

CORPORATE SOCIAL RESPONSIBILITY: A SOCIO-LEGAL ANALYSIS

Dr. Legha Mamta Ranjit Singh

BBA, LL.B, LL.M (Gold Medalist), PGD (Cyber Law & IPR), Ph.D.
Assistant Professor, School of Law, G. D. Goenka University, Gurugram

Abstract

As a self-regulatory type of corporate conscience, Corporate Social Responsibility (CSR) ensures that a company complies with the letter and spirit of the law and ethical standards established by national and international standards. The phrase "corporate social responsibility" (CSR) has been in use since the 1960s, and it has been widely used to protect corporations from legal and moral responsibilities. Companies have used this sustainable approach to demonstrate their competitiveness since its beginnings. While making a good effect on society, their ultimate goal is to create shared wealth for shareholders, stakeholders, and even their own workers. Using Section 135 of the 2013 Companies Act as a starting point, the authors of this research paper will examine the issue from a Socio-Legal perspective. When it comes to CSR, it's hard to separate it from the sustainable development concept, which says that companies should make choices based on more than just financial considerations like profits or dividends. It is imperative that corporate social responsibility (CSR) play a major role in preventing unchecked growth, meeting the demands of the current generation while also protecting future generations' access to the same resources.

Keywords : *Corporate Social Responsibility, Socio-Legal Analysis on Corporate Social Responsibility*

Introduction

As a type of worldwide private company self-regulation, corporate social responsibility (CSR) attempts to help society by participating in or supporting philanthropic, activist, or charity activities such as volunteering or ethically-oriented actions. Since different national and international regulations have been established and many organisations have utilised their power to push CSR ¹ beyond individual or even industry-wide initiatives, it is no longer viable to define it as an internal organisation policy or a corporate moral plan. Over the past decade or so, corporate self-regulation has evolved from voluntary choices at the level of individual companies to obligatory systems at regional, national, and worldwide levels ².

¹ Johnson, Zachary; Lee, Y.; Ashoori, M. (2018). "Brand associations: the value of ability versus social responsibility depends on consumer goals". *Journal of Brand Management*. 25: 233–252. doi:10.1057/s41262-017-0070-4. S2CID 168642185.

² Ellen, P.; Webb, D.; Mohr, L. (2006). "Building corporate associations: Consumer attributions for corporate socially responsible programs". *Journal of the Academy of Marketing Science*. 34 (2): 147–157. doi:10.1177/0092070305284976. S2CID 33201867.



Figure 1 : Corporate Social Responsibility

To put it another way, CSR is usually regarded at the organisational level as a strategic effort that helps build a brand's reputation.

As a result, for social responsibility programmes to be effective, they must be aligned with and incorporated into a business model. Some models of CSR implementation go beyond regulatory compliance and include "activities that seem to promote some societal good, beyond the interests of the business and that which is required by law" in the implementation of CSR by a company.

In addition, companies may take part in CSR as a strategic or ethical decision. Corporate social responsibility may help a company make money if the brand self-reports both the good and bad results of their efforts. These advantages are gained in part through improving public relations and maintaining high ethical standards in order to lower commercial and legal risks ³. Using CSR methods, companies are encouraged to have a beneficial effect on the environment and on a wide range of stakeholders, including customers, workers, investors, and communities ⁴. The CEO of outdoor-apparel firm Patagonia, Inc. believes that damaging the environment is morally unacceptable from the standpoint of ethics, therefore the company will develop CSR policies and practises to reflect that view.

³ "Dr. Tantillo's 30-Second 'How To': How To Brand CSR The American Apparel Way". Marketing Doctor Blog. March 28, 2008..

⁴ "Your Supply Chain Needs a Sustainability Strategy". BCG. July 14, 2020.

