**Title of Article**

***Sustainability, Risk Mitigation & CSR Practices: Retrospect and Prospects***

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Abstract

Corporate Social Responsibility (CSR), as it is perceived today, is getting a new look with legislative approval in Parliament transforming India Inc's checkbook philanthropy into more inclusive CSR initiatives. Almost all leading corporate houses in India are involved in CSR activities, but so far most of their efforts have been sporadic, localized and limited to surrounding areas. There are different schools of thought about CSR activities, and the dilemma of whether it should be pro-business or pro-business is still unresolved. As the dilemma continues, the initiatives to date have failed to mature into any replicable or sustainable model. Furthermore, growing concerns about the threat of climate-related physical and transition risks and the development of a workable approach to assessing, measuring and reporting these risks are creating new challenges for business organizations. In CSR, there is potential to integrate programs and plans with emerging ESG disclosure requirements, SDG-2030 and climate risk mitigation initiatives. This would be possible if there was a coordinated and integrated effort, a set of policies, an organized institutional framework and a management and governance system. With a retrospective analysis of the sector, this paper aims to explore its prospects for inclusive and sustainable development, including employment, economy and climate recovery.

Keywords: Corporate Philanthropy, Charity, CSR, Rural Development, Community Welfare, Stakeholders, Sustainability, Climate Risk.

***Introduction***

Rational discourses on the social responsibility of business began in the 1930s, when Dodd (1932) and Barnard (1968) raised the question of whether it was legitimate for corporate organizations to extend their obligations beyond commercial purposes. There was little agreement among the top leaders of the business and corporate world about their expanded responsibility to society beyond the production and production of goods and services. This phenomenon began to take shape after the concept of "corporate social responsibility" was first introduced by Bowen (1953) in his pioneering work on "Social Responsibilities of Businessman", and is therefore referred to as the "father of corporate social responsibility". (Carroll, 1999). In today's world, the concept of corporate social responsibility (CSR) has become an academic and practical phenomenon due to its application in research and publications. However, even after more than 65 years since its inception, there is almost no agreement on its definitions and scope in the developed, developing and underdeveloped world.

Should CSR be limited to ensuring the sustainability of any corporate organisation, or should it also focus on non-commercial objectives, particularly in the social development and climate risk mitigation sectors? So far, this question lives in dilemma and there is hardly any consensus among academics, researchers, policy experts and social development experts on the scope and roles of CSR. Recently, the demand for transparency of sustainable and socially responsible practices has been increasing. Companies are expected to be accountable to various stakeholders such as investors, customers, employees and non-governmental organizations (NGOs). The growing demand for "ESG-Reporting" has strengthened corporate organizations' commitments to CSR spending, auditing and disclosure. Schedule VII of the Companies Act 2013 explicitly sets out the overall direction for companies for CSR projects, which has been used to assess a company's impact on society and the environment through the parameters set out in the 2030 Social Development Goals (UNO, 2015). However, how CSR is defined and practiced varies considerably from company to company, but hypothetically, CSR initiatives and programs are generally considered a good investment.

***Concept and definition***

The concept and scope of CSR is constantly changing and implies different views of different interest groups and organizations across continents and countries (Welford et al., 2007; Fafaliou et al., 2006). The Ministry of Corporate Affairs, Government of India (GOI) states that "the subject of CSR has evolved from simple philanthropic activities to a more integrated approach to communities and larger societies." It further adds that CSR encompasses socially, environmentally and ethically responsible behavior of people. corporate industry to create value and long-term sustainability for itself by contributing to the betterment of society (Ministry of Corporate Affairs, GOI, 2009). The World Business Council for Sustainable Development (WBCSD) defines CSR as "the commitment of business to contribute to sustainable economic development, working with employees, their families and local communities" (WBCSD, 2001). Thus, the basic idea of ​​CSR could be that business corporations have an extended duty to work towards meeting the needs of a wider range of stakeholders, including employees and shareholders (Clarkson, 1995; Waddock et al., 2002). In 1979, Carroll proposed a four-part definition of CSR, which was embedded in the corporate social performance (CSP) conceptual model. In this model, Carroll (1979) distinguished between four types of corporate social responsibility: economic, legal, ethical and discretionary. Almost a decade later, Carroll (1991) revisited his four-part definition of CSR and organized the concept of multiple corporate social responsibilities into a pyramid structure (Figure 1).



