

Chapter 3

Sustainable Development: Genesis, Advent of Corporate Social Responsibility And Future

Author: Merlin Mary Zacharias²⁸

Introduction

Commerce is rapidly progressing over the years and this expansion has raised the level of performance, leading its way to the money-dominating age. Enterprises are approaching modern strategies to acquire more profits. In the course of this present-day effort, energy and efficiency are put together to increase the organizational wealth and accumulation of resources. The enterprises with most wealth and potential attain the topmost position in the economic charts and they are considered to be powerful in the present era. Unfortunately, the greed for economic growth doesn't certainly help you top the social development.

In Vedic mythology, business was always an unavoidable part to create prosperity in the society. The teachings prioritized on embracing ethics while approaching and meeting the needs of the society. The teachings were always community oriented instead of individual success and always promoted to cooperate with each other and to never be resentful on others success. Today, those teachings have faded in front of the bright aggressive growth in the economic field. With internationalization at its peak, the pressure of competitiveness is flooding.

Veda urges for minimum consumption, accumulation, mutual cooperation with attention to natural harmony but with fast paced growth everyone wants centrality of resources for business growth. It also accentuates on the free flow of money rather than accumulation. Therefore, the welfare of the resources in the society is a vital responsibility for the business enterprises. Thus, what we put into the universe is what we get back multiplied.

Vedic economic concept always focused on the allocation of resources and wealth equally. There governing principles related to the economy is to not have an unfortunate effect on fellow mates, not to cause any physical harm, money should not be seized from others, money should be earned righteously. As mentioned before there should always exists a

²⁸ Author: Merlin Mary Zacharias

Class: B.B.A, Ll. B, 3rd Year

University: Vellore Institute Of Technology, School Of Law
Chennai

Email: Mmzach27@Gmail.Com

continuous free flow of money, resources and opportunities and if any interruption exists then it can hamper the objective of ultimate equal prosperity.

Advent of Corporate Social Responsibility (CSR)

In India, as culture, values played a vital role in the society it also played a significant role in the development of the concept of CSR (Corporate Social Responsibility). Corporations have used concepts of CSR to attain high business performances by setting a positive impact on the community, society, values, culture, and nature. CSR has come into existence since Vedic times and India is considered to be the oldest country to practice it. Today with globalization and industrialization our old teachings and ethics are prevalent in the modern world as a concept called 'Corporate Social Responsibility'.

The era of pre-industrialization saw the foundation of many temples and idols which were used to worship and overcome the challenges such as famine and various outbreaks. These acts of charity and philanthropy led to the growth of the concept called 'CSR'.

During the independence movement period industrialists were under worry, tension and pressure to commit themselves towards the growth and progress of the society. The beliefs of Mahatma Gandhi strengthened and motivated the various industrialists to act towards attaining socio-economic development.

With the emergence of laws for the protection of labor and environment, this era was termed as an era of 'command and control'. With the rise in public sectors, their main aim was to provide an equal and fair distribution of resources to everyone. During the phase of liberalization and privatization in 1990's Indian corporations tried to attempt a sustainable business strategy by letting loose of old traditional CSR concepts and activities. The end to 'License Raj' boosted the Indian economy which helped in attaining the momentum in the economy resulting in rapid growth in Indian companies.

Concept on Sustainable Development

Sustainable development was always compared to the environmental issue. In developed countries, sustainable development is directed towards economic growth, natural resources, and biodiversity. From past experiences, we have clearly understood that economic crisis and environmental issues go hand in hand. The responsibility on who should act towards sustainable development was always a shifting question from government officials, civil workers and finally to the company officials themselves. As a

consequence of globalization, various multinational companies have come forward to walk in the path of sustainable development.

Sustainable development is the development that meets the needs of the present without compromising the future generations own needs. The significant objective of sustainable development is to provide the basic needs of human beings such as food, clothing, and shelter and satisfy their aspirations. It should always ensure that the majority of people's needs should be met as well as people with special needs should also be satisfied with special priority.

Oncept Of Corporate Social Responsibility

Corporations take into account the impact they cause to the environment and society. They analyze this impact and tries to bring a favorable solution to this effect. Along with taking account of the impact on environment and society it also takes into account the interest of the shareholders and stakeholders, as every participant of the company has a responsibility towards the society. Apart from corporate satisfaction, it also takes into account of ethical behavior which respects the ethics, values, and interest of the individuals and the communities. In other words, Corporate Social Responsibility is the modern expression to express business ethics in corporate business. Majority of companies takes CSR in the form of charitable activities which aims to achieve benefits for society and environment without disorganizing the business model. Examples of sustainable initiatives are providing health care to the employees, providing training or extensive education, etc.

Relationship Between Sustainable Development And Corporate Social Responsibility

In the beginning of the enterprise's and company's arrival they didn't play a vital role in the field of sustainable development but around the 1990's they had a crucial role in performing sustainable development. By 2000, contribution towards sustainable development was stressed as a duty of corporations and as a corporate social responsibility.

Enterprises are increasingly undertaking greater responsibilities to promote and administer self-regulation in ensuring minimum impact on health and the environment. This ethical management of processing products has helped in minimizing waste and encouraging in reuse, recycle and reduce the impact on the environment and society. With various government initiatives and international organization partnering, many companies are implementing different initiatives to develop sustainably. Companies should have a check

on the impact caused by the companies on the environment due to consumption of resources.

Preventive strategies are more efficient as well as economic and environmentally friendly. Therefore, responsible preventive measures and strategies should be adopted in protecting the environment and proceed sustainably.

Large scale businesses should strive to partner with medium scaled business and small scaled business for market and technological development.

Current Status of CSR In India

With emergence of globalization, many companies lacked in making efficient guidelines towards sustainable development. Since time immemorial CSR lacked a definite structure and definition. There should always exist a corporate social responsibility committee in order to evaluate and formulate policies to undertake activities in the company, to recommend specific expenditure for various activities and to monitor different corporate social responsibility policies

The board of the company should take into account all recommendation to make any shift or change in the corporate social responsibility policies, acknowledge the need of stakeholders and shareholders, employees, communities and customers and once the new policies are approved it should be uploaded in the company's website to ensure all employees are aware of the newly approved policies. The board of the company should make sure that they work towards their corporate social responsibility policies.