While proponents claim that operating with a CSR viewpoint increases long-term profitability for companies, detractors claim that CSR diverts attention away from the economic function of enterprises. There were conflicting results in previous studies reporting financial impact that were due to flawed empirical analysis. A 2000 study concluded that CSR has a neutral impact on financial outcomes ⁵when the study was properly specified and concluded that previous studies reporting a positive, negative, or neutral financial impact had flawed empirical analysis. "Lofty," "unrealistic expectations" have been levelled by detractors of CSR. or that CSR is simply window-dressing, or an effort to pre-empt governments' role as a watchdog over large multinational companies. Political and sociological institutionalists have been interested in CSR as part of theories of globalisation, neo-liberalism, and late capitalism from this critical viewpoint. It has been argued that corporate social responsibility (CSR) is a form of capitalist legitimacy because it began as a social movement against the abuse of unrestrained corporate power but has since been transformed by corporations into an economic strategy, as well as a risk management tool, with often dubious results.

During the recent outbreak of the new coronavirus illness (COVID-19), which the World Health Organization (WHO) designated a pandemic on 11.03.2020, the idea and scope of Corporate Social Responsibility (CSR) have grown dramatically ⁶.

CSR has changed the way companies look at society globally as a consequence of the virus's effect on the population as a whole.

CSR is a term used to describe a business's efforts to support the purpose of the organisation while also guiding customers about what the company stands for. Ethics in business is the study of ethical principles and moral or ethical issues that may emerge in a company. CSR is governed by ISO 26000, a well accepted worldwide standard. Organizations in the public sector, such as the United Nations, have a triple bottom line philosophy (TBL). CSR is generally acknowledged to follow similar principles, although there is no official law governing it ⁷.

Other nations' businesses have also had a long history of doing good deeds as well as making money, and this is no exception in India. However, as governance problems have grown in importance since the late 1990s, CSR efforts have increasingly come under the scrutiny of policymakers and corporate stakeholders alike. Only a few nations mandate companies to report their CSR actions in other countries, thus most CSR initiatives by companies are voluntary in other countries ⁸.

It is becoming more essential for an organization's overall strategy to include a focus on Corporate Social Responsibility (CSR). Corporate Social Responsibility (CSR) refers to

⁵ Kemper, J.; Shilke, O.; Reimann, M.; Wang, X.; Brettel, M. (2013). "Competition-motivated corporate social responsibility". *Journal of Business Research*. 66 (10): 1954. doi:10.1016/j.jbusres.2013.02.018.

⁶ Rangan, V. Kasturi; Chase, Lisa; Karim, Sohail (1 January 2015). "The Truth About CSR". *Harvard Business Review*.

⁷ Griffin, Jennifer J.; Vivari, Ben (2009). "11 - United States of America: Internal Commitments and External Pressures". In Idowu, Samuel O.; Leal Filho, Walter (eds.). *Global Practices of Corporate Social Responsibility*. New York: Springer. pp. 235–250. ISBN 9783540688129.

⁸ "The state of sustainable supply chains" (PDF). EY. 2016.

businesses voluntarily complying with their social and environmental responsibilities. For the most part, it's an idea in which businesses voluntarily opt to contribute to a more civilised society and cleaner environment. Social and environmental issues are voluntarily integrated into company operations and interactions with stakeholders under this theory. Contributions made to society by businesses via their commercial operations and social investments are examples of CSR.



Figure 2 : Key Constituents of CSR

Social and Legal Perspectives

SRI, or socially responsible investment, allows shareholders and investors to put their money to good use by promoting socially responsible conduct. Definitions of ethical conduct, on the other hand, may differ. There are examples of religion-based investors withdrawing money from businesses that they believe violate their religious beliefs, while secular investors divest from companies they believe force their religious beliefs on their employees or consumers.

National governments use collective bargaining to advance CSR objectives. One of the advantages of the German government's drive for CPR is that CSR is maintained at the industry level rather than at the workplace. Furthermore, the German Trade Union Confederation was formed in 1949 to promote CSR; the confederation represents the interests of Germany's 45

million employees. Collective bargaining in Germany's labour system emphasises job stability and pay increases in tandem with economic development ⁹.

In countries like Sweden and Iceland, where the Nordic Model has more social-democratic components, union membership is greater than in the United States and the United Kingdom.

Both the United States and the United Kingdom have Liberal Market Economies (LMEs), whereas the German economy is a Collective Market Economy (CME). A far larger percentage of Germany's workforce is covered by collective bargaining, at 57 percent, than in the United States (25.5 percent of blue- and white-collar workers are covered by collective bargaining) and the United Kingdom (29 percent).

