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A Conceptual Study on Corporate Social Responsibility (CSR).

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ABSTRACT:

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies efforts that go beyond what may be required by regulators or environmental protection groups. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

The main objective of this paper is to explore the concept, background, benefits and challenges in adoption of Cloud Based Accounting in any organization. This study is descriptive and conceptual in nature. This article is conducted on the basis of secondary data. This paper is aimed at searching the existing literatures related to Cloud Accounting and cloud technology. The secondary data have been collected from the journals, published books, newspaper articles and the internet sources are also used. This article aiming on CSR, its benefits and issues which are reinforced by different studies which describes the significance of investing the above stated research objective. As stated earlier by having the adequate knowledge of the CSR would help the companies not only to survive in the changing business world also to promote themselves.

Key Words: Corporate Social Responsibility (CSR), Health Care, Ethics, Organization, NGO, NRL etc.

Introduction

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies efforts that go beyond what may be required by regulators or environmental protection groups. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Corporate social responsibility or CSR being an evolving term does have a standard definition or a fully recognized set of specific criteria. As a relatively new entrant in the lexicon of management thought, CSR is often a much bandied, little understood term. In common parlance, the term is often used to denote the community developments efforts of organizations. Yet like an onion whose layers one can keep peeling off to reveal fresh layers, one can keep unraveling the term CSR to have a wider and more inclusive definition. That is why like a few terms, CSR has also been defined in many different ways. Some of the more popular meaning of CSR include "profit making only", "going beyond profit making", "voluntary activities", "concern for the broader social system", and "social responsiveness" (Carroll 1979:499). While there is no universal definition of CSR, It generally interpreted as organizations' way of integrating economic, social and environmental imperatives of their activities. This is an old concept but new term. As a concept, corporate social responsibility has gained momentum recently in India, but as a way of life Indians have practiced corporate social responsibility since times immemorial to affect social welfare and social well-being. Hence is one such instance to quote from the first verse of Ishavashya Upanishad that describes: "All that exists in this Universe is the abode of the Almighty. Therefore, enjoys the good things in life by sharing them with others. Do not covet the possessions of others (Raj 1999)".

These ethical considerations of ancient India hold good even today and guide the economic activities of business operations. Today business needs to imbibe such spirits and virtues to integrate itself with social aspects of people's life and also discharge its social responsibilities.

Objective of the Study

The main objective of this paper is to explore the concept, background, benefits and challenges in adoption of Cloud Based Accounting in any organization.

Research Methodology

This study is descriptive and conceptual in nature. This article is conducted on the basis of secondary data. This paper is aimed at searching the existing literatures related to Cloud Accounting and cloud technology. The secondary data have been collected from the journals, published books, newspaper articles and the internet sources are also used

Significance of the Study

This article aiming on CSR, its benefits and issues which is reinforced by different studies which describes the significance of investing the above stated research objective. As stated earlier by having the adequate knowledge of the CSR would help the companies not only to survive in the changing business world also to promote themselves.

NEED FOR CORPORATE SOCIAL RESPONSIBILITY

Following are the some justifications in favour of why corporations should discharge social responsibility. Many of these (Mintzberg 1983) tend to be couched in terms of enlightened self-interests, i.e., the corporation takes on social responsibilities insofar as doing so promotes its own self-interests.

- Corporations perceived as being socially responsible might be rewarded with extra and/or more satisfied customers, whilst perceived irresponsibility may result in rejection or boycott by customers. Pepsi and Coca-Cola experienced such boycott from customers in India in 2007.
- Research reports that employees are attracted to and even become more committed to corporations that socially responsible behaviour (Greening and Turban 2000).
- Corporations that voluntarily commit to social actions and programmes may also forestall legislations and ensure greater corporate independence from government.
- Making positive contribution through socially might be regarded as a long-term investment in creating an improved and stable business context to do business.