Figure 1: Carroll's four-part model of CSR (Carroll, 1991)

It is generally viewed as a company's responsibility to its shareholders beyond legal obligations. There are different views and counter-views on "CSR" as a subject and on "responsibility" as an obligation. The phenomenon initially appeared in a peculiar form and went through several transformations and twists during the metamorphosis of the Indian economy and market. Nehruvian socialism, radical nationalisation, privatisation, liberalization and finally globalization and free market economics have influenced the philosophy, conception, approach and involvement of corporations and business houses in social affairs. Before she could mature into the next vertical of business, she was seduced and misled. From its inception until today, it could not have a standard definition or a fully recognized set of specific criteria.

***Genesis through Philanthropy / Charity***

CSR activities have traditionally been dominated by religious or philanthropic oriented families like Parsis, Jains etc. Cultural and religious beliefs have shaped people's personal, social and professional lives and as a result India has witnessed significant contribution in this area by many industrial groups like Tatas and Birlas. They establish charitable trusts that provide financial grants to several initiatives. However, these approaches had several inherent problems and limitations, such as (i) these grants were either one-time or periodic, (ii) the implementation of such grants never invited the beneficiary groups to actually participate, (iii) lack of adequate numbers of qualified and professionally trained personnel to looked after such activities, (iv) initiatives were mostly not supported by any set of policy frameworks or research findings and (v) lack of a proper reporting and accountability system. Except for a few cases, most of their activities focused on their employees and the immediate surroundings where they operated.

***CSR and rural development and social development***

India's socialist approach to economic policy until 1990 required Indian businesses to go beyond philanthropic approaches and make significant contributions to society. Policymakers and society at large expected companies to play a larger role within the larger community. But due to lack of adequate understanding, foresight and strategy, most corporate initiatives have turned into either conventional or paternalistic programs. Most of their initiatives were (i) Community Welfare, (ii) Poverty Eradication / Rural Development, (iii) Education, (iv) Healthcare, (v) Vocational Training, (vi) Women Empowerment, (vii) Environment, (viii) disaster relief, (ix) energy conservation etc. In June 2008, TNS India (a research organization) and Times Foundation conducted a survey to understand the role of corporations in CSR. The results revealed that most CSR enterprises were implemented as internal projects, while a small part was as direct financial support to voluntary organizations or communities. CSR has mostly been viewed as a process by which a business can manage its relationships with various influential stakeholders that can have a real impact on its license to operate, and thus business interest has been the main motive. As a result, companies had little or no interest in reporting development projects. A study by KPMG (2008) among 27 Indian companies showed that only 8% reported their social spending in their annual reports and only 25% reported on CSR. Many of these companies are signatories to the Global Reporting Initiative, a movement founded by the NGO Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Programme. CSR as a voluntary initiative can lose its essence if corporations cannot get out of their "mental block" and properly publicize their development initiatives. Even after being signatories to a larger global forum, they were reluctant to be transparent and accountable. Such thinking and attitude further widened the gap between corporations and NGOs / civil society. In many cases, the reported cases were referred to as 'glossy reports' with unwarranted claims by companies (CSR, Govt. of UK, 2004). The earlier scenario made it clear that most corporations cannot adequately come out of their ancient charitable thinking (Kotler and Lee, 2005). The average CSR disclosure score in developed countries is 53.5%, followed by developing countries with 49.4%. Developed countries take the lead in CSR disclosure in all five categories, namely human resource, community, environment, customer and product, and others. However, unlike many developed countries, India scores high in CSR disclosure, yet the country still faces several problems such as poverty, overpopulation, corruption, poor working conditions for employees, and environmental protection (Bhatia and Makkar, 2020). Evidence suggests that most CSR initiatives have still not been able to realize their development goals.