Regulations

It is estimated that CSR regulations and public policy are actively being developed in fifteen European Union member nations. Efforts and policies in CSR vary from country to country because to the complexity and variety of responsibilities played by governments, corporations, and society at large. According to some research, the efficacy and function of these players depended on the circumstances. This wide range of approaches to corporate social responsibility (CSR) across companies may make regulatory procedures more difficult.

In 2007, Canada enacted CSR legislation. CSR guidelines, which the Canadian government has recently established, have been promoted by Prime Minister Harper to Canadian mining firms.

The 'Heilbronn Declaration,' signed on September 15, 2012, is a voluntary agreement between Heilbronn-Franconia-based businesses and organisations. When it comes to CSR, the 'Heilbronn Declaration' focuses on what makes a project successful or not, how well it was implemented, and what best practises are in place. Responsible entrepreneurship must be introduced to satisfy stakeholder expectations of economic trust. It's a strategy for making voluntarily made promises more legally enforceable.

Armstrong and Green, academics who oppose mandatory CSR regulation, argue that all regulation is "destructive," pointing to regulation as a contributing factor to North Korea's poor levels of economic freedom and per capita GDP. Additionally, they assert without citing a source that "no market failure, however severe, is not ultimately made worse by the political interventions meant to remedy it," and conclude that "additional study on regulation in the name of social responsibility is not required."

US government may suspend a company's licence if it behaved recklessly back in the 18th century. Under the legislation, corporations were referred to be "creatures of the state." As a result of *Dartmouth College vs. Woodward* in 1819, the US Supreme Court recognised

⁹ Ang, Swee Hoon (June 2001). "Crisis marketing: a comparison across economic scenarios". *International Business Review*. 10 (3): 263–284. doi:10.1016/s0969-5931(01)00016-6. ISSN 0969-5931.

corporations as legal entities in certain circumstances. Due to this decision, companies were granted constitutional protection from governmental regulation. Recently, governments across the world have included CSR policies into their plans ¹⁰.

The Danish parliament passed a law on December 16th, 2008, making it obligatory for the country's 1100 biggest corporations, investors, and state-owned enterprises to report on their CSR activities. The criteria for filing have been in place since the first of the year. Included in the requirements were the following pieces of information: To help the nation's social and environmental development, the Income Tax Act of Mauritius included item S50K in 1995, requiring businesses registered in the country to donate 2% of their yearly book profit.

India has passed a legislation requiring companies to spend a certain amount each year on CSR. To be in compliance with the Companies Act of 2013, any business with net worth more than 500 crores, sales greater than 1 billion, or a net profit greater than 5 billion has to spend 2% of its net earnings on CSR initiatives. Beginning on April 1, 2014, the guidelines went into force.

The Indian parliament enacted Section 135 of the Companies Act in 2013 as the only obligatory CSR law in the world to date. By law, any businesses with a net worth more than 5 billion rupees (about \$75 million), sales greater than 10 billion rupees (roughly \$150 million), or a net profit greater than 50 million rupees (roughly \$750,000) must devote at least 2% of their yearly earnings to social causes (averaged over three years). The Act mandates the creation of a corporate social responsibility (CSR) committee to monitor the allocation of funds. Prior to the adoption of this legislation, CSR rules only applied to government-owned corporations.

In India, corporate social responsibility (CSR) is seen as a charitable endeavour as opposed to the triple bottom line, corporate citizenship, sustainable business, and closed-loop definitions seen elsewhere. Since it was formalised in 2014, the focus has shifted from institution creation to community development instead.

Problems and their ramifications

The emergence of crises has fueled the growth of CSR. As a result of the Exxon Valdez disaster in 1989, the CERES principles were put in place.. Examples include the recall of millions of Mattel toys due to the use of lead paint, which necessitated new risk management and quality control procedures being implemented by the business. Magellan Metals was discovered to be the source of lead pollution in Australia, which resulted in the death of thousands of birds. The firm was shut down immediately, and a clean-up operation was put in place with the help of independent regulatory agencies. Due to E. coli outbreaks, Odwalla suffered a 90 percent decrease in sales and a 34% loss in stock price. All apple and carrot juice products were recalled, and a new procedure known as "flash pasteurisation" was implemented, as well as keeping lines of contact available with consumers at all times.

