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CORPORATE SOCIALRESPONSIBILITY ASASOCIAL ISSUES: INTEGRATING TRIPLE BOTTOM LINEAND SUSTAINABILITY

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Introduction

Corporations to day touch our lives from the food we eat to the quality of air we breathe. Although the culture of a Firm is determined by the tone set by its top management and the independence and judgment by get keepers such as directors, auditors and attorneys, corporate behavior, in many ways, is regulated by its multiple stake holders. The principal objective of business enterprises is to enhance economic value for all stakeholders by making the most efficient use of resources. A Company that meets r value creation objective will have greater internally generated resources, improving its prospects for meeting its environmental, Community, and social obligations; pay taxes; reward, train and retain key staff; and enhance employee satisfaction. A key focus area is a company's human capital strategy, which is a lead indicator of corporate success.

The pursuit of sustainable, long-term stakeholder value is of paramount importance for long- term goals as well as strategies and business plans for review by the board. Their implementation should be monitored and compared with the performance of competitors. If performance is anticipated to fall short of goals, correctives measures need to be considered by the Board at the earliest. Some MNC brands and companies, while becoming a generic term for the product they manufacture, also become vehicles of aspirational human ideas such as honesty, fair play, and so on. But, at times, some brands also become the targets of mass protests as a symbol of imperialistic behavior of the home country where the company has its head quarters.

Worldwide protests againstunethical practices followed by companies in any part of the world-or even the threat of such protest-force companies to align grandiose mission statements closely with actual conduct on ground level. Examples that immediately come to mind are MNCs such as Nike and GAP that were force by wide spread protests in their home markets to publicly demonstrate their commitment towards fair labour practices followed on the other side of globe in countries such as Pakistan, Indonesia, India and so on .

The message to companies is clear: keep to the straight and narrow or face the consequences. Sam Di Piazza, the Chairman of Price water house Coopers, recently wrote in ***Financial Times*** of London," Rebuilding trust in public companies remains an arduous process involving significant expenditures". Ultimately, these expenditures will be judged not by CEOs, regulators or commentators but by the investor. The investor will give a higher valuation to those companies that embrace good governance and effective risk management-not because they have satisfied requirements, but because those that have turned this new era of compliance into a better tool for taking risks will turned out to be the winners in their markets."

A Tradition of Responsibility

India has one of the richest traditions of CSR (corporate social responsibility). While much been done in recent years to raise awareness on social responsibility as a business imperative, CSR in India yet to achieve critical mass. If goal be realized then the CSR movement will have to become much more business-like – with companies starting to set clear objectives, making real investments, measuring actual returns, and reporting performance openly.

To understand the current status of CSR in India, it is important first to map out the landscape and identify the main families of corporate responsibility. For long established industrial dynasties, such as the Birlas and theTatas, concept of nations building and trusteeship have been in their operations long before CSR become a popular cause. Alongside these are the leading Indian Companies with strong international shareholdings, such as Hero Honda, HLL (Hindustan Lever Ltd), and MarutiUdyog, where local dynamics fuse with the business standards of the parent or partner. Another tradition emerges the public sector enterprises, such as BHHL (Bharat heavy Electricals Ltd), HDFC (Housing Development Finance corporation), NTPCC (National Thermal Power Corporation), ONGC (oil and Natural Gas Corporation), Where social obligations remain an integral part of their business despite the much of privatization

The Emerging Model of CSR in India

Mapping out these four families of CSR helps provide a context for understanding the emerging model of corporate responsibility in India. Looking across the current practices of leading Indian corporations, a number of core elements emerge.

- Community development-Most large companies either have their own foundations of contribute to other initiatives that directly support the community upliftment, notably in health, education and agriculture.
- Environmental management-Environmental policies and programmes are now standard, and many companies have implemented the ISO 14 001 system throughout their business.
- Workplace- Growing out of long standing commitments to training and safety is a more recent emphasis on knowledge and employee well-being.