According to a report by FICCI and accounting firm Ernst and Young, 71 percent of Indian companies felt it was urgent to address their social and environmental responsibilities, but only 18 percent had well-defined policies. Social responsibility remains a top-down issue in India. Nearly 64 percent of the companies surveyed set unit-level environmental and social responsibility goals, but only 38 percent linked them to employee performance. More than 40 percent of businesses said their boards monitor their environmental performance. But only 20 percent of environmental problems were solved by operational employees (2011).

***CSR, sustainable development and climate risk mitigation***

CSR is no longer considered a philanthropic activity, but an integrated, inclusive and sustainable way of solving social and environmental problems. More specifically, it entered the normal course of business operations and activities and became a year-round responsibility. It is widely recognized as a significant and competitive tool for business success and has been incorporated into overall business strategy, including mergers and acquisitions. More recently, other concerns such as fair trade practices; management and legal issues; employee care, HRD; labor relations and safety measures; engaging stakeholders in business decisions; respect for human rights, environmental ethics; inclusive growth and development; and above all 'employability' and 'sustainability' have been incorporated into the broad spectrum of CSR. There is also a trend for corporations to strategically link CSR initiatives with their core business and products/services, e.g., Marico Innovation Foundation's social entrepreneurship and employment generation program for rural youth using desiccated coconuts; Cocoa Farming Project in Kerala by Mondelez Int. (owned by Cadbury) and e-based learning and computer education by several electronic corporations. There is a substantial shift in corporate attitude and acceptance towards CSR initiatives, and there is a growing belief that CSR and profitability are positively correlated. Corporate commitments through joint initiatives were seen as inevitable towards long-term interventions for sustainable outcomes. Business as in reality cannot have islands of wealth and perfection; it needs to build an ecosystem that will move with the business in its growth story (Ghosh, 2013). Corporate responsibility is expected to go beyond charity to achieve an integration of economic, environmental and social imperatives.

The World Summit on Sustainable Development (Doran, 2000) recognized partnerships between business, government and civil society as key to progress in sustainable development. The same was reiterated at the Delhi Sustainable Development Summit (2013), with special emphasis on water conservation and efficiency. As a result, the pressure and expectations of various sections of society and stakeholders have raised two contentious questions – (I) Should CSR remain voluntary or should it be made mandatory? (II) Should it be mixed with business or should it be independent of business? Certain arguments against CSR exist and in a democracy there is no harm in discussing such issues. However, imperatives such as "earnings" and "responsibility to shareholders" cannot occur in isolation and are no longer independent variables in social science and business research. The following arguments can be explored and studied to support academic and research interests.

i) Enterprises are owned by their shareholders. The money spent by managers on CSR is a theft of the rightful property of the owners.

ii) Leading companies reporting on their social responsibility are basket cases - the most effective business leaders don't waste time on these things.

iii) Society is too busy surviving hard times to do this. He can't afford to take his eye off the ball - he has to focus on the main business.

iv) It is the responsibility of the government and politicians to deal with all these things. It's not the business's job to get into it.

v) Executives cannot spare their time for this; must focus on income.

Corporations have every right to think and argue about "how much they 'can do', 'must do' and 'should do'", but they cannot deny their active participation and responsibility in reducing CO2 and other greenhouse gas emissions. . The third and final part of the IPCC's Sixth Assessment Report Climate Change Mitigation, published in April 2022, found that average annual global greenhouse gas emissions were at their highest levels in human history between 2010 and 2019. Energy-intensive production steps are expected to shift where are the most abundant and relatively inexpensive clean resources (Bataille et al. 2016; Gielen et al. 2020). For example, steel production has historically been located near sources of iron ore and coal, while in the future it may be located near iron ore and electricity with zero greenhouse gas emissions or near carbon sinks (Fischedick et al. 2014b; Vogl et al. 2018; Bataille , 2020). According to the IPCC Sixth Assessment Report (2022), if targeted sustainable development policies and investments are well formulated in the areas of healthy nutrition, sustainable consumption and production, and international cooperation, then this can support climate change mitigation policies and address related issues (Riahi and Schaeffer, 2022 ). The United Nations Global Compact (UNGC) has mandated that all businesses around the world adhere to environmentally friendly and ecological principles

