



Social, Environment And Economic Responsibilities Of Sustainable Business In India

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Abstract: *This article focuses on business social responsibility as it is manifested by small businesses and businesses in small towns. The article begins by explaining why small businesses and small towns are important for business social responsibility. Business involvement in social welfare and development has been a tradition in India and its evolution from individuals' charity or philanthropy to Business social responsibility, Corporate Citizenship and Responsible Business can be seen in the business sector over the years. When businesses are supported by appropriate Government policy regime that encourages systematic movement towards responsible thinking, decision-making, and a progressive movement towards sustainability, the trajectory of overall growth and development takes a positive turn. From around 600BC, the merchant was considered an asset to society and was treated with respect and civility as is recorded in the Mahabharata and the Arthashastra. Also, many of India's leading businessmen were influenced by Mahatma Gandhi and his theory of trusteeship of wealth contributed liberally to his programs for removal of untouchability, women's emancipation and rural reconstruction. The importance of businesses in improving the quality of life is well recognized. Business involvement in social welfare and development has been a tradition in India and its evolution from individuals' charity or philanthropy to Business social responsibility, Social, Environmental and Economical Responsibilities of Business will strengthen this Indian tradition and the Indian corporate sector will evolve into a global leader in responsible business.*

Key Words: India, corporate sector, business social responsibility, respect, civility, recorded .

Introduction- In India, at present small industries are defined and classified on the basis of total investment in plant and machinery. Small business can be called as a project or venture which involves a small budget or is run by a small group of people. According to the definition provided by the government, a small scale industry (SSI) is a business setup in which the financial commitment towards infrastructure such as building & equipment, whether made as an owner or on rental or purchase basis, does not surplus Rs. 1 Crore.

In the present era of globalization resulting in economic and industrial reforms, the role of the Government would be changing from one of the protector to facilitator. Various support mechanisms are being experimented or are in the evolution stage by the Government for providing facilitation services to SME in various areas such as financing, technology development and skill up-gradation, etc.

New product lines are emerging in the field of information technology, electronics and biotechnology, etc. Knowledge-based industries are taking precedence over others. Other sectors where new products are emerging are in the field of communication, entertainment, toy, auto-components, etc. Most of the entrepreneurs in these sectors need venture capital support to run their enterprises.

The term responsibility refers to an obligation or a duty. With that in mind, Business social responsibility (BSR) can be defined as the obligation businesses have to use their slack resources to contribute to societal betterment beyond providing products and services in an economic exchange. Thus, Wood defines CSP as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes



as they relate to the firm's societal relationships". Since our focus is on the social performance of small businesses in small towns, we limit consideration of CSP to the support businesses provide for local community betterment. The "corporate" adjective for social responsibility and excludes some small businesses that are not corporations and in common usage, is interpreted to mean large businesses. Therefore, we prefer the terms business social responsibility (BSR) as they are more inclusive of all for-profit enterprises regardless of their legal status and do not carry the negative connotation sometimes associated with the corporate adjective. In this paper, we define BSP as the actions of businesses (policies and programs) intended to promote societal betterment. The specific way businesses choose to contribute to social betterment is discretionary and assumes that they first meet their economic and legal responsibilities.



The Social Responsibility and Social Performance of Small Businesses

Small businesses differ in fundamental ways from large businesses. The overwhelming majority of small businesses have fewer than 20 employees. This fact alone suggests that understanding the consequences of the social performance of large firms may not be very insightful for understanding the social performance of small firms.

Formalization- Small businesses are unlikely to have designated staff devoted to community relations or formal policies governing social performance. In large businesses, employees whose sole or primary responsibility is to handle the business community and affairs are usually professionally trained for those responsibilities,

belong to associations with other officers, and interact regularly with representatives of charitable and community organizations who seek the company's largesse.

Social and Environmental Responsibility and the Small Business Owner- "Business social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

The popular perception is that concern for social and environmental issues is the preserve of large businesses. This report demonstrates that small businesses are actively engaged in these issues and believe them to be important. The research focused on business attitudes and actions toward the environment, their workforce and their local communities.