Comparing the CSR progress of India Inc. With the other emerging economics is difficult to achieve, not least because there are no global bench marks. However, some proxy indicators are available. In September 2004, the International Organization of Standardization published its latest survey of the adoption of the ISO 14 001 environmental management system. At the end of 2003, over 66 000 certificates had been issued worldwide, up 16 per cent on the year before. Of these, India had 879 certificates, a substantial growth from the 600 certificates in 2002. Yet, India lagged far behind China, which had over 5000 ISO 14 001 certificates in 2003, making it the country with the third highest number of ISO 14 001 registrations after Japan and the UK. Another broader measure of corporate commitment to social responsibility is the UN Global Compact, a set of 10 principles launched by UN Secretary- General, KofiAnnan. Currently, 95 Indian companies have backed the global Compact, slightly less than in Brazil, but on this occasion, considerably more than in China.

Corporate Governance and CSR

A corporation that focuses on ensuring the long term success of its business is more likely to implement sustainable risk and control mechanisms than one that is primarily concerned with achieving short-term goals. Irrespective of how the measurement parameters on this grid change, companies that create value are respected and also have effective corporate governance along with high social responsibilities. But do high levels of corporate governance pay? What would make the elephant dance?

A study by ***Paul Gompers, Lizziand Metrick,*** titled Corporate Governance and Equity prices', conclude that an investor that sold shares in publicly traded US companies with the weakest shareholder rights and bought those with the strongest would have earned 'abnormal' returns of 8.5 per cent a year during the sample period. The study analyses 1.500 companies and ranks them in deciles based on 24 district corporate governance provisions. The most dictatorial firms were less profitable, had lower sales growth and the returns on such firms not surprisingly trailed those of the democratic portfolio by an average of 8.5 per cent a year. Similarly studies by Rob Bauer and NadjaGuenster showed empirical evidence of positive correlation of better performance in the stock markets by better governed companies in the Euro Zone. In fact, they go on say that companies that increase 1 per cent in DeminorRating (a European corporate governance rating agency) translates to 0.47 per cent increase in their market value. Governance Metrics International said its latest data on 2,588 global companies found that 26 companies receiving the highest score of 10 outperformed the standard & poor's 500 stock index total return by 10 percent over the last five years.

In the Asian markets, a CLSA (Credit Lyonnais Securities Asia) report, Saints and Sinners – who has Got Religion' analysed results of over 495 companies in the emerging markets and these studies showed that in many markets, companies with good corporate governance have outperformed their indices in recent years and moved to valuation premia. Companies with governance are also those with f high ROE (return in equity) and the largest value creators on an EVA (economic value added) analysis. The report further states that of the 100 largest companies, firms that generated the top five scores for corporate governance were HSBC(Hong Kong), Infosys (India), Singapore Airlines (Singapore), Li & Fung (Hong Kong) and Richemont (South Africa). The biggest change in the decade has been institutionalizing of the Shareholders. Some of these investors issue what is called 'focus list', with issues related to performance or governance that need management attention.

The concept of governance in India, such as it is, is brought about by a few companies themselves and to an extent by foreign institutional investors, including venture capitalists. Firms that benchmark themselves internationally have opted for disclosure standards that are far more rigorous than those required in India. For instance, companies seeking list on NYSE or NASDAQ practice 'functional convergence' in corporate governance standards-that is adopt standards of the foreign country on which it seeks to list, which may be stricter than home country requirements. A few companies voluntarily published financial statements supposedly prepared under US GAAP .Infosys and other Indian software firms such as Wipro and Satyam accessed global capital market long after their exposure to global product and global talent markets had driven them to adopt good corporate governance practices.

Finally, the standards of corporate governance at some of these visionary companies are the exception, rather than the rule in India, with most firms in the so-called sunrise information technology industry also falling far short of the benchmark. Any research based on governance rankings is based on standards that attach different weights to various items the matrix. These weights their interpretation of the results varies between studies. On the other hand, opinion- based researched relies on circumstantial and subjective evidence to reach a conclusion. Despite their shortcomings, these results, read together with all the other research, provide firm support to the fact that improved corporate governance systems increase shareholder value of enterprises. The degree of tolerance to ethical misgivings set the fabric of the entire corporate structure. In some cases, it permeates through different countries and markets where a company operates. Such is the reach of a global organization, today.

