance plan to detect hazards and avert severe human rights violations or environmental damage that could be caused by the company's or direct or indirect operations.

- CORPORATE PHILANTHROPY

Ms. Lin mentioned that philanthropy is a narrow and even outdated aspect of CSR as CSR has evolved from basic charity to monitoring the daily harmful activities of a business. However, it is evident from the previous chapters of this research paper that philanthropic responsibilities are fundamentally the basic principles of CSR and there seems to be a growing interest in making it legally binding. Mauritius was the first country to make corporate philanthropy mandatory in 2009. After a while the practice was followed by India and Nepal. While mandatory philanthropic legislation varies among countries, all essentially require corporations to devote a specific percentage of their revenue profits to specific CSR projects such as those dedicated to build schools, work for healthcare or offer refuge to the underprivileged.

- GOVERNANCE STRUCTURES

Having strong corporate structures is crucial to implicit CSR techniques and is a major function of corporate governance itself. A company's board of directors is an example of such a structural mechanism to implement mandatory CSR, where the interests and concerns of shareholders may be served by maximising their share price among other things. Having employee representatives on the board would be another variant of this conceptual framework. A less radical approach would be to compel the formation of a CSR board committee which would be in charge of implementing and overseeing the company's CSR policies. South Africa's corporation legislation enacted in 2008, is an early example of this methodology.

- **CSR DUTY UNDER CORPORATE LAW**

Mandatory CSR under corporate law relates to its legal responsibilities and refers to the legal obligation of all enterprises to act in a socially responsible manner. This duty could be imposed by the corporate law of a nation or as part of the directors' statutory responsibility. The UK Companies Act of 2006 takes the latter approach, requiring directors of companies to regard the needs of workers, buyers, vendors, the ecosystem, and the general population while pursuing the stakeholder interests.

## **7. CSR IN INDIA**

India has always been good at finding a balance between common law and equity. In fact, most Indian laws, especially after independence have been based on equity itself. However, Indian culture used to influence a major part of its laws which proved to be both good and a bad thing. India is a country that takes pride in being the largest democracy with the lengthiest constitution in the world. It is known that India is a diverse country with a diverse culture and therefore calls for a vast set of rules that satisfy and respect all the cultures and religions residing in the country. This chapter entails the history of incorporation, mechanism and implementation of CSR in India and also provides insight on how to overcome the challenges faced. On 1st April 2014, India made CSR a legal mandate by including the term in the Companies Act 2013 under section 135 as the Companies (Corporate Social Responsibility) Rules.

## **8. CASE LAWS: THE ROLE OF JUDICIARY, THE PUBLIC AND THE GOVERNMENT**

This chapter will discuss some relevant case laws related to Corporate Social Responsibility. It will help in acknowledging how the judiciary, the community, the media and the government regulations play an eminent role in the implementation of laws and principles that associate themselves with CSR. Most CSR cases are seen within the subject of environment, hazardous substances and compensations for workers or the public. The study of these cases provides insight on the actual working of CSR in society and gives a real perspective of how successful its implementation is in the judicial and executive system and on the ground level. Studying case laws on CSR could also provide insights on the nature of business corporations, the considerations with which orders are passed in these cases and how they are enforced.

### **8.1 NATIONAL ALUMINIUM CO. LTD. & ORS. v. ANANTA KISHOR ROUT & ORS.**

This case was held in the Supreme Court of India on May 8, 2014. This case was received as an appeal before the court by the petitioner challenging the judgement of the Orissa High Court given on 21st December, 2006. Working towards their CSR responsibilities in 1984, NALCO had established two schools for the education of the wards of their employees in the localities of its main offices. Children of the community could also join as it was a public educational institute. This step was taken to fulfil the CSR responsibilities and to initiate a step towards educational awareness, provide financial support to the cause and served as a symbol of goodwill to NALCO's employees. The case that was presented in front of the Orissa High Court was a pair of writ petitions by two employees, one from each school that was opened by NALCO. These employees of the schools wanted the same financial recognition and benefits as a NALCO employee as they felt that their original employer was NALCO.

## **9. AUTHOR'S RECOMMENDATIONS**

This chapter discusses the recommendations of the author based on the CSR limitations and development techniques mentioned in the previous chapters. There is an urgent need for addressing these issues imposed by the unprincipled use of CSR and talking about them in public so that the companies responsible for the harm may be enlightened and see how they may lose the support of the public if they continue to engage in harmful practices. The public in turn, needs to be aware, should stop falling for marketing campaigns and wake up to do something about this issue. They must realise the power they really hold in this sector, as proved by the years of development in this field. CSR must not be seen as an additional social work, but should be integrated in the values of each company, huge or small. Companies should include the study of CSR in the training modules for their employees so that the clear distinction between the business goals of the company and the social goals of CSR is clear in their minds. Some business leaders may not feel attached to the moral principles of CSR and may feel as if the goals of CSR tend to disrupt the business' goals due to disengagement and social pressure to do good. However, it may be a positive thing seeing how social pressure can result in not only making the world a better place, but the competition may also encourage companies to do better just as CSR helps employees have better performances just by initiating a positive work experience. Corporations need to manage their employee's times by splitting it, or they could leave the intensive outdoor CSR activities to a different department altogether. In fact, CSR should become a part of any corporation's goals. As discussed in the limitations of CSR, it cannot control a real profitable business and turn it into the actions of an NGO. For example, when a company discusses pricing strategies for urgently needed and important pharmaceutical drugs they patented, they are helping save lives and globally contributing to CSR.

## **CONCLUSION**

The concept of Corporate Social Responsibility is becoming growingly familiar amongst corporations, young students and the public in general. It is important to keep a check on the responsibilities of companies towards the society for their support on the company's commercial workflow. It paves way for the sustainable and right use of resources through different ways in which the society can hold different corporations accountable for their actions. Since these early arguments and pivotal events, social responsibility has acquired traction and legitimacy; it is now widely acknowledged that people, planet, and profit are all interconnected. Quality leads to profit, and accountability leads to long-term profit. Corporate social responsibility programmes have given way to sustainable development, sustainability, and social responsibility. Quality, as well as sustainability, is an ideal state. As a path to sustainability, the goals and values of social responsibility make it a logical and gradual extension of a quality practitioner's professional skill.

After studying this research paper, it can be said that CSR is responsible for generating goodwill and maintaining ecologically intelligent choices amongst companies and the community they serve. CSR refers to the belief that businesses should invest in socially and environmentally important causes in order to communicate and function with stakeholders. The "Triple-Bottom-Line Approach" is a term used to describe how CSR may assist a firm in promoting both its financial interests and its societal duties. As evident from this research paper, CSR is a much broader term than acts of charity such as sponsorship or any other philanthropic activity as it refers to deep socio-economic and corporate responsibilities of businesses. Due to the increase in awareness among the society, companies have become more and more accountable and responsible in order to show the people their cooperation. Basing CSR techniques on accurate data is the right way to incorporate them into any business strategy. In the past three years, Google has donated over \$353 million in grants worldwide. Employees who work for companies that practise CSR are also happier and more pleased.

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