Responsibility in Small Business- Small businesses traditionally receive poor press when it comes to their views and actions toward the environment. They have been perceived in the past as disinterested at worst and apathetic at best about the environment. The key problem for many small businesses has not been apathy but lack of awareness of what they can and should be doing seek effective environmental solutions to waste disposal and other areas.

Broader issues such as climate change were considered a reality by small businesses but the responsibility of large businesses.

However this report shows a shift in attitude and a proactive approach by many small businesses to environmental issues. 83% of respondents actively engaged in waste minimization and recycling and 41% of businesses bought products that were more environmentally friendly. Well over a third (39%) reported that they engaged in energy efficiency measures and 30% changed their core products and services to be more environmentally friendly.



Environmental Responsibility

Activities

- * Investment in clean technologies.
- * Using energy from renewable sources.
- * Reduction in business use of transport.
- " Reduction in car usage by staff.
- * Buying alternative products that are more environmentally friendly.
- * Waste minimization/re-cycling.
- * Energy efficiency measures.
- * Changing my core products/services.
- * Multiple Responses were allowed
- * Investment in clean technologies
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- * Reduction in business use of transport
- * Reduction in car usage by staff
- * Buying alternative products that are more environmentally friendly
- * Waste minimisation/re-cycling
- " Energy efficiency measures
- * Changing my core products/services
- * 0% 20% 40% 60% 80% 100%

What Motivates Small Businesses to be environmentally responsible?- 85% of businesses cited personal views and beliefs as their motivation for undertaking environmental activities with 76% citing good business practice. Over half highlighted a commitment to reducing their environmental impact and a quarter recognized the good business practice. Over half highlighted a commitment to reducing their environmental impact and a quarter recognized the public relations benefits of demonstrating environmental responsibility.

Sometime highlighted the similarities between householders and some small businesses

in terms of levels of expertise and awareness of environmental issues and would contend that, like the population at large, the shift described is attributable to the heightened publicity given to environmental issues in recent years, together with the dramatic evidence of climate change occurring worldwide.

Motivational Factors

- * Good business practice.
- * Personal views/beliefs.
- * Committed to reducing environmental impact.
- * Government pressure.
- * Supplier pressure.
- * Customer pressure.
- * Public opinion expectation.
- * Financial health of business/affordability.
- * Pressure from employees.
- * Barriers Small Businesses
- * Insufficient resources.
- * Business is too small.
- * Information/advice.
- * Unsure how to proceed.
- * Unclear about business benefits.
- * Difficulty in sourcing environmentally friendly products.
- * Lack of time.
- * Cost.

The picture is not entirely rosy, and small businesses are still very much hampered by time, the size of their business and the complexity and raft of legislation emanating from the EU on the environment.

Environmental legislation to date has continued to apply a "one-size fits all" approach which presents many barriers for small businesses in their efforts to seek effective environmental solutions. It is unsurprising then that lack of time, red tape and size of business scored highly as factors that prevented greater involvement with the environment. Small business should focus on the section where they can contribute should do for our country.



Environmental BSR aspects

1. Respect the principle of preventive action.
2. Support a precautionary approach to environmental challenges.
3. Rectify environmental damage as a priority at source.
4. Respect the principle that the polluter bears the environmental costs.
5. Promote greater environmental responsibility.
6. Encourage the development and diffusion of environmentally friendly technologies.
7. Contribute to the preservation of biodiversity.
8. Reduce energy use.
9. Limit or alter material use.

Environmental sustainability

* Indian legislation pays little attention to the conservation of biodiversity.

* Reference is made to several initiatives by Indian institutions to stimulate environmental friendly practices among the industry. Among others, a partnership on voluntary pollution control by the Indian Ministry of Environment and Forests together with the industrial sector, the Energy Efficient Initiative by the Indian Chamber of Commerce, the Indian Eco mark and the Clean Technology initiative by among others the Confederation of Indian Industry. These initiatives may also be of significance for Dutch companies operating in India.

