Emerging Trends In Corporate Social Responsibility

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ABSTRACT

Corporate sectors have been regarded as institutions that cater to the market demand by providing products and services and have the onus for creating wealth and jobs. Their market position has traditionally been a function of financial performance and profitability. However, over the past few years, the importance of CSR emerged significantly in corporate sectors. Due to the result of rising globalization and pressure of various ecological issues, CSR has been expanded to include both economic and social interests in their respective areas. Nowadays, stakeholders are redefining the role of corporate sectors taking into account their broader responsibility towards society and environment. Because of the pressure from various stakeholders, now companies have become more transparent in accounting and displaying public reporting. Beyond the economic performance, the stakeholders are also evaluating whether the corporate sectors are conducting their role in an ethical and social responsible manner. So it becomes essential for companies to behave in the "desired" ethical and social responsible manner towards suppliers, employees, community shareholders and environment.

Key words: CSR, SPA, Ethics, Socio-economic, Corporate, Citizenship.

Introduction

Corporate social responsibility is a wider term used in corporate sectors. CSR can be described as the continuous commitment by corporations towards the economic and social development of communities in which they operate. Corporate social responsibility is viewed as a comprehensive set of policies, practices and programmes that are integrated into business operations. CSR includes responsibility for current and past actions as well as future impacts. CSR involves addressing the legal, ethical, commercial and other expectations, the society has for business. Effective CSR aims at achieving commercial success along with honor ethical values and respect people, communities and environment. So, it can be said that the term CSR is used to define organization's commitment to the society and environment with in which it operates.

CSR is comprehended differently by different people. Some perceive it to be a commitment of a company to manage its various roles in society, as producer, employer, customer and citizen in a responsible manner while for others; it is synonymous to Corporate Responsibility (CR) or Corporate Citizenship or Social Action Programme (SAP). Of late, the term has also been started to link up with

Triple Bottom Line Reporting (TBL), which essentially measures an enterprise's performance against economic, social and environmental indicators.

Several terms have been used interchangeably with CSR. They include—business ethics, corporate citizenship, corporate accountability, sustainability and corporate responsibility.

The issues that represent an organization's CSR focus vary by size (small, medium and large), sector (for example, financial institutions, infrastructure providers, textile manufacturers, agri-producers, supermarket retailers, etc.) and even by geographic region. In its broadest categories, CSR typically includes issues related to business ethics, community investment, environment, governance, human rights, the marketplace and the workplace.

Source: http://www.bnombaychamber.com/image002.jpg

CSR: a Historical Perspective

The concept of CSR in India is not new. The process though acclaimed recently, has been followed since ancient times albeit informally. This concept of CSR was introduced as helping the poor and disadvantaged in much of the ancient literature. This idea was put into action by setting up charitable foundations, educational and healthcare institutions and trusts for community development. At that time, charity and philanthropy were the main drives of CSR. Culture, religion, family values and tradition had influential effect on CSR. In the pre-industrialization period, which lasted till 1850, wealth merchants share a part of their wealth with the wider society by the way of setting up temples or by helping the society in getting over phases of famine and epidemics, by providing food from their godowns and money. But with the arrival of independence movement, the approach towards CSR was changes. Now there was stress on Indian industrialization to demonstrate their dedication towards progress of society.

This was when Mahatma Gandhi introduced the nation of "trusteeship", according to which the industry leaders had to manage their wealth so as to benefit the common man. "I fry to end

capitalism almost, front quite, as much as the most advanced socialist. But our methods differ. My theory of trusteeship is no make-shift, certainly no camouflage. I am confident that it will survive all other theories. "This was Gandhi's words which highlights his argument towards his concept of "trusteeship". Gandhi's influence put pressure on various industrialists to act towards building the nation and its socio-economic development. According to Gandhi, Indian companies were supposed to be the "temples of modem India".

Then a new phase of CSR was introduced in 1965, when Indian academicians, politicians and business set up a national workshop on CSR aimed at reconciliation. They emphasized upon transparency, social accountability and regular stakeholder dialogues.

An insight into the history of CSR reveals that till 1990s it was solely dominated by the idea of philanthropy or charity. Considering CSR as an act of philanthropy, businesses often restricted themselves to one time financial grant and did not commit their resources for such projects. Moreover, businesses never kept the stakeholder in mind while planning for such initiatives, thereby reducing the efficacy and efficiency of CSR initiatives. However, over the last few years, the concept of CSR has been changing. There has been an apparent transition from giving as an obligation or charity to giving as a strategy or responsibility. Review of the case studies and work done on CSR by companies in India suggests that the CSR is slowly moving away from charity and dependence and starting to build on empowerment and partnership.

