

# Chapter 5

## Philanthropy, CSR and Sustainability

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### ABSTRACT

*Despite business's business being business, the business owners have been doing acts of benevolence depending upon the owner's religion, faith, values and beliefs. Establishment of temples, mosques, churches, schools, hospitals etc. has been usual practice through which firms have shown their concern about the society and made contribution to the social cause. However, of late, it is observed that progressive businesses, after understanding the nuances of sustainable development and its reporting, have moved from philanthropic mode of contributing to society to the concept of Corporate Social Responsibility (CSR). Some of them have gone beyond CSR and have entered the domain of Strategic CSR. In the process, a new concept of Corporate Sustainability, which is based on Triple Bottom-line concept, has emerged in strategic management literature. Thus, today CSR activities are being aligned with the business strategy of the firm. In the developed countries, firms are increasingly integrating CSR with the core business activities e.g. innovation, marketing, finance etc. This article attempts to look into firm's CSR and corporate sustainability with special reference to a developing country - India.*

### STRUCTURE OF THE TEXT

The chapter, after the introduction of the subject, digs into the roots of sustainability and describes the processes through which sustainability, that we know today, has undergone. After dealing with industrial philanthropy, it moves to corpo-

rate social responsibility (CSR) and finally to the concept of strategic CSR that was propounded and communicated before Brundtland's definition of sustainability appeared on the horizon and became known to the whole world. I have discussed the issues of national and international framework of CSR before moving to sustainability, which is more communicated rather than acted upon, by nations or firms. Notwithstanding, after dealing with the

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general concept of sustainability, it delves into the issue of corporate sustainability and its reporting, especially by Indian industries. The author believes “Action speaks louder than words” and has therefore, concentrated on capturing CSR and sustainability actions of the firm rather than their strategy and process of communication.

## **INTRODUCTION**

There was a time when religion preached for the welfare of the society and entrusted state with this pious responsibility. Now the time has come when business joins hands with government in adding value to the society right from “from cradle to grave”. In earlier times religion had very crucial and dominant role to play in human life. Religion expresses itself both in an individual practices related to communal faith and in group sacraments and communication budding from collective commitment. The noble ideas of symbiosis, co-existence, harmony, giving back to the society, responsibility towards wellness of the environment, sensitization of human beings towards protection and preservation of natural resources and innumerable other good ideas stemmed from almost all the religions. These ideas seem to have universal acceptance despite all spreaded differences in beliefs and faiths across the religions around the globe. As a highly influential system, religion rules over the minds of people giving the thought direction and act prescription.

Business, being a part of the society, has always been influenced by it and its philosophies. From ancient times, business had been bearing cumulative social costs incurred by its own activities. Business adopted more philosophical way to be socially responsible following the value and belief system established by any religion or philosophy. It trusted more on making temples, mosques, churches; funding or running orphanages and educational institutes and donating for social cause.

However, there was hardly any well-established linkage between those ethical or moral acts and the business objectives. Further, they believed in “doing” rather than “telling” it.

With the advent of “industrial revolution” business expanded its horizons connecting suppliers and buyers; sometimes across the national boundary. Cost & Benefit Analysis of every activity performed by business became essential. In the ruthless race where industrialized nations jostled to get ahead and overlooked the hidden as well as visible socio-environmental costs acquired by it. In this era values lost sincere and serious implementation and were not counted in a powerful way by the firms.

It is interesting to note that at the same time tangible reflection of embedded ethical values were seen, when Indian industry was being set up by the great business visionaries and entrepreneurs. It would be relevant to quote Jamsetji Tata who was more than merely an entrepreneur; who helped India take her place in the league of industrialized nations. He was a patriot and a humanist whose ideals and vision shaped an exceptional business conglomerate. The brick-and-mortar endeavors that Jamsetji planned and executed were but one part of grand ideas. How much of a man of the future he was can be gauged from his views about his workers and their welfare. Jamsetji offered his people shorter working hours, well-ventilated workplaces, and provident fund and gratuity long before they became statutory in the west. He spelled out his concept of a township for the workers at the steel plant in a letter he wrote to his son, Dorab Tata, in 1902, five years before even a site for the enterprise had been decided;

*Be sure to lay wide streets planted with shady trees, every other of a quick-growing variety, be sure that there is plenty of space for lawns and gardens, and reserve large areas for football, hockey and parks. Earmark areas for Hindu temples, Mohammedan mosques and Christian churches.*

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