" The Indian government needs to install economic stimulating instruments to adopt environmental friendly measures.

Conservation of environment is partly the responsibility of the government and partly of companies.

SOCIAL RESPONSIBILITY- Social responsibility' was taught to me by parents & grandparents - who in turn had been taught to treat their staff in a "My social responsibility" was taught to me by parents & grandparents - who in turn had been taught to treat their staff in a responsible and caring way - this went as far back as the 17th century in my family if not earlier.

Small businesses have been described as the backbone of the economy and currently employ 13.2 million people, which accounts for over 58% of the Indian private sector workforce. A significant number of small businesses are family owned and over a third is co-owned with a spouse. A key problem area for many small businesses, and which has been widely documented, is the recruitment of staff with relevant skill. The motivations are not entirely business focused and the research findings show that certain practices are considered commonsense by many small businesses.

This predisposition to be good employers combined with the significant problems small businesses experience in recruiting skilled staff is borne. 60% of small businesses encourage staff to develop their skills. Over half of respondents (55%) cited consultation with staff on important issues as essential. Over half again (51%) engage in family friendly practices. Measures to promote the health and wellbeing of staff along with social events also rated highly, 42% in both cases. The motivation given by respondents for investing in their employees in the ways that they described was overwhelmingly good business practice and personal views with over 80% responding accordingly in each case. Retention of good staff is important to all companies but is clearly critical to the success of the smallest businesses.



Barriers to increasing Social Welfare Activities

- * Lack of interest.
- * Insufficient resources e.g. skilled staff.
- * Business is too small.
- * Lack of information/advice.
- * Unsure how to proceed.
- * Can't see the benefits for the business.
- * Bureaucracy.
- * Lack of time.



- * Cost.
- * Lack of experts.
- * Lack of Training & Development

Social BSR Aspects Human rights-

1. Do whatever they can to promote human rights in those countries where they operate. In areas of conflict, where gross violations of human rights occur, extra care should be taken with respect to honoring basic human rights.
2. Investigate the impact of any business operation on a given country's human rights situation before launching business activities there.
3. Include an explicit reference to the Universal Declaration of Human Rights of the United Nations or other international human rights treaties in a code of conduct (with respect to both employees and all members of the community in which the corporation operates).

Labour Welfare

1. Respect and ensure.
2. The freedom of association and right to collective bargaining.
3. Do not engage or support the use of forced labour.
4. Contribute to the abolition of child labour.
5. Do not discriminate with respect to employment and occupation.
6. Ensure security of employment.
7. Ensure a living wage.
8. Ensure occupational health and safety.
9. Respect maximum number of working hours.
10. Provide training.
11. Guarantee handling of complaints.
12. Provide timely information on re-organizations and the right to collective discharge and redundancy schemes.
13. Do not use double standards.
14. Employee and train local staff as much as possible.
15. Enable worker representatives to negotiate and confer with decision makers.

Consumer protection:

1. Ensure access to essential goods and services.
2. Ensure the right to safety, with respect to:

- a. Physical safety.
 - b. Safety and quality of consumer goods and services.
 - c. Food, water and pharmaceuticals
3. Ensure the right to information.
 4. Ensure the right to choice in the market place.
 5. Ensure the right to be heard.
 6. Ensure the right to obtain redress.
 7. Respect the right to consumer education.
 8. Promote sustainable consumption.
 9. Respect the right to privacy.

Economical Responsibility- Small industries are small in size but play a big role in the economic development of a developing country like India. India has adopted the ideal of a socialistic pattern of society with full employment balanced regional development and self-reliance as the major objectives.

- * Employment.
- * Balanced-Regional Development.
- * Optimization of Capital.
- * Mobilization of Local Resources.
- * Exchange Earnings.
- * Egalitarian Society.



The economic responsibility of a business is to create value. Employment generation is incidental to the process of creating value. A firm creates value by ensuring sustainability of business.

