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Corporate Goverance - Corporate Social Act in India

SanthoshKumar.G
Assistant Professor, MBA, Department of Business Administration,
Bharath Institute of Higher Education and Research
Selaiyur, Chennai, Tamil Nadu 600 073

ABSTRACT

Corporate social performance (CSP) refers to the principles, practices, and outcomes of businesses' relationships with people, organizations, institutions, communities, societies, and the earth, in terms of the deliberate actions of businesses toward these stakeholders as well as the unintended externalities of business activity. In the earliest 20th-century iterations of the concept, CSP (then, social responsibility) was largely thought of as a kind of noblesse oblige, an obligation of powerful corporations to "give back" thus, charitable giving and community service were the principal operational definitions. An assessment of the corporate social performance in India was conducted during May 2018 with a focus group study. The aim of the focus group study is to understand the corporate social performance practices of Indian corporate. It was found from the focus group study that the expectations of society from business include equal employment opportunity, fair wages and salary, no discriminatory and unfair human resource policy, transparency in financial transactions and dealings, a concern for well-being of society and future generation, no misleading and false advertisements, leading by ethics, providing quality products to consumers, etc. Also, 6.Indian Companies need to conduct an opinion survey on their primary stakeholders to understand about their perception and expectations from the company.

Keywords: Corporate Social Performance, Corporate Social Responsibility

1. INTRODUCTION

Corporate social performance (CSP) refers to the principles, practices, and outcomes of businesses' relationships with people, organizations, institutions, communities, societies, and the earth, in terms of the deliberate actions of businesses toward these stakeholders as well as the unintended externalities of business activity. The development of the CSP concept, beginning in the 1950s and 1960s, is important for understanding how CSP is related to other core topics and concepts in business and society/business ethics.

2. HISTORY AND CONCEPTUAL DEVELOPMENT OF CSP

In the earliest 20th-century iterations of the concept, CSP (then, social responsibility) was largely thought of as a kind of noblesse oblige, an obligation of powerful corporations to "give back"; thus, charitable giving and community service were the principal operational definitions. In the 1960s and 1970s, the academic study of business and society relationships began in earnest. During these years of social turmoil, the emphasis shifted from "giving back" to limiting or eliminating the

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negative consequences of business activities as well as using the vast resources of business to solve compelling social problems such as racism, poverty, and urban decay. The 1980s and 1990s saw a consolidation of theoretical positions (both descriptive and normative) on CSP, as well as a more definitive exposition of its relationships with corporate financial performance. In the 21st century, recent theory and research has shown that the concept of CSP is dynamic, multidimensional, and still worthy of scholarly and practitioner attention. The intellectual roots of CSP are quite deep, spanning history, philosophy, legal studies, economics, social science, and more.

3. MEASURING CORPORATE SOCIAL PERFORMANCE AND CATEGORIES OF CORPORATE SOCIAL PERFORMANCE

Wood (1991), defined CSP as "the configuration in the business organisation of principles of social responsibility, processes of response to social requirements, and policies, programs and tangible results that reflect the company's relations with society" (p. 693). The term CSP has been utilised as a synonym for CSR or any other interaction between society and business (Cochran and Wood 1985).

Several methods are developed and suggested for measuring Corporate Social Performance. Corporate Social Performance can be measured either through single dimensional or multidimensional measure. Source of information for measurement may be perception based, performance based or content analysis (Schreck, 2009).

4. METHODOLOGY

An assessment of the corporate social performance in India was conducted during May 2018 with a focus group study. The aim of the focus group study is to understand the corporate social performance practices of Indian corporate. The focus group study was organised and conducted by the researcher himself. Focus groups can be used in situations that allow researchers to reveal people's subjective attitudes and experiences (Krueger and Casey, 2000). The size of focus group for the study was four and the focus group session lasted for 90 minutes. The discussion was designed to gather information from the participants regarding their opinion, feelings and attitudes about the corporate social performance in India. For protecting the privacy participants, anonymity is maintained and brief profiles of focus group participants are presented in the following table.

PROFILE OF FOCUS GROUP PARTICIPANTS

S. NO	PROFILE OF THE FOCUS GROUP PARTICIPANTS
1	Managing Director of a Chennai based beverage company aged 60. He runs a food and beverages company in Chennai and his educational qualification is M.B.A.
2	CEO of an Auto component manufacturing company in Chennai. His qualification is B.E. (Mechanical) and PGDM from Indian Institute of Management Bangalore. He has two decades of experience in India and abroad and his age is 48.

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3	Retired General Manager of a Cement Manufacturing Company from Tamil Nadu
4	A Strategic Management Consultant from Bengaluru

TABLE NO 1

5. KEY FINDINGS OF THE FOCUS GROUP STUDY

The following are the findings from the analysis of focus group interview records.

1. The expectations of society from business include equal employment opportunity, fair wages and salary, no discriminatory and unfair human resource policy, transparency in financial transactions and dealings, a concern for well being of society and future generation, no misleading and false advertisements, leading by ethics, providing quality products to consumers, etc.
2. Employee morale in most Indian companies is abysmally low and the need of the hour is boost the morale of the employees across the spectrum.
3. Environmental degradation is given least importance by most corporates while the highest importance is given to profitability. Environmental degradation is not happening in the developed west and the third world countries and in a dire situation. Disposal of wastages and effluents, release of poisonous smoke and gases, mindless usage of non renewable energy sources, etc should be stopped immediately and this must be placed on the top of corporate social performance agenda of Indian companies.
4. Transparency needs to be maintained in various human resource practices like recruitment and selection, promotions and wage and salary administration.
5. The wage disparities between managerial cadre and worker cadre are growing beyond tolerable limits and companies need to address this issue.
6. Indian Companies need to conduct an opinion survey on their primary stakeholders to understand about their perception and expectations from the company.
7. Culture of charity and philanthropy, which is the vital element of our Indian culture is a thing of distant part, as companies are not interested in taking up corporate social responsibility acts.

6. CONCLUSION

Corporate social performance would be improved if performance objectives, like profit maximization and financial performance, were tempered by an increased appreciation for ethical conduct and existing law. Competitive strategy would be best for society if applied in an ethical manner. The ethics of such activities can be controlled by law and regulations but work best with the cooperation and engagement of ethical corporate leaders. Corporations often call for trust and for society to allow self-control of their activities. For this to work, executives must be trustworthy.

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Scandals and abusive practices undermine such trust and increase the call for governmental remedies, and justifiably so. Legal regulation of corporations is often necessary even if ethical behavior could be an effective alternative to legislation. Executives could be encouraged to act ethically, to adopt a broader framework CSR, and to be mindful of the power and potential of its stakeholder culture to maintain legitimacy.

7. REFERENCES

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