¹⁰ Zhao, Meng; Park, Seung Ho; Zhou, Nan (2014-03-20). "MNC strategy and social adaptation in emerging markets". *Journal of International Business Studies*. 45 (7): 842–861. doi:10.1057/jibs.2014.8. ISSN 0047-2506. S2CID 167320625.

A Mix Of Federal And State Initiatives

Companies that practise CSR don't necessarily act the same way across the globe. Alternatively, a single action may not be seen as ethical in various jurisdictions as a result of the fact that. While some governments prohibit women from driving, others mandate that they be treated on an equal basis with males in the workplace ¹¹.

European Union Corporate Social Responsibility

In 2001, the European Commission submitted a "supporting a European framework for corporate social responsibility" green paper to the European Communities, as the EU was then known. For the purposes of this paper, corporate social responsibility (CSR) was defined as the voluntary integration of social and environmental issues into company operations and stakeholder engagement by businesses themselves

In 2011, the European Commission declared a "strategic approach" to CSR to be "increasingly essential" for businesses' competitiveness. In October 2011, a revamped EU strategy 2011-14 for Corporate Social Responsibility was published, believing that businesses can "substantially contribute to the European Union's treaty goals ¹²of sustainable development and a highly competitive social market economy". CSR was described as a company's responsibility for its effect on society in this publication.

As an alternative to corporate social responsibility, the OECD developed the concept of responsible business behaviour (RBC) (see OECD Guidelines for Multinational Enterprises) at the same time.

While the Commission used to treat CSR like it was a "voluntary" or merely "additional" part of running a business, it now says companies should have a process in place to integrate social, environmental, ethical and human rights issues, as well as concerns of customers and stakeholders, into business operations and core strategy. :6

So in March 2019, after reviewing progress in CSR/RBC implementation, and business and human rights, the Commission issued an internal working paper for its employees.

The Retail Industry In The United Kingdom

According to a survey done in 2006, the UK retail industry has the highest level of CSR engagement. Ethical Trading Initiative, a group dedicated to bettering working conditions and worker health, has gained support from a number of major UK retail businesses.

'Trading responsibility', 'Reducing our Impact on the Environment,' 'Being a Great Employer,' and 'Supporting Local Communities' are listed as Tesco's 'essentials' (2013). "Best for food and health" and "Sourcing with integrity" are used by J Sainsbury, as well as "Making a

¹¹ Advantage, C. (2020). Corporate Social Responsibility. *CSR and Socially Responsible Investing Strategies in Transitioning and Emerging Economies*, 65.

¹² Jamali, Dima; Mirshak, Ramez (May 2010). "Business-Conflict Linkages: Revisiting MNCs, CSR, and Conflict". *Journal of Business Ethics*. 93 (3): 443–464. doi:10.1007/s10551-009-0232-8. ISSN 0167-4544. S2CID 41938044.

difference to our community" and "A wonderful workplace," among other things. The environment, social welfare, ethical trade, and being an appealing workplace are the four major concerns to which UK retail businesses are dedicated ¹³.

For a long time, Starbucks has been lauded for its strong sense of CSR and dedication to environmental stewardship and community welfare. Since opening, Starbucks, according to the business, has hit many CSR milestones. One of these milestones is for the company to use only ethically sourced coffee beans by 2020, while another is to establish an international farmer's network that will provide them with 100 million trees by 2025, while a fourth is to pioneer green building practises throughout its stores and to donate millions of hours of community service.

Starbucks plans to hire 5,000 veterans and 10,000 refugees by 2021, as well as reduce the environmental effect of its cups and involve its workers in environmental leadership.

According to the segment, Starbucks intended to assist the global community during the coronavirus pandemic, which was referenced in the 2020 document as well. During the epidemic, the business prioritises three key elements: the health of its customers and workers, support for health and government authorities ¹⁴ in their efforts to minimise the impacts of the pandemic, and showing up in communities via responsible and constructive activities for communities.