DIMENSIONS OF CSR:

The facets and dimensions of corporate social responsibility include the obligations a business has to its interests groups also called 'stakeholder.' The stakeholders in a business include shareholders/owners, consumers, employees, government, society, etc. These are depicted in the following diagram:

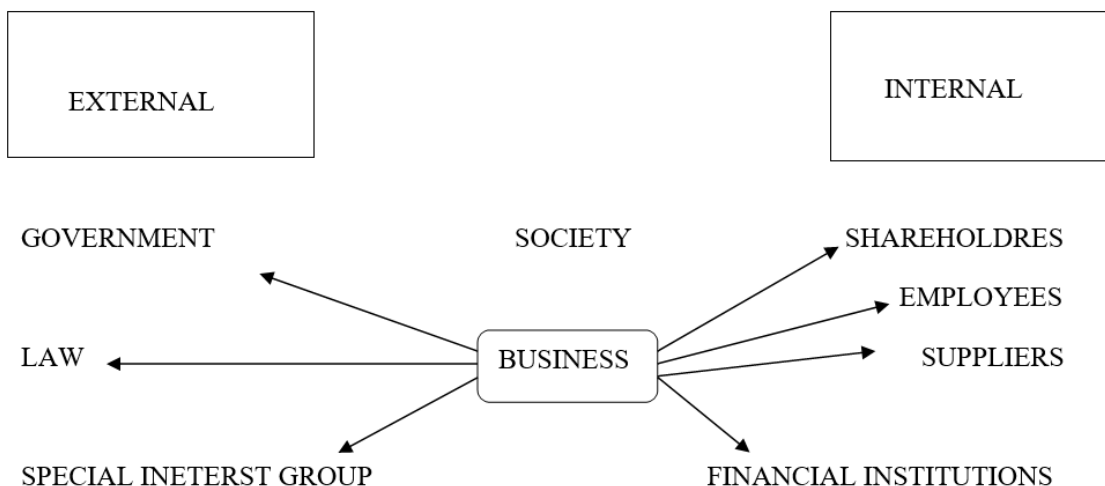


Fig: Dimensions of Corporate Social Responsibility

Arguments in favour of CSR

- Protect the interest of shareholders:** Labour force is united into unions which demand protection of their rights from business enterprise. To get the support of workers, it has become necessary for organization to discharge responsibility towards their employees.

- From that assume social responsibility losses in the short run but fulfilling social obligation is beneficial for long run survival of the firms. The short term costs are therefore investment for long run profitability.
- **Long run survival:** Business organizations are powerful institution of the society. Their acceptance by the society will be denied if they ignore social problem. To avoid self-destruction in the long run, business enterprises assume social responsibility.
- **Self-Enlightenment:** With increase in the level of education and understanding of business that they are the creation of society. They are motivated to work for the cause of social good. Manager creates public expectation by voluntarily setting and following standard of moral and social responsibility.
- **Avoids government regulation:** Non-conformance to social norms may attract legislative restriction. Government directly influences the organization through regulation that dictate what they should do and what not. Various agencies monitor business activities. For example: Central pollution control board takes care of issues related to investor protection. Organization that violates this regulation are levied fines and penalties. To avoid such intervention organization has risen to the cause of social concerns.
- **Resources:** Business organization has enormous resources which can be used for solving social problems. Business is the creation of society and must work for the best interest of society, both economically and socially.
- **Professionalization:** Management is moving towards professionalism which is contributing to social orientation of business. Increasing professionalism is causing managers to have formal management education and qualification. Managers specialized in planning, organizing, leading and controlling through their knowledge and subscribes to the code of ethics established by a recognized body.

