

CORPORATE SOCIAL RESPONSIBILITY– A TOOL FOR RETAIL COMPETITIVENESS

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I. INTRODUCTION

Corporate social responsibility, or CSR, is becoming increasingly important in the world of business and retail. Corporate Social Responsibility (CSR) is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision-making, strategy and operations in a transparent and accountable manner, and thereby establish better practices within the firm, create wealth and improve society. Corporate Social Responsibility is a key for retailers to be competitive. This is evident from the fact that, our society faces social and environmental problems that need to be resolved. By taking the responsibility on the problems and adopting some responsible practices retailer can lessen the impact of the problems. Being responsible to the social and environmental issue is a way of raising competitiveness and thus producing higher returns and increase in firms' value. One of the serious issues faced by the Indian retailers is cutthroat competition from foreign retailers and CSR is tool for being competitive. This chapter tries to explore the concept and scope of CSR, its dimension and role of CSR in retail competitiveness.

II CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is a kind of self-regulation by the firm which focus on social responsibility and making a impact on society. CSR activity includes producing and selling environmentally friendly products; promoting equal opportunity, diversity, treating employees with respect; serving to the community; and ensuring ethical values in the business decisions. CSR plays a major role in creating company's brand loyalty, attracting customers, work force and stake holders and overall reputation of the business. Companys CSR implementation includes environmental protection initiatives, ethical labor practices, volunteer projects and charity work.

III CONCEPT AND SCOPE OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility refers to initiatives taken by companies to assess their effects on the environment and impact on social welfare. These efforts go beyond what may be required by regulators or environmental protection groups. India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to The Company Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger.

The scope of the CSR activities will cover the following areas but not limited to the same and may extend to other specific projects/ programs.

- CSR activity includes eradicating poverty and malnutrition, encouraging health care which includes preventive healthcare and hygiene medical camps, awareness programs for HIV Aids and life threatening diseases.
- Promoting literacy which includes employability skill enhancement training, special training to differently abled, children, women, elderly, and livelihood development projects; Construction of schools and libraries in remote villages. Providing scholarships and financial assistance for higher education.
- Contributing for Women Empowerment and providing basic facilities for Senior Citizens by setting up centres. Promoting and providing financial assistance to Self Help Groups which leads to women empowerment..
- Supporting environmental sustainability through protecting flora and fauna, conservation of natural resources, promoting and encouraging agriculture and agro based activities.
- Promotion and protection of national heritage, art and culture which includes renovation building and monument of historical importance, constructing public libraries; development of traditional handicrafts and arts;
- Encouraging and supporting for conduct and development of rural, state and national level sports activities.
- Contributions and supporting for technological up gradation
- Contributing or donating fund set up by the State and Central Government for socio-economic development, disaster management, for the welfare and development of the Scheduled Castes, the Scheduled Tribes, other backward community.
- Contributing for Rural development projects such as supporting for rural infrastructure development and agricultural development.

IV OVERVIEW OF INDIAN RETAIL SECTOR

The Indian retail sector is one of the fastest growing in the world, and it is expected to grow to US\$ 1,100 trillion by 2020 from US\$ 672 billion in 2017. India is the most preferred retail destination globally. India's retail sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier-III cities. Healthy economic growth, changing demographics profile, increasing disposable incomes, urbanisation, changing consumer tastes and preferences are driving force for growing retail sector in India.

Indian retail is highly fragmented and consists predominantly of small, independent, and owner-managed shops. Moreover, the country is also scattered with low-cost kiosks and pushcarts. There are over 12 million retail outlets of which over five million sell food and related products. A gradual increase in the disposable income of the middle-class households, changes in taste and preference, brand consciousness are the major reasons for the boom in the retail trade in India. A good number of players Number of players are venturing into the retail business with new and attractive formats, such as department stores, supermarkets, discount stores, malls, transforming the traditional apparel store, bookstore and furnishing stores altogether.

Indian retail industry is large among all the industries, and it has emerged as one of the most dynamic and fast – paced industries due to the entry of several new players. The conditions for retailers in India are favourable and continue to provide strong fundamentals.

Over the past few years, this industry has witnessed an exorbitant growth due to the establishment of numerous international quality formats to suit the Indian purchase behaviour, the improvement in retail processes, the development of retail specific properties and the emergence of both, domestic and international organisations. The entry of foreign retailers has posed a great challenge to the Indian retailers for customer acquisition and retention of loyal customers in this fierce competition (Prasad and Aryasri, 2008). This competitive scenario is bound to heat up further and retailers therefore need to promote themselves in a way to elicit unique and more positive feelings about their brands vis-a-vis competitors. Corporate Social Responsibility (CSR) can be one such tool that can be used by the retailers to differentiate them and generate positive feelings among customers. Hence, this study focuses on the concepts of CSR, CSR dimensions, CSR initiatives taken by the India retailers and CSR activities of top retailers in India.