Socially conscious businesses like Ben & Jerry's, a well-known brand renowned for its CSR initiatives, abound these days. To assist businesses in implementing corporate social responsibility, the International Organization for Standardization (ISO) published ISO 26000 in 2010. Because CSR is qualitative rather than quantitative, ISO 26000's standards cannot be verified, in contrast to other ISO standards.

As a result of ISO 26000, companies are better equipped to put CSR concepts into action. Organizations of any activity, size, or location may benefit from the standard. A large number of important stakeholders from across the globe participated to the development of ISO 26000, thus the standard reflects a global agreement.

When we talk about corporate social responsibility (CSR), we're talking about actions and policies implemented by companies with the goal of improving the world. CSR's fundamental tenet is that businesses should aim to do more than just maximise profits. Minimizing environmental externalities, encouraging employee volunteering, and giving to charity are just a few examples of typical CSR goals.

¹³ Matten, D., & Moon, J. (2004). Corporate social responsibility. *Journal of business Ethics*, 54(4), 323-337.

¹⁴ Friedman, Milton (1970-09-13). "The Social Responsibility of Business is to Increase its Profits". The New York Times Magazine.

Customers are more inclined to do business with businesses they perceive to be ethical, therefore many companies see CSR as an essential element of their brand image. Thus, CSR initiatives may play a significant role in a company's PR strategy. CSR may be a source of personal fulfilment for some business owners as well.

The shift to corporate social responsibility (CSR) has had an effect across a range of industries. Examples of such actions include installing renewable energy sources or buying carbon offsets, which have helped many businesses enhance their environmental sustainability. Efforts have been made in supply chain management to reduce the use of unethical labour practises including child labour and slavery.

In spite of the fact that CSR programmes are more prevalent in big companies, small businesses may still become involved in CSR via smaller-scale initiatives like contributing to local charities or sponsoring community events.

Many multinational corporations (MNCs) used words like stakeholder and corporate social responsibility (CSR) in the 1960s, leading to the coining of the phrase Corporate Social Responsibility (CSR) (individuals who got impacted due to organisational activities). In business, corporate social responsibility refers to a set of practises that include efforts that benefit society as a whole. In order to be long-term sustainable, companies should freely conduct business in an economically, socially, and environmentally responsible manner. Incorporating greener business practises into a company's operations is part of the company's Corporate Social Responsibility (CSR) strategy. CSR is based on the idea of giving and receiving. Companies need assets from society such as raw materials, human capital, and so on. While businesses use these resources, they must return something to society in the form of CSR initiatives in accordance with the Companies Act ¹⁵.

According to the law's spirit as well as international standards and ethical guidelines, this policy must be followed. It has a built-in system for self-regulation. When it comes to corporate social responsibility (CSR), companies want to make sure that their actions are dependable and that they have a significant beneficial effect on the world around them.

CSR is defined by the World Company Council for Sustainable Development (WBCSD) as the "continuous commitment of a business to contribute to the economic development while the quality of the labour force is growing, including the family of the individual and the community or society he/she lives in. This broad strategy encompasses bringing cost savings, risk management, capital access, human resource management, and connections with customers to bear. As a result, by abiding by the law, the Corporations assume social responsibility.

¹⁵ Arora, B., & Puranik, R. (2004). A review of corporate social responsibility in India. *Development*, 47(3), 93-100.

Context of CSR with India

CSR is now a legal requirement in India as a result of an April 2014 modification to the Companies Act, 2013 in India. CSR had no real effect in India before this development, as shown by historical documents. As part of any CSR compliance, companies may use their revenues to support causes including poverty, gender equality, education, and hunger. Every conference will have its own circle set aside for CSR activities once a year. The amount is 2% of the set's normal grid earnings for the three immediately previous fiscal years.. CSR seems to have been a success in India based on the positive feedback that has been received. The dilemma is that reported CSR project spending is not a profit measure for group wellbeing, which makes it difficult to evaluate their effectiveness. Philanthropy and social volunteerism are two common CSR practises. You may give money to capture global poverty, organise and support volunteer and environmental clean-up activities as an example of how kind manufacturers can be ¹⁶.

