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Green Environment and Corporate Social Responsibility: An Empirical Review

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ABSTRACT

The effect of environmental policies on the economy has always been a controversial topic. A social accounting also known as social accounting and auditing, social accountability, social and environmental accounting, corporate social reporting, corporate social responsibility reporting, non-financial reporting or accounting are the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society. There are many environmental issues in India like air pollution; water pollution, garbage and pollution of the natural environment are all challenges for India. Nature is also causing some drastic effects on India. For this corporate social responsibility is introduced and implemented in Companies Act 2013 as a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. Major environmental issues are forest and agricultural degradation of land, resource depletion (such as water, mineral, forest, sand, and rocks), environmental degradation, public health, loss of biodiversity, loss of resilience in ecosystems, livelihood security for the poor. The major sources of pollution in India include the rapid burning of fuel wood and biomass such as dried waste from livestock as the primary source of energy, diversion of consumer waste into rivers, cremation practices near major rivers, government mandated protection of highly polluting old public transport, and social issues such as Growing Population, Poverty, Development and Forests etc. For this the new concept of Green Entrepreneurship was emerged which means the activity of consciously addressing an environmental/social problem/need through the realization of entrepreneurial ideas with a high level of risk, which has a net positive effect on the natural environment and at the same time is financially sustainable.

Keywords: *Corporate Social Responsibility, Environmental and Social Issues, Green Entrepreneur, Green Accounting, Social Accounting*

1. Introduction

Corporate social responsibility, often abbreviated "CSR," is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. CSR may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs [4].

2. Literature Review

A study in 2013 found that newly educated graduates who wish to become entrepreneurs are curious of green business opportunity. Their worry is marketing for green products and financial assistance required for their innovative business propositions. However, they see the opportunity in newly upcoming green business and environmental concern, social and ethical values that should be imbibed into the enterprises, thereby achieving organizational and societal objectives for sustainable development of the economy. It is the policy makers, who address the problems of the green business enterprises financially, and conducive government policy and support in the form of tax holiday, concession, and subsidy, technical and financial support along with suitable environmental regulations that induce business community. At the academic level it is utmost important to include, educate and train graduates oriented towards pollution free business and activities that mitigate environment degradation problems [1].

Another research study from 2015 found that various opportunities for the green entrepreneurs due to emergence of green market. Changing consumer behavior towards green market is another significant and positive indicator for the green entrepreneurs. Green entrepreneurs or enviropreneurs are not only important just for the fulfilling the need of consumers but they mean more than it. Green entrepreneurs have the responsibility towards achievements of social objectives, economic objectives, environmental objective and sustainable objectives. Green entrepreneurs are the warriors who continuously work, in order to protect the nation from all the evils such as poverty, unemployment and pollution etc. India is a country of young people. Our majority of the youth are getting good education and thousands of young generations graduate each year. This means that India has great potential towards green entrepreneurship. In India most of the entrepreneurs are young and their concept of business is unique and somewhere they implement the practical aspects of their education in their businesses and getting a great success. The concept of green entrepreneurs is not different, the one who more innovate green product or services more he become a successful green entrepreneurs. Although it is difficult to innovate green products many times as it is difficult to provide substitutes for various raw materials, this is a kind of challenge which a green entrepreneur can handle. There are several examples of green entrepreneurs who are continuously involved in the green businesses [2].

3. Research Methodology

The required data has been collected through secondary source like Text books, Journals, internet and other publication and supported by primary data collected through observation technique. The syllabus of the undergraduate and postgraduate classes of commerce of Panjab University has been analyzed on the basis of contents.

3.1 Objectives of the paper

a) To conceptualize the term green entrepreneurship and CSR.

b) To study the perception of emerging graduates who wish to become green entrepreneurs

c) To study the perceived motivation for focusing on the problems of environment.

d) To study the perceived problems of green environment in India.

