

Futuristic Trends in Management

Corporate Social Responsibility - With reference to the Fashion and Apparel Industry.

Abstract

Corporate Social Responsibility is a concept where companies integrate environmental and social concerns in their business operations. It has become very vital for all the companies to indulge in CSR as it creates a positive impact by the stakeholders. It is mandatory for the companies covered under section 135 to comply with the CSR provisions in India. Companies are required to spend a minimum of 2% of their net profit over the preceding three years as CSR. The major concern of this article is to find how Fashion and Apparel Industry contribute their profit to the society as CSR. This article focuses on the expectations of stakeholders, challenges faced to fulfill the CSR need and solutions to overcome the problem.

Keywords

Corporate Social Responsibility, Fashion and Apparel Industry, stakeholders, ethical labor practices and environmental and social concerns

Objectives

- To understand the importance of CSR in Futuristic management
- To understand the evolution of CSR Activity from its traditional touch
- To list out few CSR activity and sustainable measures undertaken in the Fashion Industry
- To understand the Stakeholder Expectations
- To compare the Indian CSR framework with Canada
- To Address Challenges and Limitations
- To Suggest solutions to overcome the challenges

Introduction

The fashion companies in India are appearing as one of the emerging and growing markets in the world. As population is increasing in India on one hand the need for one of the basic necessities is also increasing. People are likely to flaunt the trend with different dressing styles and fashion at the same time it is the responsibility of every individual to find whether the dress that they wear is helping the environment in a sustainable way. As customers develop brand loyalty over a period of time it becomes very essential to pay back to its stakeholder in the form of CSR.

CSR in Futuristic management

Reputation and Brand Value: In a world where information is readily available, a company's reputation is paramount. CSR initiatives that demonstrate a commitment to ethical and sustainable practices can enhance a company's brand value and differentiate it from competitors.

Sustainable Practices: Futuristic management recognizes the importance of sustainability for long-term success. CSR encourages businesses to adopt environmentally friendly practices, reduce waste, and minimize their carbon footprint, aligning with the growing focus on sustainability.

Risk Management: CSR can help companies mitigate risks associated with social and environmental issues. Failing to address these concerns can lead to legal issues, negative publicity, and financial losses. Proactive CSR measures can preemptively address such risks.

Attracting Talent: As the workforce of the future becomes increasingly socially and environmentally conscious, companies that prioritize CSR are more likely to attract top talent. This can lead to a competitive advantage in recruiting and retaining skilled employees.

Innovation and Adaptation: CSR encourages companies to think innovatively and adapt to changing societal and environmental needs. This adaptability is crucial for businesses to thrive in an ever-evolving global landscape.

Market Opportunities: CSR can open up new market opportunities. As consumers become more conscious of their purchasing choices, products and services that align with ethical and sustainable values can capture a larger share of the market.

Regulatory Compliance: Future regulations are likely to place a greater emphasis on CSR. Proactive engagement in CSR practices can help companies stay ahead of regulatory changes and ensure compliance.

Investor Relations: Investors are increasingly considering ESG (Environmental, Social, and Governance) factors when making investment decisions. Companies with strong CSR programs are more likely to attract responsible investors.

Evolution of CSR Activity:

CONTENT	Traditional Approach	Modern Approach
Environmental Sustainability	Focusing on reducing waste, energy consumption and emissions	Comprehensive sustainability practices, including adopting renewable energy sources, reducing

		water usage, and implementing circular economy principles. Many companies are also setting ambitious carbon neutrality goals.
Employee Engagement and Well-being	Providing employee benefits and wellness program	Companies are increasingly focusing on creating inclusive workplaces, promoting diversity and inclusion, and supporting mental health initiatives. Remote work and flexible scheduling options have gained importance in response to changing work dynamics.
Product Responsibility	Ensuring product safety and quality	companies are considering the social and environmental impact of their products throughout their lifecycle. This includes designing products that are environmentally friendly and addressing issues like product recycling and disposal.
Corporate Governance and Ethics	Complying with legal and regulatory standards.	Companies are focusing on strengthening corporate governance, ensuring board diversity, and implementing robust ethics and compliance programs. Transparency in reporting on ethical and governance matters has also become essential.