It's generally agreed that Howard Bowen is the father of contemporary corporate social responsibility (CSR). We've progressed toward a more extended approach since companies were required to use very nascent versions of CSR in the early 1900s. The company's "CSR Policy" outlines the initiatives it plans to pursue. CSR activities were not anticipated or common because of the absence of specific expectations. However, CSR has been turned into a required corporate activity in a few cases over the past decade. CSR immediately indicates that a large number of businesses are required by law to comply with a certain set of confession laws.

According to the CSR regulations, any company with a clear profit of Rs 500 crore or more, or revenue of Rs 1,000 crore or more, or a net profit of Rs 5 crore or more, must form a CSR board and must put aside 2% of that profit for CSR purposes.

Social obligations may be divided into four categories. Responsibility for the environment, human rights, philanthropy, and the economy are all aspects of corporate social responsibility.

The organisation has made a point of emphasising that CSR should not be seen as a financing source for regime-funding programmes. It discouraged the passive participation of CSR in rituals that were not included in Schedule VII of the Act as they had been in the past. In order to encourage CSR compliance, it's a good idea to trust in the invariable's allowability for profits stretch reasons ¹⁷.

According to BPCL's CSR principles, company contributes to state-run programmes like the Swachh Bharat Abhiyan, which links the construction and maintenance of toilets with other

¹⁶ Baxi, C. V., & Ray, R. S. (2012). *Corporate social responsibility*. Vikas Publishing House.

¹⁷ Gautam, R., & Singh, A. (2010). Corporate social responsibility practices in India: A study of top 500 companies. *Global Business and Management Research: An International Journal*, 2(1), 41-56.

sanitation-related infrastructure and waste management efforts to improve community health and cleanliness.

Indian Oil Corporation Ltd., Toyota Kirloskar Motor India, ITC Ltd., Ambuja Cement Ltd., Tata Motors Limited, Vedanta Ltd., Hindalco Industries Ltd., Toyota Kirloskar Motor India, Wipro Limited, Tata Power Limited, Reliance Industries Limited, UltraTech Limited and Hindustan Zinc Limited are some of the companies that are part of the Tata Group. Are are some businesses that are at the top of the CSR rankings

According to information from the Office of Corporate Interaction database, 50% of businesses do not disclose their profits or CSR expenditures, and among the people that did, there are significant differences in charitable contributions. The four states that handle India's population perfectly—Maharashtra, Tamil Nadu, Karnataka, and Gujarat—are home to almost 44% of CSR initiatives, despite densely populated areas like Uttar Pradesh and Bihar digging up a portion of this in the last few minutes.

Mandatory Requirements

According to Section 135 of the Businesses Act 2013 (MCA, 2013), some kinds of companies are required to make CSR expenditure and disclosure obligatory.

Section 135 of the 2013 Companies Act states: Companies with a net worth of Rs five hundred crore or more are required to set up a Corporate Social Responsibility Committee of the Board consisting of at least three directors, one of whom must be an independent director, or a turnover of rupees one thousand crore or more.

(3) Section 134 requires the Board's report to include information on the composition of the Committee on Corporate Social Responsibility.

a) formulate and recommend to the Board, a Corporate Social Responsibility Policy that indicates the activities to be undertaken by the company as specified in Schedule VII; b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and c) monitor the Corporate Social Responsibility Policy of the company from time to time.

(3) The Corporate Social Responsibility Committee shall,—

If a company is listed in subsection (1), the board of directors must comply with the following requirements: (a) approve the company's corporate social responsibility policy, taking into account the recommendations of the Corporate Social Responsibility Committee; (b) ensure that activities included in the policy are carried out in accordance with the policy's provisions; and (c) report on the policy's contents.

(5) The Board of each business listed in paragraph (1) must guarantee that the company spends, in accordance with its Corporate Social Responsibility Policy, at least 2% of the average net profits generated during the three immediately previous financial years. As long as the business prioritises spending the designated funds for Corporate Social Responsibility initiatives in and around the regions where it operates, Furthermore, if the business does not spend this amount, the Board must explain why in a report prepared according to clause (o) of sub-section (3) of section 134.

Explanation.—Average net profit is determined in accordance with Section 198 for the purposes of this section.