Corporate governance is a major concern in the ASIA AND Pacific region, especially in the aftermath of the 1997 Asian financial crisis. The size and frequency of recent corporate governance debacles show that poor governance is not only a formidable hurdle to surmount but is also at the forefront of economic development issues. While shareholder return goals should be set terms of metrics that are based on standard accounting techniques, it is critically important to set long-term goals also in terms of economic profit as distinct from measures based on accounting methodologies.

The Asian development Bank (ADB) has taken a wide range of steps to improve corporate governance in the region. ADB aims to promote enterprises and financial institutions in its developing member countries to help accelerate economic growth and prosperity. ADB has invested in over 100 private sector enterprisesand financial institutions in the Asia and Pacific region over the last 2 decades and has Co-invested with governance conscious institutional investors. This experience has provided ADB with a close lookat actual governance practices in its investee enterprises that vary from the advanced to the rudimentary. The lessons gleaned from this experience have helped shape a set of corporate governance principles that have been crafted and tailored to the conditions of the region.

Good corporate governance requires an overriding commitment to a culture of governance that permeates all aspects of board and management conduct. The example and tone need to be set at the top to embed good corporate governance in an organisation’s culture. A key tenet of good corporate governance is that companies be run in the long-term interest of shareholders. Companies adhering to this principle will not benefit their shareholders, but also the wider economy contributing towards Corporate Social Responsibility.

Triple Bottom Line (TBL) and Sustainability

Triple bottom line accounting means expanding the traditional reporting framework to take into account environmental and social performance in addition to financial performance. The phase was coined by John Elkington in 1994. It was later expanded and articulated in his 1998 book Cannibals with Forks: The Bottom line of 21stCentury Business sustainability, itself, was first defined by the Brundtland Commission of the United Nations in 1987. The concept of TBL demands that company’s responsibility be to ‘stakeholders’ rather than shareholders. In this case, ‘stakeholders’ refers to anyone who is influenced, either directly or indirectly. By the action of the firm.According to theStakeholder theory, the business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximizing shareholder profit.

The Bottom Lines “people, and Planet Profit “are used to succinctly describe the triple bottom lines and the goal of sustainability.

“People”(HumanCapital) Pertains to fair and beneficial business practices towards labour and the community and region in which a corporation conducts its business. A TBL company conceives a reciprocal social structure in which the wellbeing of corporate, labour and other stakeholder interests are interdependent. A triple bottom line enterprise seeks to benefit many constituencies, not exploit or endanger any group of them. The “upstreaming” of a portion of profit from the marketing of finishing goods back to the originalproducer of raw materials, i.e., a farmer in fair trade agricultural practice, is a not unusual feature..In concrete terms, a TBL business would not knowingly use child labour, would pay fair salaries to its workers, would maintain a safe work environment and tolerable working hours, and would not otherwise exploit a community or its labour force. A TBL business also typically seeks to “give back” by contributing to the strength and growth of its community with such things as health care and education. Quantifying this bottom line is relatively new, problematic and often subjective. The global Reporting Initiative (GRI) has developed guidelines to enable corporations and NGO’s alike to comparably report on the social impact of a business.

“Planet”(Natural Capital) refers to sustainable environmental practices. A TBL company endeavors to benefit the natural order as much as possible or at the least do no harm and curtail environmental impact. A TBL endeavor reduces its ecological footprint by among other things, carefully managing its consumption of energy and non-renewable and reducing

manufacturing waste as well as rendering waste less toxic disposing of it in a safe and legal manner. "Cradle to grave" is uppermost in the thoughts of TBL manufacturing business which typically conduct a life cycle assessment of determine what the true environmental cost is from the growth and harvesting of raw materials to manufacture to distribution to eventual disposal by the end user. A triple bottom line company does not produce harmful or destructive products such as weapons, toxic chemicals or batteriescontaining dangerous heavy metals for example. Currently, the cost of disposing of non-degradable or toxic products is borne financially by governments and environmentally by the residents near the disposal site and elsewhere. In TBL thinking, an enterprise which produces and markets a product which will create a waste problem should not be given a free ride by society. It would be more equitable for the business which manufactures and sells a problematic product to bear part of the cost of its ultimate disposal. Ecologically destructive practices, such as over fishing or other endangering depletions of resources are avoided by TBL companies. Often environmental sustainability is the more profitable course for a business in the long run. Arguments that it costs more to be environmentally sound are often specious when the course of the business is analysed over a period of time. Generally, sustainability reporting metrics are better quantified and standardised for environmental issues than for social ones. A number of respected reporting institutes and registries exist including the Global Reporting Initiative, CERES, Institute 4 Sustainability and others.

