A Study on the Role of Manufacturing Companies in Promoting Corporate Social & Environmental Responsibility (CSER) with Special Reference to Kerala

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Traditionally, environmental protection has been considered to be "in the public interest" and external to private life. Governments have assumed principal responsibility for assuring environmental management, and have focused on creating and preserving a safe environment. They have directed the private sector to adopt environmentally sound behavior through regulations, sanctions and occasionally, incentives. When environmental problems have arisen, the public sector has generally borne the responsibility for mitigation of environmental damage. . In this approach, some have contended that unrestricted private sector behavior has been considered as presenting the "environmental problem". However, the roles of sectors have been changing, with the private sector becoming an active partner in environmental protection. Many governments and businesses are now realizing that environmental protection and economic growth are not always in conflict. Since the Brundtland Report was published in 1987 as a result of World Commission on Environment work, business and management scholars have been grappling with the question of how and why corporations should incorporate environmental concerns into their own strategies. Today many companies have accepted their responsibility to do no harm to the environment. An earlier emphasis on strict governmental regulations has ceded ground to corporate self-regulation and voluntary initiatives. Economic activities often impact those who are not involved in the activity. For example, a corporation manufacturing automobiles generates pollution and the cost of this pollution is borne by nearby residents. External costs (or benefits) arising from economic activities are referred to as externalities. While firms of any size can create externalities, multinational corporations can use their political influence to avoid bearing responsibility for significant external costs. "Given the close relation between minimizing costs and maximizing profits, it is natural to assume that an organization that seeks profits and has significant political power will feel some motivation to use that power to externalize costs, where possible. This motivation may be held in check by ethical considerations, by regulation, or by a fear of backlash from groups that might harm the organization; for example, consumer groups, or others who could mobilize effective public opinion."

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(Goodwin,2003). The benefits firms obtain from being able to impose externalities and shift costs to others are difficult to measure in economic terms. The only available estimate of the total public cost incurred to support the operations of private corporations was $2.6 trillion for 1994 in the United States. As a result the environmental aspect of CSR is defined as the duty to cover the environmental implications of the company's operations, products and facilities; eliminate waste and emissions; maximize the efficiency and productivity of its resources; and minimize practices that might adversely affect the enjoyment of the country's resources by future generations. In the emerging global economy, where the Internet, the news media and the information revolution shine light on business practices around the world, companies are more frequently judged on the basis of their environmental stewardship. Partners in business and consumers want to know what is inside a company. This transparency of business practices means that for many companies, CSR, is no longer a luxury but a requirement. Although there are a significant number of good practices around the world, for many critics CSR has achieved quite illusive effects so far. As CSR activities are basically based on a voluntary approach, environmental externalities are observable to stakeholders, but often not verifiable. Generally, the concern about CSR is that, instead of big number of initiatives, there is no comprehensive frame that would cover at the same time issues such as: government standards, management systems, codes of conduct, performance standards, performance reporting, and assurance standards. Companies, usually, implement separate components, or join selected initiatives, often forgetting for example about transparent monitoring mechanisms. The goal of this paper is to present, to some extend, current practices, and approaches to environmental aspects of CSR, and propose concrete steps that could allow on creating a global commonly accepted CSR framework.

Key Words: Corporate Social Responsibility (CSR), Corporate Social & Environmental Responsibility (CSER), Government Standards, Management Systems, Codes of Conduct, Performance Standards, Performance Reporting.

The Objectives of the Study

1. To study the present role of companies in promoting Corporate Social & Environmental Responsibility.
2. To study about the various new initiatives taken up by the organization in managing the environment.
3. To study about various measures the company adopted to reduce environmental impact.
4. To develop new strategies to promote CSER activity in the organization.