3.2 History of CSR in India

The importance of inclusive growth is widely recognized as an essential part of India's quest for development. It reiterates our firm commitment to include those sections of the society in the growth process, which had hitherto remained excluded from the mainstream of development. In line with this national endeavor, Corporate Social Responsibility (CSR) was conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of corporate business. Ministry of Corporate Affairs had issued 'Voluntary Guidelines on Corporate Social Responsibility, 2009' as a first step towards mainstreaming the concept of Business Responsibilities. This was further refined subsequently, as 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 [3].

3.3 National Voluntary Guidelines (NVGs)

Social, environmental and economic responsibilities of business are released by the Ministry of Corporate Affairs (MCA) in July 2011. These are essentially a set of nine principles that offer Indian businesses an understanding and approach to inculcate responsible business conduct. These nine principles are given in Table 1.

Companies Act, 2013 21st Report of the Parliamentary Standing Committee

The 21st Report of the Parliamentary Standing Committee on Finance is one of the prime movers for bringing the CSR provisions within the statute. It was observed by the Standing Committee, that annual statutory disclosures on CSR required to be made by the companies under the Act would be a sufficient check on non-compliance. Section 135(4) of the Companies Act 2013 mandates every company qualifying under Section 135(1) to make a statutory disclosure of CSR in its Annual Report of the Board. Rule 9 of the Companies (Corporate Social Responsibility Policy), Rules, 2014 prescribes the format in which such disclosure is to be made.

The Corporate Social Responsibility concept in India is governed by Section 135 of the Companies Act, 2013 and Rules made there under wherein the criteria has been provided for assessing the CSR eligibility of a company, Implementation and Reporting of their CSR Policies. India having the most elaborated CSR mechanism and implementation

Table 1. Nine principles to inculcate responcible business conduct

Sr. No.	Principles
i)	Conduct and govern themselves with ethics, transparency and accountability.
ii)	Provide goods and services that are safe and contribute to sustainability throughout their life cycle.
iii)	Promote the well-being of all employees.
iv)	Respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
v)	Respect and promote human rights.
vi)	Protect and make efforts to restore the environment.
vii)	when engaged in influencing public and regulatory policy, they should do so in a responsible manner.
viii)	support inclusive growth and equitable development.
ix)	Engage with and provide value to their customers and consumers in a responsible manner.

strategy has started its journey to set a benchmark in attaining sustainability goals and stakeholder activism in nation building.

Enactment of Companies Act, 2013 by the Ministry of Corporate Affairs, Government of India was one of the world's largest experiments of introducing the CSR as a mandatory provision by imposing statutory obligation on Companies to take up CSR projects towards social welfare activities. This has made India the only country which has regulated and mandated CSR for some select categories of companies registered under the Act. This CSR Initiative will push the nation towards achievement of sustainable development goals and public-private partnership in transforming India.

There are many environmental issues in India. Air pollution, water pollution, garbage and pollution of the natural environment are all challenges for India. Nature is also causing some drastic effects on India. The situation was worse between 1947 through 1995. According to data collection and environment assessment studies of World Bank experts, between 1995 through 2010, India has made some of the fastest progress in addressing its environmental issues and improving its environmental quality in the world. Still, India has a long way to go to reach environmental quality similar to those enjoyed in developed economies. Pollution remains a major challenge and opportunity for India. Major environmental issues are forest and agricultural degradation of land, resource depletion (such as water, mineral, forest, sand, and rocks), environmental degradation, public health, loss of biodiversity, loss of resilience in ecosystems, livelihood security for the poor.[5]

The major sources of pollution in India include the rapid burning of fuelwood and biomass such as dried waste from livestock as the primary source of energy, lack of organised garbage and waste removal services, lack of sewage treatment operations, lack of flood control and monsoon water drainage system, diversion of consumer waste into rivers, cremation practices near major rivers, government mandated protection of highly polluting old public transport, and continued operation by Indian government of government owned, high emission plants built between 1950 and 1980. India's population growth adds pressure to environmental issues and its resources. Rapid urbanization has caused a buildup of heavy metals in the soil of the city of Ghaziabad, and these metals are being ingested through contaminated vegetables. Heavy metals are hazardous to people's health and are known carcinogens. Various legislations for environment protection exist but people are to be made aware of these rules. Their support is indispensable to implement these rules.