"Profit" is the bottom line shared by all Commerce, conscientious or not. In the original concept, within a sustainability framework, the "profit" aspect needs to be as the economic benefit enjoyed by the host society. It is the lasting economic impact the organization has on its economic environment. This often confused to be limited to be limited to the internal profit made by a company or organization. Therefore, a TBL approach cannot be interpreted as traditional corporate accounting plus social and environmental impact.

Arguments in favour of the Concept

Fiscal policy of governments usually claims to be concerned with identifying social and natural deficits on a less formalbasis;however in a democracy at least, such choices are usually guided by ideology than by economics. The primary benefits of embedding one approach to measurement of these deficits would be first to direct monetary policy to reduce them, and eventually achieve a global monetary by which they could be systematically and globally reduced in some uniform way.

The argument is that Earth's carrying capacity is itself at risk, and that in order to avoid catastrophic breakdown of nature's service, there is a need for a comprehensive reform in global financial institutions similar in scale to that undertaken at Bretton woods in 1944, and not since [citation needed]. A major proponent of this has been Marilyn Waring. With the emergence of an externally- consistent green economics and agreement on definitions of potentially contentious terms such as full- cost accounting, natural capital and social capital, the prospect of formal metrics for ecological and social loss or risk has grown less remote through the 1990s.

In the United Kingdom in particular, the London Health Observatory has undertaken a formal program to address social deficits via a fuller understanding of what "social capital " is how it functions in a real community (that being the city of London). And how losses of it tend to require both financial significant political and social attention from volunteers and professionals to help resolve.

Studies of nature's services and assessments of the value of earth have tried to determine what might constitute an ecological or natural life deficit. The kyotoProtocol relies on some measures of this sort, and actually relies on some value of life calculations that, among other things, are explicit about the ratio of the price of a human life between developed and developing nations. The motive of this number was ton simply assign responsibility for a cleanup, such stark honesty opens not just economic but political door to some kind of negotiation- presumably to reduce that ratio in time to something seen as more equitable. As it is, people in developed nations can said to benefit 15 times more from ecological devastation than in developing nations, in pure financial terms. According to the IPCC, they are thus obliged to pay 15 times more per life to avoid a loss of each such life to climate change- Kyoto seeks to implement exactly this formula, and is therefore sometimes cited a first step towards getting nations to accept formal liability for damage inflicted on ecosystems shared globally.
Advocacy for triple bottom line reforms is common Green Parties. Some of the measures undertaken in the European Union towards the Euro currency integration standardize the reporting of ecological and social losses in such a way as to seem to endorse in principle the nation of unified accounts, or unit of account, for these deficits.

Arguments against the Concept

While many people agree with the importance of good social conditions and preservation of the environment, there are also many disagree with the Triple Bottom Line as the way to enhance these conditions. The main arguments against it may be summarized as:

