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IMPORTANCE OF CSR, SCOPE OF CSR AND THE LEGAL IMPLEMENTATION.

INTRODUCTION-

Corporate social responsibility is based upon the principle of philanthropy and altruism, meaning the idea that, businesses should give back to society by supporting charitable causes and initiatives. Philanthropic responsibility can take many forms, such as donating money, volunteering time, or providing resources to those in need. Commercial/Corporate social responsibility (CSR) is a tone-regulating business model that helps a company be socially responsible to itself, its stakeholders, and the public. By rehearsing commercial social responsibility, also called commercial citizenship, companies can be conscious of the kind of impact they're having on all aspects of society, including profitable, social, and environmental.

LEGAL FRAMEWORK OF COMPANIES ACT

Section 135 of the Companies Act 2013 (Act), mandates that certain companies must allocate at least 2% of their average net profits from the preceding three financial years towards CSR activities.

The eligibility - This provision applies to companies with a net worth of Rs. 500 crores or more, a turnover of Rs. 1000 crores or more, or a net profit of Rs. 5 crores or more during the immediately preceding fiscal annual period. Such companies will formulate a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an unbiased party. In case a company is not required to appoint independent director as per section 149(4) of Act, then CSR committee shall consist of two or more directors. The role of the CSR Committee is to formulate and recommend to the board a CSR policy, which should identify the activities to be undertaken by the company in areas or subject, as specified in Schedule VII of the Act and should also monitor the applicability of the CSR

policy¹.

Function of the The committee is responsible for preparing an annual report on the company's CSR activities, which should be included in the board's report to shareholders. The report should provide specifics of the CSR initiatives or activities that the business conducted throughout the year, the money allocated to each initiative, and the impact of the activities on society.

Scope - The Act provides that the CSR activities must be undertaken in areas such as promoting education, eradicating hunger, poverty, promoting gender equality, protecting the environment, and other areas or subject, as specified in Schedule VII. Apart from the Companies Act, several other laws and regulations in India promote CSR. For instance, the Securities and Exchange Board of India (SEBI) Ministry of Corporate Affairs (MCA) has issued various guidelines and circulars on CSR.

RELATION WITH PUBLIC RELATIONS

Can be said more than being synonymous with each other, CSR and PR are two sides of the same coin. They are inherently interconnected, each reliant on the other for successful execution. The focus should be on societal impact and initiatives, for example, environmental, ethical, economic, or philanthropic².

By communicating CSR efforts, PR can enhance an organization's image, position, and customer trust. Public relations serve as a optimal medium to inform and inspire people about a company's CSR initiatives to engage internal and external stakeholders. These also have a direct effect on the consumers as we hear good things about a firm's practices and can be enticed to buy their products.

TYPES OF CSR

According to Harvard Business school³ there are four types of corporate social responsibilities that the companies adhere to.

1-Environment Corporate Responsibility

¹ Mohammad Kaif, *Corporate Social Responsibility in India: Legal Framework & Recent Developments*, (Feb. 26, 2023), <https://taxguru.in/company-law/corporate-social-responsibility-india-legal-framework-developments.html>.

² <https://prlab.co/blog/csr-and-public-relations/>.

³ Tim Stobierski, *Types of Corporate Social Responsibility to Be Aware Of*, HBS Online (Apr. 8, 2021), <https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility>.

2-	Ethical	Corporate	Responsibility
3-	Philanthropic	Corporate	Responsibility
4-	Human	Rights	Responsibility

Starbucks Case Study-The green revolution!

Starbucks has shown commercial social responsibility is through their commitment to the terrain. In order to ameliorate the terrain, Starbucks first main thing was to give further Fair Trade Coffee. What this means is that Starbucks will aim to only source 100 percent responsibly grown and traded coffee, means avoiding the agrarian exploitation that frequently occurs in product of essential goods. Not only does responsibly grown coffee help the terrain, it benefits the growers as well. reasonably grown coffee means conservation of energy and water at the farms. In turn, this costs heavy for the company overall, but the environmental advancements are worth it. Starbucks and the terrain benefits from this decision because it helps continue to portray a clean image. ⁴

Another way to ameliorate the terrain directly through their stores is by “going green”. Their first attempt to produce a green store was in Manhattan. Starbucks made that decision to patch a 15 time old outlet This addition included replacing old outlet with further energy effective tech. To educate the community, they placed pillars throughout the store explaining their new green gadgets and how they work for the public. This repaired Manhattan store presently conserves energy, water, , and uses recycled/ recyclable products. Twelve stores total plan to be repaired and Starbucks has promised to make each new store LEED, meaning a Leader in Energy and Environmental Design. LEED improves performance regarding energy savings, water effectiveness, and emission reduction. The company states that several organisations don’t look into environmentally friendly appliances because the original installation cost is always higher. According to Starbucks’s opinion going green over time outweighs the outspoken cost in the long run. Fingers are crossed that these new design rudiments will help the terrain and get Starbucks ahead of their competitors.

⁴ <https://www.mbaknol.com/management-case-studies/case-study-corporate-social-responsibility-of-starbucks/>

Conclusion

As new companies emerge into the markets, several unicorns and business tycoons must realise the potential of following Corporate Social Responsibilities so as to do their part in society, we have studied how consumers these days are influenced by humanitarian biases in their judgement and purchasing choices and can not be support unethical practices of a firm or just simply glaze over their little to no contribution in the society. For a firm to flourish in the realm of management and business it needs to perform dual function of quality products and a true bond with the consumer bases simultaneously.