Research problem

A growing number of companies in a wide range of sectors and geographic regions have discovered concrete value and competitive advantages from taking environmental initiatives, for example, in areas such as pollution prevention, energy efficiency, environmentally oriented design, supply-chain management and industrial ecology. For instance, cement production, requires intensive use of natural raw materials and energy. It also results in emissions to the atmosphere, the most significant being carbon dioxide (CO2). That is why eco-efficiency is at the core of St. Lawrence Cement business - producing more cement while using fewer resources and producing less waste and pollution per tone. An example from other sector is KPMG. Since 1996, KPMG has been actively involved in a range of environmental programs and are currently preparing for the ISO14001. They have integrated all their environmental programs into mainstream operations to provide sustainability. There are 5 key areas where they, as a firm, are making an environmental impact: Water, Waste, Paper, Energy and Transport. Savings made by the environmental management program currently stand at Rs. 250,000 per year. By switching to greener energy suppliers, energy reduction targets of 30% over three years have been built into all maintenance contracts and can account for a further Rs. 600,000 of savings.

Simply, many companies have found that CSR has often had a positive impact on corporate profits. Of all the topics related to corporate social responsibility, it is environmental initiatives that have produced, so far, the greatest amount of quantifiable data linking proactive companies with positive financial results. Business for Social Responsibility (BSR), for example, emphasizes that investment in CSR has promoted product differentiation at the product and firm levels. Some firms now produce goods and services with attributes or characteristics that signal to the consumer that this particular company is concerned about certain social and environmental issues. The International Financial Corporation, in its report "Developing Value" (IFC 2002), reaches the conclusion based on the experiences of over 170 companies, that many businesses in emerging markets have been involved in areas such as social development or environmental improvements, and have achieved cost savings, revenue growth and other business benefits. Firms have also found savings in input costs, waste disposal costs, labor costs through reduced absenteeism and increased loyalty, reduced costs of compliance with regulations, and other real but more intangible benefits such as attracting quality investors. Firms also benefit from realizing greater cooperation from their communities, and from building political capital that has been useful when community decisions may affect the enterprise. With this in mind the researcher has thrown light to study about the present role of companies in promoting Corporate Social & Environmental Responsibility & also about the various new initiatives taken up by the organization in managing the environment. The researcher applies a birds eye view on the various measures the company adopted to reduce environmental impact. Finally the study helps to develop new strategies to promote CSER activity in the organization

Significance of the Study

Since the World Commission on Environment and Development Report of 1997 (Brundtland Report) was published, corporate managers and management scholars have been grappling with the question of how and why corporations should incorporate environmental concerns into their own strategic decision making. And they have been assuming a positive role in furthering the cause of environmental protection, as opposed to being seen as an environmental problem. Today many companies have accepted their responsibility to do no harm to the environment (Hart 2000). The Environment Strategy of the World Bank indicates, too, that the private sector is becoming a decisive factor in influencing environmental performance and long-term environmental sustainability (WB 2002). Many citizens, environmental organizations and leadership companies define corporate environmental responsibility as the duty to cover the environmental implications of the company's operations, products and facilities; eliminate waste and emissions; maximize the efficiency and productivity of its resources; and minimize practices that might adversely affect the enjoyment of the country's resources by future generations. In the emerging global economy, where the Internet, the news media and the information revolution shine light on business practices around the world, companies are more and more frequently judged on the basis of their environmental stewardship. Partners in business and consumers want to know what is inside a company. They want to do business with companies in which they can trust and believe. This transparency of business practices means that for many companies, corporate social responsibility, CSR, is no longer a luxury but a requirement. However, the challenge is to create a commonly respected CSR framework that would allow on detailed assessment of business practices. Basically, the drivers of CSR are the mix of incentives and risks directed at companies to improve standards. These drivers are market-based, usually beginning when a firm anticipates or responds to a risk associated with the social, labor or environmental impact of a specific business practice.

Methodology of the Study

Data Collection

Primary & secondary data were used for the study. The primary data was collected by using a structured questionnaire and secondary data was collected from report, journals and magazines.

Sampling

The sample was collected from the manufacturing companies in the Kerala. The samples were from Travancore Titanium Products, Hindustan Latex Ltd, English Indian Clays Ltd, Therumo Penpol & Family Plastics. For the study 100 samples were taken and the sampling technique employed was convenient sampling. The samples were taken from the top level & middle level managers who involve in CSER initiatives.