- ***Division of Labour:*** Which is characteristic of rich societies and a major contributor to their wealth, leading to the view that organizations contribute most to the welfare of society in all respects when they focus on what they do best … the baker exchanges his loaves with the shoemaker rather than making his own shoes to the benefit of both and by extension the whole of society. In the case of business the expertise is in satisfying the needs of society and generating a value added surplus. Thus the 'triple bottom line' is thought to be harmful by diverting business attention away from its core competency. Just as charitable organizations like the Salvation Army would expected to attend to environmental issues or pay a cash dividend, and Greenpeace would not be expected to make a profit or succor the homeless, business should not be expected to take on concerns outside its expertise.
- ***Effectiveness:***It is observed that concern for social and environmental matters is rare in poor societies (a hungry person would rather eat the whale than photograph it). As a society becomes richer its citizens develop an increasing desire for a clean environment and protected wildlife, and both the willingness and financial ability to contribute to this and to a compassionate society. Indeed support for the concept of the 'Triple Bottom line' itself is said to be an example of the choices available to the citizens of society made wealthy by business attending to business. Thus by unencumbered attention to business alone, Adam Smith's Invisible Hand will ensure that business contributes most effectively to the important of all area of society, social and environmental as well as economic.
- ***Nationalism:***Some countries adopted a nationalistic approach with the view that they must look after their own citizens first. This view is not confined to one sector of society, having support from elements of business, labour unions to politicians.
- ***Libertarian :***As it is possible for a society responsible person to sincerely believe that the 'Triple Bottom Line' is harmful to society, the libertarian view is that it would be arrogant to force to support a mechanism for the improvement of society that may, or may not, be the best available. That is, those who would not force Greenpeace and the Salvation Army to generate a profit should not force business to take responsibilities outside their area of expertise.
- ***Inertia:***The difficultly of achieving global agreement on simultaneous policy may render such measures at best advisory – and thus not enforceable. For example, people may be unwilling to undergo depression or even sustained recession to replenish lost ecosystem.
- ***Application:***According to Fred Robin's 'The Challenge of TBL: A responsibility to whom? One of the major weakness of the TBL framework is its ability to be applied in a monetary- based economic system. Because there is no single way to monetarily measure the benefits on the society and environment as there is with profit, it does not allow for business to sum across all three bottom lines. In this regard, it makes it difficult for business to recognize the benefits of using TBL for the company, itself.

Sustainability is a characteristic of a process or state that can be maintained at a certain level indefinitely. The term, in its environmental usage, refers to the potential longevity of vital human ecological support systems, such as the planets climatic system, systems of agriculture, industry, forestry and fisheries, and human communities in general and the various system on which they depend. In recent years an academic and public discourse has led to this use of the word sustainability in reference to how long human ecological systems can be expected to be usefully productive. Observes point out that in the past, complex human societies have died out, sometimes as a result of their own growth and associated impacts on ecological support systems. The implication is that modern industrial society, which continues to grow in scale and complexity, will also collapse.Sustainable development means "meeting needs of the present without compromising the ability of future generation to meet their own needs".

It can be limited biological interpretation as ecological footprint analysis, or may include social factors as in the ICLEI – Triple Bottom Line standards for urban and community accounts. Sustainability is clearly intended as a means of configuring civilization and human activity so that society, its members and its economies are able to meet their needs and express their greatest potential in the present, while preserving biodiversity and natural ecosystems, and planning and acting for the ability to maintain these ideals in a very long term. It can easily be seen that the definitions and matrices that might result are prescriptive of political, philosophical or religious values.

CSR- A Business Necessity

In recent years, the business care for CSR has been gaining ground, revolving around the idea that what is good for the environment, workers and the community is also good for the financial performance of the business. A recent global survey by PricewaterhouseCoopers, in conjunction with the world Economic Forum, found that more than two thirds of the 1100 CEOs polled believe that proper exercise of corporate social responsibility is important to profitability and can prevent can prevent the loss of customers, shareholders, and even employees.

The sustainability aspects relate to:

- Governance and management,
- Stakeholder engagement,
- Environmental process improvement,

- Environmental products and services,
- Local economic development,
- Community development, and
- Human resource management.

The business success factors include:

- Cost saving and productivity,
- Access to capital,
- Risk management and license to operate,
- Human capital, and
- Brand value and reputation

Research in several developing countries indicates a strong link between many of the sustainability and business success factors. In particular, eight areas of opportunity are found to be most relevant to the developing countries. These relate to the following.