Arguments against Corporate Social Responsibility:

- **Business is an economic activity:** It is argued by the opponents of social responsibility that basic function of a business enterprise is to look into economic viability of its operation. It is for the government to look after the interest of the society. The prime responsibility of assuming social responsibility should therefore be of the government and not of the enterprise.
- **Quantification of social benefits:** What measure the social responsibility and to what extend the business enterprise should be engaged in it, what amount of resources should be committed to the social values, whose interest should hold priority over others (shareholders should be preferred over suppliers or vice versa) and numerous others question are open to subjective considerations, which makes social responsibility a difficult task to assumed.
- **Cost benefits analysis:** Any social benefit programmed where initial costs exceed the benefit may not be taken up by the enterprise even in the short run.
- **Lack of skill and competence:** Professionally qualified managers may not have the aptitude to solve the social problems.
- **Transfer of social cost:** Cost related to programmed are adjusted by the business concern in the following ways:
 - High price: The costs are passed to consumers by increasing prices of goods and services.
 - Low wages: If managers maintained a level of prices, the social cost may be reflected in reduction of wages.
 - Low profits: If wages are stabilized, profits would be reduced, which will lower dividend to the shareholders, low profits will reduced managers desire to further engaged in corporate social responsibility.
- **Sub-Optimum utilization of resources:** If scare resources are utilized for social goods, this would violate the very purpose of existence of an organization.

Provision for CSR under company's act 2013

Section 135 of the Companies Act 2013 contains provisions exclusively dealing with Corporate Social Responsibility. Schedule VII contains a list of the activities which a company can undertake as part of its CSR initiatives.

Applicability

- Following companies to constitute CSR committee
 - Net worth of Rs. 500 crore or more.
 - Turnover o Rs. 1000 crore or more.
 - Net profit of Rs. 5 crore or more.
- CSR rules shall come into force on the date of their publication in the official gazette and shall be applicable from the financial year 2014-15.

Activities for CSR Expenditure:

Schedule VII mandates expenditure for the following activity-

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water,
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently able and livelihood enhancement projects,
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centre's and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward,
- ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts,
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government,
- Rural development projects,

CSR committee

CSR committee should consist of at least 3 directors out of which at least 1 director should be independent director. Some companies may not be mandatorily required to appoint independent directors as per provisions of Companies Act 2013 but CSR applicability may be there for those companies. How will this independent director be met in case of those companies need to be clarified.

Composition of CSR committee

Type of Company	Composition
Listed	Three or More Director including at least one independent Director
Unlisted & Private	Three or more director, Independent director is mandatory required to be appointed.
Private having two Director	Two Director
Foreign	At least two person, one which must be company's representative in India

Functions of CSR committee:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- Monitor the Corporate Social Responsibility Policy of the company from time to time.
- Prepare a transparent monitoring mechanism for ensuring implementation of the project/programmes/activities proposed to be undertaken by the company.

Other important points relating to CSR:

1. Tax treatment of CSR spend will be in accordance with the IT Act as may be notified by CBDT.
2. A company may set up an organization which is registered as a trust or section 8 Company, or Society or Foundation or any other form of entity operating within India to facilitate implementation of its CSR activities in accordance with its started CSR Policy.
3. A company may also conduct/implement its CSR programmes through Trusts, Societies, or Section 8 companies operating in India, which are not set up by the company itself.
4. Companies may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending.

5. Only such activities will be taken into consideration as are undertaken within India.
6. Only activities which are not exclusively for the benefit of employees of the company or their family members shall be considered as CSR activity.
7. Companies shall give preference to the local area and around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
8. Format of annual report on CSR initiatives to be included in the board report by qualifying companies has been prescribed under draft Rules.

CONCLUSION:

The main objective of this paper is to explore the concept, background, benefits and challenges in adoption of Cloud Based Accounting in any organization. This study is descriptive and conceptual in nature. This article is conducted on the basis of secondary data. This paper is aimed at searching the existing literatures related to Cloud Accounting and cloud technology. The secondary data have been collected from the journals, published books, newspaper articles and the internet sources are also used. This article aiming on CSR, its benefits and issues which is reinforced by different studies which describes the significance of investing the above stated research objective. As stated earlier by having the adequate knowledge of the CSR would help the companies not only to survive in the changing business world also to promote themselves.

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