Vehicles for Introducing CSR &CSER

(i) Governments

Governments have a strong interest in promoting CSR initiatives as a complement to their ongoing environmental and social programs to serve long term national interests (Mazurkiewicz, 2004). Often with the support of international institutions, and/or international/local NGOs, governments are beginning to play a significant role in building framework for CSR, through managed, goal-driven approach. For example, the authorities often prefer voluntary approach because they involve both lower transaction and abatement cost. Moreover, governments may see their interest in achieving improved environmental management in a less conflictive manner, at less cost and with more impact on job creation, while improving the national image, competitive positions in respect to trade, and ultimately making economic and social gains.

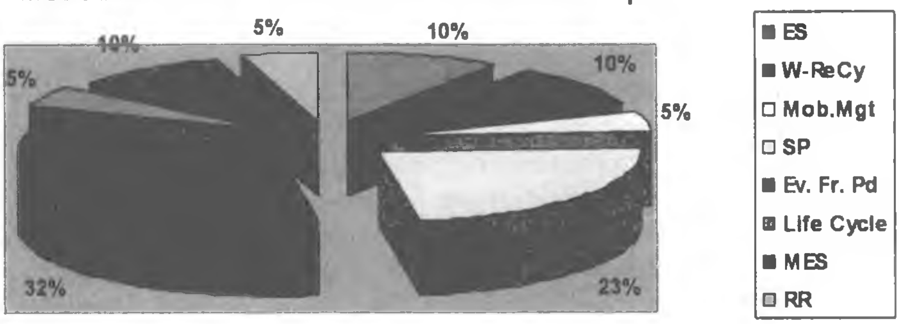
Assistance from governments can be planned and programmed as a component in a national environmental program. Usually, governments would plan a three-part approach to the problem: (i) inform, sensitize and engage business in dialogue and negotiations concerning voluntary initiatives, and institutionalize this process; (ii) offer incentives for and assistance to firms seeking to adopt more environmentally responsible business models; and (iii) re-enforce monitoring of environmental conditions and enforce sanctions. More precisely they can stimulate the private sector by providing funding for research, or by leading campaigns, collecting and disseminating information, training, and raising awareness (Mazurkiewicz 2003). Public bodies can develop or support appropriate management tools and mechanisms, including environmental agreements, voluntary product labeling schemes, benchmarks, and guidelines for company management and reporting systems. They can also create incentives by applying their public procurement and investment leverage. The other crucial role the public sector can play is partnering in environmental initiatives (WB 2002).

(ii) Corporate Level

The implementation of CSR initiatives usually differs for each company, or even sector, depending on a number of factors, such as size and culture. Manufacturing-based companies are confronted by a wide range of environmental challenges, while retail or service-sector companies face these to a lesser extent. Although some companies address environmental issues one facility or department at a time, companies are increasingly integrating the environment into all parts of their operations.

Analysis of Data

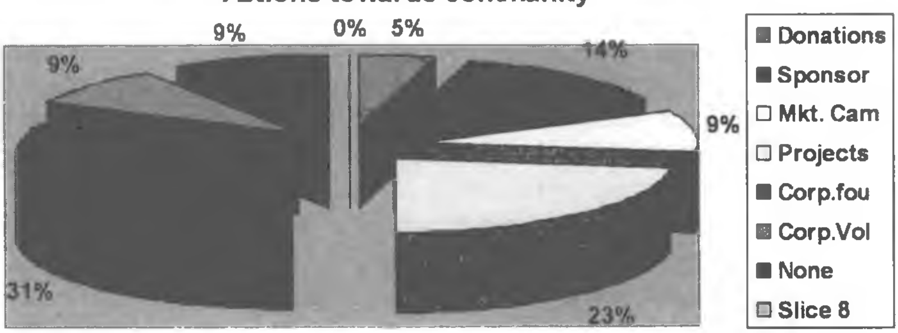
Measures taken to reduce environmental impact



Source: Primary Data

From the data collected it is inferred that that out of the total respondents, majority (32%) claimed that they manufacture environmental friendly products to reduce environmental impact.