- Cost savings from environmental improvements, eco-efficiency measuring using less energy and materials, lower pollution costs and fines, reorganizing production process, material flows, and supplier relationships.
- Cost savings from effective human resource management and increased labour productivity. Provision of training, health, and education benefits for workers; a clean and safe working environment; and fair wages are all factors that result in an increased productivity and reduced costs.
- Increasing revenues innovating and developing new environmental products and by-products from waste.
- Increasing revenue by building linkages with the local economy and employing local residents. A clear linkage exists between poverty reduction and business growth.
- Reduction risk through engagement with stakeholders such as employees, customers, NGOs, Politicians, and other business partners, such engagement assists the company in better management of environmental and social expectations, thereby reducing the risk of civil action improving access to financial capital.
- Building reputation by increasing environmental efficiency and improving environmental responsibility. An enhanced reputation is often manifested in awards and recognition from governments, rating agencies and public surveys.
- Developing human capital through better human resource management. A high quality work force is essential for competitiveness since it improves productivity, product quality, and innovation. A study in India covering 52000 employees in 200 companies found a positive correlation between employment practices and financial returns.
- Improving access to capital through high standards of corporate governance that reassure investors on issues relating to shareholder rights, transparency and disclosure, and proper governance structures.

Another interesting illustration of the business case for CSR is provided by BOB Willard in his book, ***the Sustainability Advantage*; *seven business case benefits of atriple bottom line (2002),*** where he presents seven sustainability strategies that lead to significant business opportunities. These range from reducing hiring and retention costs, improving productivity, decreasing expenses, to increase revenue and shareholder value. Willard also provides a customizable spread sheet into which company executives can insert their own data to see for themselves whether case for sustainable initiatives will be a profitable one for their company. To test the assumption that good environmental and social programmes make good business sense, Willard uses a hypothetical computer company he calls 'SD INC,' a composite of the top five global computer companies, IBM, HP, COMPAQ, Dell, and Xerox,SD Inc, is assumed to have 1999 revenues of 44 billion dollars, profits of three billion Dollars, and 120000 employees. By integrating sustainability into their business model and in their mindset Willard shows that corporations can release the following seven bottom lines benefits.

- ***Easier hiring of the best talent*** Researchers estimate that the most important corporate resource over the next 20 years will be talented employees, many of which pay attention to corporate social and environmental behavior. Willard show how recruiting costs for SD Inc. could be reduced by 5 per cent through a positive SD branding.
- ***Higher retention of top talent*** studies show that talented employees tend to stay with a company when they have meaningful work. Willard shows how SD Inc., in embracing a sustainable framework, could avoid 38 million dollars in costs.
- ***Increasing employee productivity*** Willard discuss the connection between meaningful work and productivity, and shows that engaging the entire organization in sustainable development goals like Zero emissions, self-sufficientenergy production. Zero waste, helping restore the planets health, ensures that the company gets more output from its employees. SD Inc.'s productivity benefit translates into 756 million dollars, the equivalent of 12600 extra employees.

- ***Reduced expenses in manufacturing*** Willard demonstrates savings opportunities through eliminating or recycling waste and redesigning process to use less energy, water and materials in manufacturing, which are the low hanging fruits of eco-efficiency.
- ***Reduced expenses at commercial sites***A lot of unnecessary waste takes place at nonmanufacturing sites. Through more judicious waste handling, energy efficiency, water conservation and naturalized landscaping, SD Inc. can add 26 million dollars of pure profit.
- ***Increased revenue / market share*** by tapping into the trend of consumer preference for 'green' products, Willard shows SD Inc. can increase its revenue by 5 per cent a year (an extra 2.2 billion dollars) and increased profits of 150 million dollars.
- ***Reduced risk, easier financing*** companies that shows an environmental and social responsibility tend to be viewed as less risky and that can translate into cost avoidance, lower insurance premiums, and reduced legal and regulatory costs, preferred rates on loans, greater investor appeal, and avoidance of lost revenue from consumer activist's actions.

CSR and Development

With the retreat of the state in economic activity in India, the imperative for business to take up wider social responsibilities is growing. The situation is complex and India is facing a compounded set of corporate responsibility challenges.

The 'first generation' corporate responsibility agenda concerning conflicts between companies and communities over the control of natural resourcesis widespread. Examples include struggles between rice growers and shrimp farms, land disputes between plantation owners and indigenous communities, and resistance, and from communities to mining projects. Yet India also faces a range of 'Second Generation' issues relating to hazards of industrial production, exemplified by the 1984 Bhopal tragedy, but now encompassing a growing number of incidents across the subcontinent where industrial air and water pollution, and the dumping of waste is going beyond limits of social environmental tolerance. And, finally, as the pace of urbanization continues and liberalization opens up India to global consumption patterns, many of its cities are simultaneously confronting the 'third generation' responsibility issues related to products and services, whether they are auto pollution norms or pesticide residues in mineral water.