If you're a multinational corporation with a branch office or a project office here in India, this rule will apply to you.

Indian CSR practises

In India, the history of CSR may be broken down into the following phases: Culture, religion, family customs, and industrialisation shaped CSR in its early stages. Corporate self-regulation was the primary foundation for business operations and CSR activities. Charity and philanthropy, being the first forms of CSR, continue to have an impact on CSR practises today, particularly in community development. Merchants dedicated themselves for religious reasons in the pre-industrial era up to the 1850s, giving their money, for example, by constructing temples. Between 1914 and 1960, the country's fight for freedom and Gandhi's idea of trusteeship, which sought to consolidate and magnify social progress, defined Indian CSR. During this time period, Indian companies took a leading role in economic change. Aside from taking part in institutional and social development, businesses viewed the country's economic growth as a protest against colonial authority. The third phase of Indian CSR was impacted by the "mixed economy" concept, which saw the rise of PSUs and a plethora of labour and environmental standards laws (1960-1980). Corporate self-regulation gave way to rigorous legal and public control of company operations throughout this period. The public sector was seen as the engine of growth in this scenario. According to the term "command and control" used to characterise the decade of the 1960s, When it came to the fourth phase of corporate social responsibility (CSR), Indian businesses and stakeholders abandoned conventional charitable involvement and partially adopted the multi-stakeholder approach, which included CSR. For a time in the 1990s, the Indian government worked to liberalise and deregulate the country's economy in an effort to overcome the drawbacks of the country's "mixed economy." As a result of the partial elimination of restrictions and the licencing system, the Indian economy saw a significant boom that has lasted to this day. There is a rising awareness, both in India and across the globe, that business cannot thrive in a failing society. Ethics and philosophy go hand in hand in an ideal corporate social responsibility programme, especially in countries like India where income and quality of living disparities are as vast as socio-economic status disparities may be. An Evaluation of the Situation Segment 14 of the Constitution is violated by Section 135 of the Companies Act, 2013. Every individual living in India is guaranteed equal protection under the law under Segment 14 of the Indian Constitution. Furthermore, Segment 14 permits a logical division of the law. Special Courts Bill has been declared lawful only if it is based on an understandable difference and has an objective relationship to the statute's goal by the Supreme Court in Re: Special Courts Bill. Only companies in the corporate form are required to spend money on CSR. A partnership business, LLP, or any other kind of organisation is not subject to CSR even if its net worth, earnings, or turnover exceeds the maximum. Section 135 regards unequals as equals, which violates Segment 14 since the categorization criteria isn't satisfied. According to Segment 19 (1) (g) of the Indian Constitution, Section 135 breaches this provision. Freedom of trade, business, and profession are guaranteed under Segment 19 (1) (g) of India's constitution. A company's CSR engagement is now mandated by law under Section 135 of the Companies Act of 2013.

Conclusion

According to the CSR management idea, businesses should consider both social and environmental issues while doing business and dealing with stakeholders. CSR is often regarded as the means by which a business achieves a balance between its economic, environmental, and social imperatives ("Triple-Bottom-Line-Attack"), while also meeting the expectations of its shareholders and other stakeholder groups. CSR should be distinguished from charity, sponsorships, and philanthropy in this context. CSR may be used as a corporate management term. The latter, although it may help reduce poverty and improve a company's image while also strengthening its brand, goes well beyond that in terms of what CSR is all about. CSR adoption by SMEs must be encouraged via strategies that are tailored to the specific requirements and capabilities of these companies while also not compromising their long-term financial health. This approach has proved to be an effective tool for SMEs in developing countries in fulfilling social and environmental requirements without sacrificing their competitiveness, which was the foundation on which UNIDO built its CSR programme. The TBL method is a framework for evaluating and reporting on a company's economic, social, and environmental results. A more complete set of working goals than simply profit is provided to private businesses in an effort to align them with the global aim of sustainable development. In order for a company to be sustainable, it has to be financially sound, have as little (or no) detrimental effect on the environment as possible, and behave in accordance with social standards. Aspects of corporate social responsibility that need to be addressed include: environmental and energy-efficiency management; responsible sourcing; stakeholder involvement; labour standards and working conditions; interactions between the company and its employees and the community. Properly implementing a CSR concept can lead to a variety of competitive advantages, such as improved access to financial resources and markets, increased sales and profits, operational cost savings, improved productivity and quality, a strong human resource base, an improved brand image and reputation, improved customer loyalty, and improved decision-making and risk management processes..