Actions towards community



Source: Primary Data

From the data collected it is revealed that majority (31%) of the company take concrete action on corporate foundation and 23% on Partnership projects of social solidarity.

Findings

- Majority of the managers who are responsible in implementing CSER initiatives are not satisfied with the present initiatives taken by their respective companies.
- Majority organization has drawn strategies to promote CSER activities like awareness programmes, Campaigns, Symposiums, programmes like geeniverse etc to promote the responsibility of corporate houses towards environment.
- Most of the awareness programmes organized by the corporate's to the employees and public are not effective, this may be due to lack of seriousness on the part of the public & employees.
- Most of the companies don't have an effective waste recycling & waste disposal system, because of this plethora of waste has accumulated which will cause environmental problems to the society at large.
- Majority of the companies Avoid printing documents whenever possible. Some strategies include sending e-mail memos and notices instead of paper ones, thinking about whether you really need a paper copy before printing and sending electronic bills and notifications to clients. When printing is necessary, print on both sides of the paper to reduce paper consumption. In addition, purchase paper made with recycled paper fibers to reduce the environmental impact.
- Majority of the companies replace incandescent light bulbs in the office with compact fluorescent bulbs to reduce energy use. This will also help cut down on cooling costs during the summer months because fluorescent bulbs produce less heat than incandescent bulbs. Reduce the use of light bulbs by placing desks near windows whenever possible and by turning lights off in rooms that are not in use.
- Majority of the companies use eco-friendly packaging materials which include products made from recycled, biodegradable or reusable materials. Using eco-friendly packaging is more sustainable and reduces waste production. Reusable shopping bags, biodegradable boxes and shipping supplies, and glass or metal water bottles are just a few examples of eco-friendly packaging.

Recommendations

- Energy-saving light bulbs - Energy saving light bulbs are a must for all companies, as they are good for bank accounts and the environment. They use up to 80 per cent less electricity than a standard bulb, but produce the same amount of light. Through a combination of internet technology and a genuine desire to make a difference, all businesses – new or otherwise – can adopt environmentally-friendly principles and cut needless financial waste at the same time.

- Turn off equipment - Many companies leave their computers on stand-by overnight and at weekends which is a massive waste of energy. Instil a company-wide policy that insists that everyone must turn their computers off if not in use. The same applies to coffee machines, heaters...anything that consumes power.

- Corporate Environmental Policy: Companies committed to reducing their environmental impact usually create a set of environmental principles and standards, often including formal goals. At minimum, most such statements express a company's intentions to respect the environment in the design, production and distribution of its products and services; to commit the company to be in full compliance with all laws and go beyond compliance whenever possible; and establish an open-book policy whereby employees, community members and others can be informed of any potentially adverse effects the company might have on the environment.

- Reduce, Reuse, Recycle Wastes- Most businesses can save a substantial amount of money by reducing waste. In addition to lower removal costs, waste reduction measures help cut costs on raw materials, office supplies and equipment. Furthermore, by streamlining your operations to reduce waste, you may also be able to enhance your overall efficiency, productivity and public image.

- Conserve Water-The increased demand on our nation's water supply is threatening human health and the environment. By implementing a water efficiency program, you can not only help conserve this precious resource, but cut your costs associated with buying, heating, treating and disposing of it.

- Prevent Pollution -Every business generates waste. For some, it may be only waste paper or dirty water; for others, it may be hazardous or toxic wastes that require special handling and disposal. Whatever the type or volume of waste your company generates, it is costing you money. You pay for what you use twice - once when you buy it and the second time when you throw it away. The bottom line is that preventing waste will save you money.