Whereas business cannot be expected to take on the role of governments, in a situation where a majority of the population lives below the poverty line and has little or no access to basic public services such as health, education, water and electricity, and where there are a multitude of complex sustainability challenges, CSR certainly has a potential for becoming a real tool for development- human, social and economic.

The public's expectation of business arealso growing. A TERI opinion poll in India found that Indians feel that the business sector must play a wider and more expansive societal role. In addition to providing good quality products at reasonable prices, companies should strive to make their operations environmentally sound, adhere to high labour standards, reduce human rights abuses and mitigate poverty. But the poll also revealed that people are not yet judging companies in the marketplace according to these criteria. Developing such market oriented pressures could become a powerful lever for change.

One example of an initiative that emphasizes the development role of business is the Sustainable Livelihoods Project of the WBCSD (World Business Council on Sustainable Development), the aims at doing business with the poor in ways that benefit them and the company. The success of this business model will be instrumental in shaping the future of CSR as a development strategy.

CSR Tools Standards, Codes, Guidelines

Within the development debate, advocacy and research on competitiveness, trade, and business development on one hand and on poverty alleviation on the other, often take place in separate camps. In both cases, the separate groups are like two adventures following roughly parallel paths that do not cross. Opportunities for complementarities are therefore missed. Environmental and social standards, CSRCSR standards. Are at the forefront of the struggle to find those complementarities, and operationalize sustainable development. Standards for sustainable development are used to drive a 'race to the top' rather than a 'race to the bottom' in which countries try lure investment or exploit opportunities by lowering or not enforcing environmental or social standards.

Within a market economy, voluntary standards are considered to be more efficient, more flexible, and less discriminatory than state-imposed taxes and quotas meaningfully integrating social and environmental concerns within economic growth. Voluntary standards and associated codes and certification schemes are emblematic of globalization. Linked as they are with

the growth of international supply chains, a reduced role for state organizations, and recasting of regulatory systems. These standards, codes and benchmarks are proliferating, often as part of CSR or risk management initiatives. Realizing that voluntary standards can have the same impacts on market access as government-led regulations, public policy and multilateral agreements in a highly politicized atmosphere are struggling to keep up. There is now a tremendous amount of interest of in standards among civil society, industry, government and multilateral institutions.

Whether standards relating to sustainable development-around environmental, labour, or ethical issues- are adopted by a firm depends on the prevailing commercial pressures and on corporate leadership. Some of the drivers are as follows.

- Desire to enhance or sustain competitiveness through selling ethical or ‘green’ products (sustainability as embedded quality), or recruiting and retaining high quality staff.
- Risk to company brand or reputation (and hence shareholder value) as a result of consumer pressure or NGO campaigns.
- Pressure from investors, lenders, and insurers.
- Support from enlightened corporate leadership.
- Threat of regulatory action emerging legislation.

While trade associations may bemoan increased regulation, large companies may quietly welcome measures, which add a few bricks to the wall around the business that blocks new entrants to their markets. This logic applies to standards for ‘sustainability’ as much as to quality and safety. Voluntary self regulation by individual companies or business associations is often initiated in the hope or expectation that best practice will become a legislated condition to market entry. Standards developed and implemented nominally in the name of ‘sustainability’ but rationalized within corporate strategy as a means to avoid risk, build barriers to competitors, or survive in an era of increased competition and trade liberalization, are perceived to be less benign (subject to accusations of ‘green washing’) than standards arising from a core commitment to sustainable development. But outcomes for the environment, labour, or producers depends not so much on the commercial rationale for adopting a standard than on the sharing of costs and benefits of those standards along a supply chain over time.