References

- Sheehy, Benedict (2015-10-01). "Defining CSR: Problems and Solutions". *Journal of Business Ethics*. 131 (3): 625–648. doi:10.1007/s10551-014-2281-x. ISSN 0167-4544. S2CID 144904171.
- Lee, Nancy; Kotler, Philip (2013). *Corporate social responsibility doing the most good for your company and your cause*. Hoboken, NJ: Wiley. ISBN 978-1118045770.
- Dann, Jeremy (July 1, 2009). "Business Ethics Integral to Corporate Strategy, says Stanford's Malhotra". *cbsnews.com*. Archived from the original on March 18, 2017. Retrieved September 15, 2020. [BNET:] Ethics as central to overall corporate strategy--is that conventional wisdom or is that a new approach? [Professor:] I think a lot of students think, "Ethics is a constraint on profits". A lot of corporate social responsibility is taught as a part of marketing.
- Sheehy, Benedict (2012). "Understanding CSR: An Empirical Study of Private Regulation" (PDF). *Monash University Law Review*. 38: 103–127.
- Johnson, Zachary (2019). "Good Guys Can Finish First: How Brand Reputation Affects Extension Evaluations". 29: 565–583.

- McWilliams, Abigail; Siegel, Donald (2001). "Corporate social responsibility: A theory of the firm perspective". *Academy of Management Review*. 26 (1): 117–127. doi:10.5465/amr.2001.4011987.
- Johnson, Zachary; Ashoori, Minoo; Lee, Yun (2018). "Self-Reporting CSR Activities: When Your Company Harms, Do You Self-Disclose?". *Corporate Reputation Review*. 21 (4): 153–164. doi:10.1057/s41299-018-0051-x. S2CID 170000354.
- Farrington, Thomas; Curran, Ross; Gori, Keith; O'Gorman, Kevin D.; Queenan, C. Jane (2017). "Corporate social responsibility: reviewed, rated, revised". *International Journal of Contemporary Hospitality Management*. 29 (1): 30–47. doi:10.1108/IJCHM-05-2015-0236.
- Paumgarten, Nick (2016-09-12). "Patagonia's Philosopher-King". *The New Yorker*. ISSN 0028-792X. Retrieved 2018-04-24.
- McWilliams, Abigail; Siegel, Donald (6 April 2000). "Corporate social responsibility and financial performance: correlation or misspecification?". *Strategic Management Journal*. 21 (5): 603–609. doi:10.1002/(SICI)1097-0266(200005)21:5<603::AID-SMJ101>3.0.CO;2-3.
- Beatty, Jeffrey F.; Samuelson, Susan S. (2009). *Introduction to Business Law*. Cengage Learning.
- Rosenberg, Matthew J. (1 April 2002). "Review of Misguided Virtue: False Notions of Corporate Social Responsibility". *International Affairs*. Archived from the original on 2013-05-29. Retrieved 2013-04-26.
- Henderson, David (2001). *Misguided Virtue: False Notions of Corporate Social Responsibility*. Institute of Economic Affairs. p. 171. ISBN 978-0-255-365109.
- Shamir, R. (2011). "Socially Responsible Private Regulation: World-Culture or World-Capitalism?". *Law & Society Review*. 45 (2): 313–336. doi:10.1111/j.1540-5893.2011.00439.x.
- Sharma, Karan (2020). "Corporate Social Responsibility- An Undeniable Helper amidst the Covid-19 Pandemic". *International Journal of Law Management & Humanities*. 3 (4): 29.
- Wood, Donna J. (1991). "Corporate Social Performance Revisited". *The Academy of Management Review*. 16 (4): 691–718. doi:10.2307/258977. JSTOR 258977.
- Mackey, John; Sisodia, Rajendra (2013). *Conscious Capitalism*.