Open Work Culture Campaign by Allen Solly

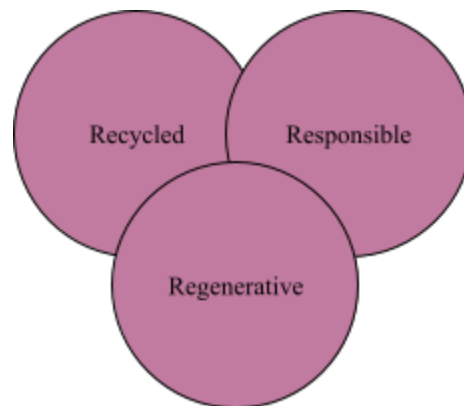
Allen Solly, India's pioneer brand in semi-formal dressing from Aditya Birla Fashion and Retail Ltd announced the launch of its **Open Work Culture Campaign**. The new campaign encapsulates the budding work culture that centers around employee-friendliness and freedom of self-expression. Allen Solly through its 'Open Work Culture' campaign is helping Indian professionals imbibe the new work-culture while making an effortless style statement at their workplace. Over time, the nature of jobs have evolved along with the way we work and where we work, and the employers have started adopting more employee friendly policies. Open work culture encapsulates this core. The theme of the campaign orbits around 'Open Work Culture' philosophy, and explores the evolution of the modern employee friendly workspaces.

Towards recycled, regenerative and responsibly sourced materials

The fashion industry is heavily reliant on raw materials. Therefore, it is vital to choose, create demand for and innovative materials with lower negative impact — alongside working to reduce our overall resource use and decouple it from business growth.

The goal of H&M is 100 percent of their materials to be either recycled or sourced in a more sustainable way by 2030 (in 2022 they achieved 84 percent). Their milestone toward this goal is to achieve 30 percent recycled materials by 2025.

They have set a new long-term materials vision to move towards a resilient and circular material sector that stays within planetary boundaries, enhances livelihoods and thrives on innovations. The vision is built on three pillars



Sustainability is business critical, not only to fulfill the business idea, but also to meet evolving customer expectations and to ensure the future proof of the business. Sustainability is therefore an integral part of our business, which means that each brand, retail market, production market and group function works to drive performance towards both our business and sustainability goals.

Stakeholder Expectations

The stakeholders have **different relationships** with the company:

- ❖ Active economic stakeholders (suppliers, business partners, customers, employees)
- ❖ Observers and/or influencers (non-profit organizations, trade unions, lobbies, government)

- ❖ Beneficiaries or victims, depending on the positive/negative and direct/indirect effects of the company's activities (local communities, etc.)

To mention a few expectations,

Government:

- The government expects companies to comply with the CSR provisions outlined in the Companies Act, 2013, which require eligible companies to spend at least 2% of their average net profits on CSR activities.
- It also expects companies to align their CSR initiatives with national development priorities, such as education, healthcare, poverty alleviation, and environmental sustainability.

Shareholders:

- Shareholders generally expect companies to balance their CSR spending with the interests of maximizing shareholder value. They want to ensure that CSR activities do not unduly burden the company's financial performance.
- They may also seek transparency and accountability in how CSR funds are utilized and the impact of these initiatives on the company's long-term sustainability.

Customers:

- Customers increasingly expect companies to engage in socially responsible practices. They may prefer products or services from companies that are known for their ethical and sustainable practices.
- Customers may also demand transparency about a company's CSR initiatives, particularly if they are making purchasing decisions based on these factors.

Employees:

- Employees often want to work for companies that are socially responsible and aligned with their values. They may expect their employers to support community development, provide a safe and ethical work environment, and contribute to social causes.
- Engagement in meaningful CSR activities can enhance employee morale, loyalty, and job satisfaction.

Local Communities:

- Communities where companies operate expect them to engage in CSR initiatives that benefit the local population. This might include job creation, infrastructure development, and community engagement programs.

- Local communities often appreciate companies that are environmentally conscious and take steps to minimize their environmental impact.