Deriving Competitive advantage in India

A number of factors are driving the increased adoption of CSR practices in the corporate India. Regulation obviously provides the baseline for corporate action, notably for employment practices and the environment. Beyond, for many companies, being a good corporate citizen is a vital aspect of their identity, values and vision. Far-sighted business leaders recognize that it is unsustainable for their companies to exist as ‘islands of prosperity’ in a sea of poverty. ‘We must do something for the community from land generate our wealth’, says one leading CGO. Market forces are also propelling many firms to go ‘beyond compliance’, notably for those selling into international supply chains. No longer a legal necessity and a nice thing to do, CSR is emerging as a ‘hard’ commercial factor, linked directly to profits and brand value.

- ***Boosting profits**:* GujuratAmbuja, one of the country’s leading cement manufactures, reports that ‘ our efforts to achieve world standards in environment protection have had happy outcome of substantially improving efficiency and profitability’.
- ***Cutting costs:***Reliance industries’ energy conservation measures have saved the company 1150 million rupees annum.
- ***Increasing revenues:***HLL’s Project Shakti creates income- generating opportunities for the under-privileged rural women, while giving the company an enhanced access to hitherto unexplored rural areas.
- ***Strengthening brand value:***In February 2004, Infosys was among seven international companies to be chosen in the first annual list of ‘Top Brands with a Conscience’.
- ***Enhancing reputation:***The oil and Natural Gas Corporation has found that its community development programme has ‘generated tremendous goodwill and earned the company the reputation of being a company that cares’.
- ***Improving morale:***Tata Steel believes that helping the community also provides a new perspective to its employees, thereby strengthening employee morale.

Recognizing the Limits

Yet, for all these signs of process, CSR in India has yet to realize its full potential. Individual and collaborative initiatives continue to be dominated by self-assertion rather than accountability. There is certainly no lack of CSR programmes and projects in India: what is absent, however, are clear metrics for evaluating their actual impact in improving social conditions.

One quick indicator: of the 95 supporters of the Global Compact from corporate India, only one –atlas Cycles – has produced annual the communication on progress that is expected of the Compact’s supporters. And while most large corporations now disclose some information on their social or environmental programmes – with BHEL, Dr. Reddy’s HLL, and TISCO in the vanguard- much of this remains highly descriptive and qualitative, lacking the rigor of common, qualified

performance information that characterises the company financial accounts. Companies routinely claim that their employees their greatest asset- and yet providing little evidence of how this asset is being valued and enhanced. Similarly, there are no generally accepted standards for measuring the success of the array of community development programme that are now in place. Without this, it is difficult for companies and their stakeholders to judge the efficiency or effectiveness of these well-intentioned interventions.

Beyond the issue of assessing impact are broader questions of the incentives for companies to take action. In the language of economics, India's markets continue to exhibit an unhealthy profusion of negative externalities where the costs of resource use, environmental degradation, or community disruption are neither paid by those who incur them nor are reflected in actual prices. For example, India is already 'water stressed' and is on course to enter a situation of 'water scarcity' in the coming decades. Yet, the current pricing of water is below its real economics value, giving little incentive for companies to reduced demand and conserve.

Tragically, today's economic framework gives little encouragement for companies to consider the long-term – the essence of true sustainable development. Indeed, the pressure in financial markets is for an ever-more insistent focus on short-term shareholder value. Increasingly, it is becoming clear that the real CSR leadership is not just putting one's own house in order, but advocating the right conditions to reward responsible practice.

Conclusion

Corporate governance is about promoting corporate fairness, transparency and accountability. It deals with the ways in which suppliers of finance to corporation assure themselves of getting a return on their investment. Gone are the days when the only concern for a business was profit maximization. Although, the materialistic aspect of the business still remains a primary aim, companies today are expected to also show concern towards the well- being of their stakeholders. In the current scenario, it has become a norm that good governance surely helps a company to achieve sustainable growth.Thus, it can be concluded that CSR has a significant role to play in controlling the perilsof uncontrolled development, satisfying the needs of the present generation and at the same time ensuring that the resources of future generations is not jeopardized. Although, the 'beyond charity and legal obligations' agenda of sustainability may be challenging it is meaningful to integrate social, environmental and ethical concerns into business processes. It is proving prudent to embark on TBL concept to achieve sustainable development.

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