Nowadays, corporate sectors are treating CSR as a separate entity and devote attention to it. Companies today are increasingly sensitive about their social role. The companies not only concentrate on how they will position their product or how they will sell it but also they have a social strategy because they have started feeling that brands are built not only around good quality but also emotions and values of people. Today, CSR has been understood in terms of accountability where corporate sectors are feeling that they are responsible for the impact their action have on several stakeholders. They feel that the basic motive of CSR today is to increase the companies overall impact on the society and stakeholders.

CSR in India

The evolution of corporate social responsibility in India refers to changes overtime in India of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The involvement of the

corporate sector in CSR seems to have picked up after 1991 as 63% of the organizations started CSR during 1991 to 2005.

Among other countries India has one of the richest traditions of CSR. Much has been done in recent years to make Indian entrepreneurs aware of social responsibility as an important segment of their business activity. India has been named among ten top Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India has ranked fourth in the list, according to social enterprise (CSR), Asia's Asian sustainability Ranking (ASR), released in October 2009. Sustainability in Asia ESG reporting uncovered' (September 2010) is based on four parameters viz. General, Environment, social and Governance.

In India, the corporate sectors are practicing the corporate social responsibility (CSR) for decades, long before CSR become a popular basis. In spite of having such glorious achievement; in India CSR is in a very much budding stage. A lack of understanding in adequately trained personnel, coverage policy etc. further adds to the reach and effectiveness of CSR programs. Large number of companies are undertaking these activities superficially and promoting highlighting the activities in media. Only a handful of corporate houses are dedicated and practicing the CSR as they are dedicated by the very basic of their existence. In India, it is observed that many companies are promoting their CSR activities and uses it as a tool for marketing. This denotes that the companies are far from perfect as the emphasis is not on social good but rather as a promoting policy.

Objectives of Study

- To study various CSR initiatives taken by corporate.
- To study the issues and challenges involved in CSR implementation.
- To study the role of government in CSR initiatives.
- To study initiatives taken by TATA GROUP in the area of CSR.
- To make suggestions for accelerating CSR initiatives.

Research Methodology

After looking the requirements of the objectives of the study, the research design employed for the study is of descriptive type. This research design was adopted to have greater accuracy and in depth analysis of the research study. Available secondary data was extensively used for the study. The required data was collected through secondary survey method. Different news articles, books, journals and web were used which were enumerated and recorded.

Implementation of Corporate Social Responsibility: A case Study of Tata Group

The Tata group is one of India's oldest business conglomerates and with the passage of time it has been able to garner the image of been one of the largest and respected business group. CSR has been part of the TATA Group ever since the days of Jamshetji Tata. The company's corporate social responsibility (CSR) strategy was inspired by Jamsetji Tata's conviction that, "In a free enterprise, the community is not just another stakeholder, but is, in fact, the very purpose of its existence.

CSR Approach of Tata Group
- Eradicate extreme poverty and hunger

- Achieve universal primary education

- Promote gender equality and empower women

- Reduce child mortality & Improve maternal health

- Combat HIV/AIDS, malaria and other diseases

- Ensure environmental sustainability

- Develop a Global Partnership for Development

- Aspirations of the Community Perception of the Stakeholders

CSR Strategies of Tata Group
- Empower communities by building various forms of capacities, skills, human and social capital.

- Create & Measure the formation of Sustainable Livelihoods

- Focus on Youth through Vocational Training, Inclusion & absorption across the supply chain as artisans, entrepreneurs and micro-enterprise.

- Consciously deploy technology to help people.

- Synergize with the local area development plans.

The company has streamlined its CORPORATE SOCIAL RESPONSIBILITY (CSR) activities into five major areas of

- HEALTH

- EMPLOYABILITY

- EDUCATION

- ENVIRONMENT

- PRESERVATION OF HERITAGE

Health

The company has launched several initiatives for improving the health status of community members in the CSR project areas across locations. The initiatives include both preventive as well as curative health care services. In addition, infrastructural development for ensuring a perennial supply of clean drinking water and improved health through better sanitation facilities is also included in the CSR programme of the company. Some of the instances of CSR initiatives in Health Sector are as follows:

- Tata Main Hospital at Jamshedpur.
- Mobile Health Clinics for the rural interiors.
- AIDS awareness, Project Astha and regular health Camps.
- "Lifetime Express" [The Hospital on Wheels] brought 5 times to the remote rural villages of Orissa and 10 times to other parts of the country.
- Project Kavach-reduce STDs among long distances truckers.
- Project Sathi-provide care and support to the HIV/AIDS affected.
- TERI Corporate award for HIV/AIDS 2008.