Sustainability of firm cannot be the economic responsibility of a firm. Sustainability of business is essential for creating value. A business creates value only when it is sustainable and generates cash flows over a long period of time. Competition disciplines firms and compels them to provide goods and services "Skillfully and cheaply". In a competitive environment, sustainability of business requires continuous renewal and



innovation. Renewal and innovation benefit the consumers with better and cheaper products and services. A firm that focuses too much on profitability often loses sight of the core economic responsibility of creating value.

The value that business creates is shared between those who participate in creating value based on their relative bargaining powers.

Barriers to Economical Responsibility

- * Indian skills crisis.
- * Helping federally regulated businesses to compete.
- * Improving the tax system.
- * Breaking down internal trade.
- * Making regulations work.
- * Making India a magnet for international investment.
- * Stimulating research and development and bringing it to market.
- * Using information and communication technology to make India competitive.
- * Integration services for immigrants
- * Targeting urgently in-demand occupations
- * Attracting and keeping foreign workers
- * Employee skills upgrading for small- and medium-sized businesses.

Economic BSR Aspects Contribution to development-

1. Contribute to equal access to health facilities.
2. Contribute to access to basic food, housing, sanitation and sufficient safe drinking water.
3. Contribute to education and access to information with respect to essential health problems in the community.
4. Promote respect for other socio-economic rights, like the right to work, social security, and maternity leave to take part in cultural life.

Corruption

1. Do not offer, nor give in to demands to pay bribes to public officials or employees of business partners.
2. Do not demand bribes to obtain or retain

business or other improper advantage.

Fair competition

Conduct activities in a competitive manner.

Taxation

Contribute to public finances of host countries.

Science and technology

Transfer S&T in order to contribute to the development of local and national innovative capacity.

Economic sustainability- BSR implies also a large need for investments in the host country. This element is not incorporated in the BSR Frame of Reference.

The high corruption index has a negative impact on the Gross Domestic Product of India. Multinational companies may increase the dependency on external sources of technology supply. The government should develop a role of network supporter or organizer to ensure transfer of technology.

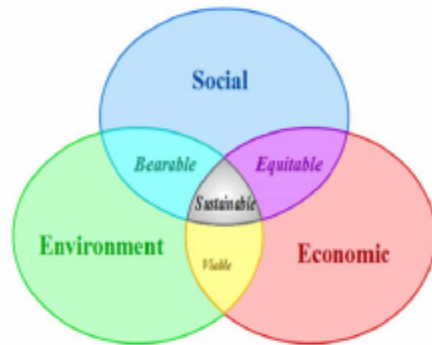
Conclusion- Businesses are engaged in social and environmental activities. Social and environmental responsibility is considered by most small businesses as a normal part of business development and growth. It recognises that small businesses would benefit from a more structured approach to their involvement in social and environmental issues and need clear examples and concise easily accessible guidance.

The importance of businesses in improving the quality of life is well recognized. However, there is growing awareness that in an increasingly complex world, businesses also have significant and long-lasting impacts on people, our planet and our ability to sustain the levels of holistic development that we all aspire to. This realization has also brought an increasing concern amongst all stakeholders, who are demanding that businesses of all types and sizes need to function with fairness and responsibility. Specifically, this calls for businesses being thoroughly aware and conscious of their social, environmental and economic responsibilities, and balance these different

considerations in an ethical manner.

So we understand that if business goes for three things they can be sustainable in the market. So we can see that how environment economy and society is important.

Social + Economy = Equitable



Environment + Social = Bearable

Environment + Economy = Viable

Social + Economy + Environment = Sustainable.

India meets its ambitious goal of inclusive and sustainable all round development, while becoming a powerful global economy by 2020. Social, Environmental and Economical Responsibilities of Business being brought which will strengthen this Indian tradition and the Indian corporate sector will evolve into a global leader in responsible business. It will also help the corporate sector in their efforts towards inclusive development of them as well as our country.

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