4. Green Accounting

The various aspects of the green accounting are explained as follow :

4.1 Green accounting

It is a type of accounting that attempts to factor environmental costs into the financial results of operations. It has been argued that gross domestic product ignores the environment and therefore policymakers need a revised model that incorporates green accounting. The major purpose of green accounting is to help businesses understand and manage the potential quid pro quo between traditional economics goals and environmental goals. It also increases the important information available for analyzing policy issues, especially when those vital pieces of information are often overlooked. Green accounting is said to only ensure weak sustainability, which should be considered as a step toward ultimately a strong sustainability.

4.2 Importance of Green accounting

Changes in the environment have a negative bearing on not just the Environment but on the economy as a whole. And, it is a well-known fact that changes in the economy have a direct bearing on the changes in any business. It is also important to note that the Gross domestic product of a country can be affected by the environmental and climatic change. In addition to this as people become more aware and conscious of Environmental issues, the need for sufficient and appropriate corporate disclosures is growing all the more. Green Accounting helps in:-

1. Assessing Environmental costs and benefits to a concern.
2. Segregate and categorize various Environmental costs.
3. Link Physical Resources with Environmental Accounts monetarily.

4.3 Steps taken in Green accounting (India)

Understanding the need for Companies to become morally and socially responsible, the government of India through the new Companies Act of 2013 made Corporate Social responsibility (CSR) mandatory for Companies who fall within any of the 3 categories mentioned below:

1. Companies having net worth of INR 500 crore
2. Companies having turnover of INR 1000 crore or
3. Companies having net profit of INR 5 crore

Every such company that falls in any of the category mentioned above has to spend at least 2% of its average net profits of the last 3 years on CSR activities and also has to disclose in its Board/ Directors' Report its list of CSR activities annually. In addition to these Companies in India also have to disclose particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo [5].

4.4 Steps being taken in other countries

Developed countries like Germany, U.S, U.K, Spain and France have recognized the need for conservation of energy. Recognizing that the path to a sustainable and healthy future lies in adopting green accounting practices countries like Australia have established the Australian Institute of Environmental accounting that offers vocational courses in sustainability, Carbon & Energy and Environmental Management.

In the U.K a number of regulations have been passed to complement a company's efforts with regard to CSR. The Companies Act compels Directors' to provide information in their annual report on risks, the environment they work in etc. In France laws and regulations affecting CSR have to be strictly complied with by Companies. Also, the French Ministry of Sustainable development is in charge of publishing the environmental economic accounts every year.

4.5 Green Entrepreneur

Green entrepreneurship is the activity of consciously addressing an environmental/social problem/need through the realization of entrepreneurial ideas with a high level of risk, which has a net positive effect on the natural environment and at the same time is financially sustainable.

Green entrepreneur is someone who starts and runs an entrepreneurial venture that is designed to be green in its products and processes from the very moment it is set up.

4.6 Challenges

a) Environmental protection and economic growth

The effect of environmental policies on the economy has always been a controversial topic. Many economists argue that sanctioned limits on pollution curtail economic growth. For instance, between 1973 and 1982, the United States imposed stricter regulations on pollution, which led to a 0.09% decrease per year in the national output growth. A study conducted in 1990 also analyzed the economic growth with during the time period between 1973 and 1980s. The result indicated that the government regulation reduced the annual GNP by 0.19% per year. Other researchers argue that those number is insignificant compared to protecting and sustaining the priceless environment.

b) Distributional impacts of environmental and natural resource policies

Not all industries pollute the same amount; chemical and paper manufacturing industries, for example, tend to pollute more than others. It is difficult to accurately measure the pollution level of each industry in order to categorize and to set up a fair set of policies. In particular, improved water quality might highly favor the higher income groups due to the fact that most improvements are done in the urban areas.