practice (UNGC, 2018). Environmentalists have also called on businesses, especially manufacturing ones, to incorporate green thinking and CSR activities into their operations, as they demonstrate not only a positive impact on the economic performance of the organization, but also on environmental aspects (Raimi, 2017).

Corporate organizations may find this challenging, but they cannot ignore their potential roles in aligning their ESG, SDG-2030 and CSR efforts. It is assumed that there is no unique way to integrate the various commitments in terms of knowledge sharing and action plan due to their mandatory complexity. However, greater accessibility to external stakeholders, joint efforts to simplify access, collaborative action plans can make things easier and enabler. Working independently in silos may not help us achieve our goals. Corporations, voluntary sectors and governments can come together to design integrated joint actions and evaluation models. Together, they must address various advantages and disadvantages that must be considered when interpreting the results and their evaluation criteria.

Companies like Coca-Cola, Pepsi Co and Kraft can no longer hide the key ingredients in their products and can no longer ignore the growing global concerns about obesity and the misuse of their products and services. The growing demands for transparency and accountability show that corporations and business houses must have policies and action plans in the field of water management and the environment. This requires strong leadership from the top and a system of effective stakeholder engagement. The need of the hour is to explore how we can better create synergy and integrated efforts to address futuristic social, business, energy and environmental issues and challenges.

India's corporate sector spent over US$20 billion, up from US$6.31 billion in 2007-08. SAIL, the country's largest steel company, spends around USD 22 million annually. Tata Steel Ltd will spend around US$32 million as part of its annual revenue. After nearly a decade, from 2014-15 to 2020-21, the corporate sector spent around Rs 1.09 crore on various activities including those related to health, education, poverty eradication, hunger, women empowerment, welfare of armed forces . veterans, environment, sports, rural development, slum development and welfare of the weaker sections. The expenditure shows a huge jump during the financial years 2016-17 to 2020-21. Companies have spent a cumulative amount of Rs 85,109.09 crore in the last 5-6 years on CSR (PTI, 2021). Reliance Industries (RIL) spent Rs 1,184.93 crore on corporate social responsibility (CSR) in the financial year ending March 31, 2022. Corporate spending could be one parameter to measure the impact of CSR, but more importance and weight should be given to other parameters such as (i) the amount of energy consumed by corporations, (ii) the amount of energy recycled, (iii) the total amount of carbon and greenhouse emissions of gases in metric tons, (iv) total amount of water consumption and building capacity for water harvesting, (iv) total amount of waste produced and recycled etc. For example, Reliance Foundation has created 12.1 million cubic meters of water harvesting capacity, providing irrigation to more than 5,600 hectares of land for at least two harvest seasons. It also helped 10,896 rural households meet nutritional needs and trained 22,000 self-help group members. Along with conventional programs in health, nutrition, education and empowerment, accountability for CSR spending must be linked to environmental regeneration, biodiversity conservation and similar other critical areas. A recent move by the Ministry of Corporate Affairs (MCA) ensures that a company can pursue a fine balance between CSR projects and "strategic business objective" (to leverage the core strengths and competencies of the company and its ecosystem), but must focus on "doing the right thing" ” (addressing urgent needs of the local community) and this does not necessarily have a business connection. To understand the relevance, utility and impact of CSR projects, society needs to proactively and voluntarily adopt the evolving impact assessment framework known as Social Return on Investment (SRoI) (India CSR, 2022).