V CSR DIMENSIONS IN RETAILING

i. Economic Responsibilities

A retailer has to meet its economic responsibilities in terms of fair compensation to employees, goods at fair prices to customers, etc. Thus, meeting economic responsibility is the first-layer of responsibility and the basis for the subsequent responsibilities. The fact remains that meeting economic responsibility is must for all corporations to survive in the time.

ii. Legal Responsibilities

Legal Responsibilities are the requirements that are placed on it by the law. Next to ensuring profitability, ensuring that retailers obey all laws is the most important responsibility, according to the theory of corporate social responsibility. Legal responsibilities can range from securities regulations to labor law, environmental law and even criminal law.

iii. Ethical Responsibilities

Economic and legal responsibilities are the two big obligations of retail business. After a meeting the basic requirements, the retailers should go with ethical responsibilities. Ethical responsibilities are responsibilities that a company puts on itself because its owners believe it is the right thing to do -- not because they have an obligation to do so. Ethical responsibilities could include being environmentally friendly, paying fair wages or refusing to do business with oppressive countries, for example.

iv. Philanthropic Responsibilities

If retailers are able to meet all of its other responsibilities, it can begin meeting philanthropic responsibilities. Philanthropic responsibilities are responsibilities that go beyond what is simply required or what the retailers believes is right. They involve making an effort to benefit society -- for example, by donating services to community organizations, engaging in projects to aid the environment or donating money to charitable causes.

VI COMMON CSR ACTIVITIES BY INDIAN RETAILERS

i. Donating revenue or products - One of the most common ways to engage in CSR is to support a charitable organization. There are also businesses that decide to set up their own foundations and giving into their own hands by creating organizations under their own brands.

ii. Being conscious about product sold - Now-a-days customers are starting to care about how products are sourced or manufactured. In reality customers will be ready to pay more for merchandise produced environment friendly. Therefore, retailers should be more

conscious about the product they sell. It is to noted that retailers who tries to lower the production cost, they should make sure it is not at the cost of labourers.

iii. Sponsoring a Community - Sponsoring a Community is yet another important CSR initiative taken by retailers is sponsoring a community. Many retailers has come forward to sponsor local events and by donating the portion of revenue towards the fund raising efforts that in turn will boost their image in the community.

iv. Investing in the workforce - CSR is not just about external initiatives but it can be internally. One of the most powerful initiatives taken by the retailers is investing in workforce. CSR not only motivate employees and make them to provide better customers service, but also to be more profitable.

VII ROLE OF CSR IN RETAILERS COMPETITIVENESS

Corporate Social Responsibility is a key for retailers to be competitive. This is evident from the fact that our society faces social and environmental problems that need to be resolved. By taking the responsibility on the problems and adopting some responsible practices retailers can lessen the impact of the problems. Being responsible to the social and environmental issue is a way of raising competitiveness and thus producing higher returns and increase in firms' value.

In this scenario, being competitive in the cutthroat competition is not only possible by innovative practices but also through responsible practices such as corporate social responsibility. Being competitive in the business is based on various factors such as employee relation, suppliers relation, customer service, customer satisfaction, loyalty and so on. CSR makes it possible by creating a positive word of mouth for business as a whole. Being responsible for the societal issues, stakeholder, and customers will take the business to long-term growth and success. CSR plays a crucial role in popularising the brand not only among the competitors but also among media, other business people and customers. A good CSR initiative taken by the retailers will attract new customers and retain the existing customers. CSR gives a chance to all the employees to contribute towards the society, environment, and country and so on. It enhances the bond between the retailers and employees that motivates the employee to provide better customer service (Brunsæl, 2009). The following are the competitive advantage through CSR activities:

- CSR creates reputation or brand name. With the help of CSR activities retailers can increase their reputation and improve its brand name by managing the activity properly.

- The firms may enjoy benefits such as increased knowledge by having the activities. This knowledge may be crucial in the competitive arena.
- Increase market share. CSR activity undertaken by the retailers will increase the market share and also find a place in the new market.
- Motivate the employees. The CSR activities both directly and indirectly motivate the created work force which in turn makes them provide better customer service.
- Improves customer satisfaction and loyalty. Competitiveness of retailers can be measured by customer satisfaction and loyalty towards the retailers. CSR initiatives taken by the retailers create a positive image in the mind of the customers that leads to customer satisfaction and loyalty.

1.8 CONCLUSION

The present day retail sectors are influenced by CSR activities not only to provide some things back to the society but also to bring reputation to their business and increase their market value. In this chapter concept and scope of corporate social responsibility, CSR dimensions activities undertaken by Indian retailers and role of CSR in retailers' competitiveness is discussed. From this chapter it is evident that retailers normally engage in philanthropic responsibilities such as donating services to community organizations, engaging in projects to aid the environment or donating money to charitable causes. Being competitive in the cutthroat competition is possible by adopting corporate social responsibility which boost corporate reputation in a big way and in the process promotes business interest. In fact, CSR can play an important role in building positive customer perception and loyalty based on distinctive ethical values.

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