c) Links between trade and environmental and natural resource policies

During the time of globalization and the rapid expansion of the international market, the US policymakers have come to realize the importance of what is happening in other countries. Before making any decision and submitting the final draft to Congress, the policymakers were concerned about the effects of the North American Free Trade Agreement on the environment. National accounting systems that include environmental and natural resources could provide useful information during negotiations over the nations' commitments to restore or maintain natural capital.

d) Production and Processing Methods

Trade restrictions have not been used when a country's production and processing methods result in excessive discharges of pollutants (carbon, sulfur, nitrogen oxides, chlorofluorocarbons) across national boundaries. The difficulty comes in when determining the effects of trans-boundary pollutants on industry costs [1,2].

5. Social Accounting

Social accounting (also known as social accounting and auditing, social accountability, social and environmental accounting, corporate social reporting, corporate social responsibility reporting, non-financial reporting or accounting) is the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large [5].

Social accounting is commonly used in the context of business, or corporate social responsibility (CSR), although any organisation, including NGOs, charities, and government agencies may engage in social accounting. Social Accounting can also be used in conjunction with community-based monitoring (CBM)

5.1 Features of Social Accounting

(i) Social accounting is an expression of a company's social responsibilities.

(ii) Social accounting is related to the use of social resources.

(iii) Social accounting emphasize on relationship between firm and society.

(iv) Social accounting determines desirability of the firm in society.

(v) Social accounting is application of accounting on social sciences.

(vi) Social accounting emphasizes on social costs as well as social benefits.

5.2 Need/Benefits of Social Accounting

The important benefits of social accounting are as follows:

(i) A firm fulfils its social obligations and informs its members, the government and the general public to enables everybody to form correct opinion.

(ii) It counters the adverse publicity or criticism leveled by hostile media and voluntary social organizations.

(iii) It assists management in formulating appropriate policies and programmes.

(iv) Through social accounting the firm proves that it is not socially unethical in view of moral cultures and environmental degradation.

(v) It acts as an evidence of social commitment.

(vi) It improves employee motivation.

(vii) Social accounting is necessary from the view point of public interest groups, social organizations investors and government.

(viii) It improves the image of the firm.

(ix) Through social accounting, the management gets feedback on its policies aimed at the welfare of the society.

(x) It helps in marketing through greater customer support.

(xi) It improves the confidence of shareholders of the firm.

5.3 Initiative by Govt. of India : National CSR Awards

Ministry of Corporate Affairs, Government of India has instituted National Corporate Social Responsibility (CSR) Awards to recognize companies that have made a positive impact on the society through their innovative & sustainable CSR initiatives.

The National CSR Awards seek to:

- Recognize the companies that have positively impacted both business and society by taking a strategic approach to CSR through collaborative program.
- Recognize the companies that are leading transformation by integrating sustainability in their core business model.
- Recognize companies for implementing measures for conservation and sustainable management of the biodiversity and ecosystem in the value chain.
- Identifying innovative approaches and employing application and technologies that will help to build a robust CSR programs to further the cause of inclusive and sustainable development.

6. Conclusion

From above it can be concluded that many steps have been taken to protect the flora and fauna of the nation by taking many steps and day by day initiatives are being taken by govt to improve. Corporate Social Responsibility (CSR) was conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of corporate business. Ministry of Corporate Affairs had issued 'Voluntary Guidelines on Corporate Social Responsibility, 2009' as a first step towards mainstreaming the concept of Business Responsibilities. This was further refined subsequently, as 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011'. Understanding the need for Companies to become morally and socially responsible, the government of India through the new Companies Act of 2013 made Corporate Social responsibility (CSR) mandatory Changes in the environment have a negative bearing on not just the Environment but on the economy as a whole. And, it is a well-known fact that changes in the economy have a direct bearing on the changes in any business.

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