More recently, Gera (2022) notes that CSR spending is increasing and not fair but distorted. CSR spending is now undoubtedly mandatory and therefore companies are required to formalize their processes, including policy making, planning and implementation mechanisms and reporting. The trend driven by the Government of India's CSR Directive calls for more professionalism, collaboration and organized efforts, sharing of resources and expertise to take CSR initiatives of individuals and projects to the next level, i.e. building a promising and sustainable vertical. Mirvis and Googins (2006) outline five stages of corporate citizenship: core (peripheral structure; employee driven), committed (CSR ownership with functional areas), innovative (coordination across functional areas), integrated (organizational alignment toward a single focus), and transformational (mainstream; part of business activities). As we move further from grassroots activities to transformation, we need to expand our collaborative space by making it more inclusive and diverse to ensure better prospects for CSR and its alignment with corporate ESG and SDG-2030 commitments and responsibilities. Such efforts would have further perfect impact on the following areas (Broomhill, 2007).

**(i) Human Resources**

The vertical would create a huge opportunity for jobs and consulting assignments. This could be an important aid to recruitment and retention, especially in a competitive graduate market. CSR can also help build "feel good" among existing staff and can lead to redesign of course content, education and research in social and behavioral science areas, particularly in social work and business education.

**(ii) Risk Management**

Risk and reputation management has been an inevitable part of corporate strategies. An already built reputation could be destroyed by incidents such as corruption, scandals or environmental disasters. Such events could also attract unwanted attention from regulators, courts, governments and the media. Building a true culture of "doing the right thing" within the corporation could offset these risks. In addition, we need to find a balance between "economic value" and "social capital".

**(iii) Brand and image building**

In a highly competitive and crowded market, companies pray for some "miracles" to happen or strive for "X factors" that could give them some edge over their competitors and create a lasting impression in the minds of customers and consumers. Several major brands, such as The Body Shop, may have been built on certain ethical values ​​and commitments.

**(iv) Continuation of socio-political support**

In general, corporations try to avoid interference with their business through taxes or regulations. By taking major voluntary steps, they can convince governments and civil society that they are interested in engaging in public-private partnerships and making a significant contribution to emerging challenges, including climate change, carbon credits and other relevant issues such as eradicating child labor and poverty. etc. This could help them avoid being hit.

**(v) Distraction**

Large corporations that have existing reputational problems due to their core business may engage in high-profile CSR programs to deflect attention from their perceived negative impacts. Thus, ITC would participate in educational initiatives, Ambuja Cement in healthcare and rural development, Coca-Cola in the eKO management system, etc.

***Conclusion***

Is it possible to have infinite growth on this finite planet? Corporate giants and companies in general need to think about this fundamental question before trying to win the favor of stakeholders. Are they really doing something sustainable for their workers, climate and consumers? Whether it's corporate philanthropy, CSR or ESG, these issues need to be seen from a 'sustainability' perspective, rather than justified by their direct link to profitability and commercial goals. Monitoring and measurement mechanisms need to focus more on what is happening on the ground, rather than simply requiring organizations to produce and publish reports. Corporate responsibilities through CSR and ESG are not limited to image building. Instead, they should critically address the broad desire to help the community and repair the damage to Mother Earth. No piecemeal approach or wrong effort can benefit organizations, humanity and the environment. It requires alternative narratives that redirect the company's thought process to strategically integrate both commercial and non-commercial objectives into their business processes. In addition to their contribution to GDP, we need to support circular economy processes by redefining production, supply chain and consumption habits.

It is a gigantic task and requires a coordinated and collaborative partnership between corporate organizations, academia, government and non-government organizations at national and international levels. It also requires the sharing of information and resources and the exchange of expertise to succeed. The current trend shows that the sector has a huge potential to develop as a sustainable vertical that can substantially add values ​​to social and environmental capital. CSR and ESG should not be seen only as "tax benefits" and compliance activities, but as an integral part of corporate strategy with adequate scope for stakeholder participation.

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