- Create a Green Marketing Strategy-If you are starting a green business, you need to market yourself as one. Adding "green" claims and eco-labels to your marketing strategy will enhance your brand image and secure your market share among the growing number of environmentally concerned consumers.
- Environmental Audit: Before a company attempts to reduce its impact on the environment, it is essential that it first gains a full understanding of it. For most companies, this usually involves some kind of environmental audit. The goal of audits is to understand the type and amount of resources used by a company, product line or facility, and the types of waste and emissions generated. Some companies also try to quantify this data in monetary terms to understand the bottom-line impact. This also helps to set priorities as to how a company can get the greatest return on its efforts.
- Employee Involvement: Leadership companies recognize that to be effective, an environmental policy needs to be embraced by employees throughout the organization, not just those whose work is related to the environment. To do that, companies engage in a variety of activities, especially education, to help employees understand the environmental impact of their jobs and to support their efforts to make positive changes. Some companies go further, helping employees become more environmentally responsible throughout their daily lives, helping them build a true environmental ethic. Besides education, many companies create incentives, rewards and recognition programs for employees who demonstrate their environmental commitment.
- Green Procurement: To help ensure that their products and processes are environmentally responsible, many companies seek to buy greener products and materials from their suppliers. Some companies participate in buyers' groups in which they leverage their collective buying clout to push suppliers to consider alternative products or processes.
- Green Products: Products themselves may be made more environmentally friendly, with regard to, for example, the control of emissions, noise, reduced health and safety risks, and reduced energy requirements.

Additionally, as more and more companies and their stakeholders are attracted to CSER initiatives, but are often uncertain as to what steps may create an adequate environment for putting the concept into operation. Three such steps could assist in facilitating the process: (i) promote dialogue among stakeholders; (ii) create the actual partnerships necessary for bringing voluntary initiatives to fruition; and (iii) agree on a systematic and monitorable program for establishing and financing voluntary initiative.

Conclusion

If CSER is to make a more significant contribution to development, its proponents face two major challenges. First, there needs to be a better integration of voluntary approaches and law or government regulation, rather than the present situation where voluntary initiatives are often seen as an alternative to legal instruments. Second, the CSR agenda needs to become more "south-centered". The Implementation Plan, issued after the 2002 World Summit on Sustainable Development moves beyond a reliance on voluntary approaches. It commits signatory governments to actively promote corporate responsibility and accountability, including through the full development and effective implementation of intergovernmental agreements and measures, international initiatives and public-private partnerships, and appropriate national regulations (WSSD 2002). There are some companies that will only take social responsibility on board if they have to. On the other hand, while there are many question marks regarding the future of CSR, in particular about its voluntary nature, engaged companies claim notable achievements. CSER has led to developments in company reporting, and in the elaboration of good principles and good practice in company behavior (Christian Aid 2004). More and more often one can observe a trend in discussion on CSER, that voluntary measures can help improve private-sector behavior, but voluntary activity is no substitute for regulation and there is evidence that companies that espouse voluntary approaches to meet environmental standards are frequently involved in resisting external regulations. This concerns mainly developing countries, where national legislation framework is weak. Even if necessary laws do exist, many governments including in developed countries do not have political will or effective instruments to enforce them. In contrast, the regulation in developed world tends to be more strong. The companies are bound by laws protecting the environment, human rights, etc. But these only extend to the activities of companies based or operating in those countries, and not to the overseas activities. One may argue that once there is no need for new extended governmental regulations in developed economies, definitely there is such a need in developing and in transition countries. On one hand Governments in the latter ones, with support of international institutions, might establish a regulatory framework – "a minimum requested by law", and on the other international community may consider building an international commonly accepted legal framework to regulate the global activities of multi-national enterprises. Such an approach would help in overcoming low enforcement capacity of developing countries. The next essential step would be strengthening the existing OECD and EU guidelines so that they become binding regulation rather than just a voluntary code of conduct. The most difficult aspects would be to agree on and adopt concrete standards in fields such as management systems, assurance standards, performance standards, and performance reporting that jointly with national regulations, international law would constitute a holistic CSR framework.

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