Comparison of Indian CSR Framework with Canada

Regulatory Framework:

- **Mandatory vs. Voluntary:** In India, CSR spending is mandatory for certain eligible companies, as per the Companies Act, 2013. In contrast, CSR in Canada is typically voluntary, with no legal requirement for companies to allocate a specific percentage of their profits to CSR activities.

Focus Areas:

- **Local vs. Global Impact:** Indian CSR often has a strong focus on addressing local and national development challenges, such as education, healthcare, sanitation, and poverty alleviation, given the country's significant social disparities. In Canada, CSR initiatives may focus on local community development but can also extend to global issues, like human rights, environmental conservation, and international development.

Partnerships:

- **Government vs. NGO Partnerships:** In India, it's common for companies to partner with government agencies and local authorities for CSR initiatives, given the country's development needs. In Canada, companies often collaborate with non-governmental organizations (NGOs) and community groups for CSR projects.

Philanthropy vs. Sustainability:

- **Philanthropic Approach:** In some cases, CSR in Canada may involve philanthropic donations to charitable causes or sponsorship of events and initiatives. In India, there's a growing emphasis on sustainability-focused CSR, with a focus on creating long-term, sustainable social and environmental impacts.

Environmental Focus:

- **Natural Resource Industry:** In Canada, due to its significant natural resource sector, CSR efforts in industries like mining and forestry often center around environmental sustainability, including land reclamation and responsible resource extraction practices. In contrast, Indian CSR may place a greater emphasis on addressing air and water pollution, waste management, and deforestation.

Potential challenges and limitations associated with implementing futuristic sustainability and CSR strategies

One of the biggest challenges businesses face when it comes to CSR is the lack of a clear framework for implementing and measuring CSR initiatives. Unlike other business activities, such as finance or marketing, there is no established framework for CSR that businesses can follow. This means that businesses often have to develop their own CSR strategies and metrics, which can be time-consuming and costly. Furthermore, it can be challenging to measure the effectiveness of CSR initiatives, as the impact of such initiatives is often long-term and difficult to quantify.

CSR with lack of transparency and accountability is the next challenge. In order for CSR to be effective, it is important for companies to be open and honest about their efforts. This means disclosing information about their environmental and social impacts and the steps they take to address any negative impacts. However, many companies are not transparent about their CSR efforts, which can undermine trust and lead to skepticism about their commitment to social and environmental responsibility. To overcome this challenge, companies can implement robust **CSR management systems** that provide detailed information about their CSR activities and impacts. They can also engage with stakeholders, such as investors, employees, and customers, to solicit feedback and input on their CSR efforts.

A third challenge is a difficulty of balancing short-term economic considerations with the need to implement sustainable, long-term CSR initiatives. In today's fast-paced business environment, companies are under constant pressure to generate profits and deliver value to shareholders. As a result, many companies may be hesitant to invest in CSR programs that may not provide an immediate financial return.

Solutions to overcome the challenges

- One approach is to develop a clear and comprehensive definition of CSR that is aligned with the expectations and priorities of key stakeholders. This definition should be based on a robust set of principles and should be regularly reviewed and updated in order to ensure that it remains relevant and effective.
- Another important step is to establish standardized reporting and disclosure mechanisms for CSR activities. This can help to ensure that companies are

- providing consistent and comparable information about their CSR performance, and can help to facilitate benchmarking and benchmarking and peer review.
- To address these challenges, it is important for businesses to work together and develop clear guidelines and regulations for CSR initiatives. This can help to ensure that all businesses are operating in a consistent and responsible manner, and can help to create a more coordinated and effective approach to CSR. In addition, businesses should also invest in research and development to find cost-effective and efficient ways of implementing CSR initiatives. This can help to reduce the potential financial implications of these initiatives and can make it easier for businesses to justify the costs of implementing CSR initiatives.

Conclusion

CSR is integral to futuristic management because it aligns with evolving societal values, helps manage risks, fosters innovation, and contributes to long-term sustainability. Companies that embrace CSR as a core part of their strategy are better positioned to thrive in the business landscape of the future.

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