Education

Tata Group has contributed towards improving education through infrastructural development for promoting schooling among the villagers and through upgradation of educational facilities (building computer laboratories, sports ground, etc.) and organising teacher's training programmes to better the quality of education.

Efforts in the Field of Education

- Constructed Institute of Mathematics
- Set up J N Tata Technical Education Centre in Gopalpur
- Project Shikshya drives education in rural Orissa
- Constructed Facilitated more than 200 educational institutions from 1990s s
- Adult literacy by TCS, Community education
- Signed an MOU with KISS to foster tribal education
- Shiksha Prasar Kendra, a Tata Motors society at Jamshedpur, supported 18,000 students (of which 7,500 are girls) from across 33 schools

Environment

The Tata Group places a special emphasis on environmental and ecological issues. The Group's efforts to preserve and regenerate environment find expression in the slew of projects and programmes it has undertaken in and around its facilities and operations. A focus area for the Group, in this context, is the climate change crisis. Tata Motors' beliefs on sustainability have led to a

corporate policy that emphasises environment preservation. The Company works on projects that include reducing effluents and emissions, maintaining local ecologies, repairing green cover and improving long term corporate sustainability. The Tata Group has done a remarkable job in the field of disaster relief. The Tata Relief Committee - has sent immediate relief in times of natural calamities to 1 Million Families and Long-term assistance offered. Whereas Tata Relief Committee is serving in 15 districts, 435 houses and 31 school-cum-cyclone shelter.

Employability

The company has initiated several efforts to enhance employability of youth in addition to the Apprenticeship programmes that are run within the premises of the manufacturing units, as per the Apprenticeship Act 1961. In addition, several technical and vocational programmes are run for rural youth from the project areas. Special programmes are also run for women including sewing training, beautician courses, manufacturing food products and utility items and cable harnessing and assembly work. So far, more than 9000 youth and women have benefited from these programmes across company's locations.

Preservation of Heritage

- Encouraging Art and Culture
- Contribution to setting up National Centre for Performing Arts, Mumbai.
- Preservation and promoting indigenous heritage
- Tribal Culture Centre showcases legacy of 9 tribes of Jharkhand and Orissa
- Revival of traditional sports, dance forms and herbal medicine
- Enabling rural artisans and crafts persons
- Gramshree Mela
- Maghe Parab

    It is evident from the above description that TATA Group is doing appreciable work in the field of CSR. It is blooming in every sector whether it is business or CSR. They believe that sustainable development of community is not just a mission statement but a living tradition. As per the words of Ratan Tata Ji, We never compromised on ethics.

Role Of Government In Corporate Social Responsibility

Over some years, Governments have joined other stakeholders in assuming a relevant role as drivers of CSR (Moon 2004) and also adopting public sector roles in strengthening CSR (Fox et. al. 2002). In the initial stage, these governmental activities converged with the actions of different international organization such as the UN Global Compact and the European Commission, both of

which began to promote and endorse CSR, recognizing that role of public administration and public policy initiatives were key in encouraging a great sense of CSR.

In 2009, the government made it mandatory for all public sector oil companies to spend 2 percent of their net profits on corporate social responsibility. The central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. To ensure the active participation of public sector companies in CSR initiatives, the government in planning to introduce certain legislations. The department of public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be founded by 2 to 5 percent of the company's net profits. As per the guidelines, companies with net profit of less than US$ 22.5 million will earmark 3 to 5 percent of profit for CSR, companies with net profit of between US$ 22.5 million – US$ 112.5 million, will utilize 2 to 3 percent for CSR activities and companies with net profit of over US$ 11.25 million will spend 0.5 to 2 percent of net profits for CSR. This proposal was discussed two year earlier as well however due to protests from companies, it became voluntary exercise. As reported in Times of India, February 10 2011, the ministry of company affairs which is finalizing the new companies Bill, has accepted a Parliamentary Standing Committee's recommendation on the issue. However, it has proposed that companies with a turnover of Rs. 1,000 crore or net profit of Rs. 5 crore or more must earmark 2 percent of their net profit for the preceding three years on CSR.

The Govt. will encourage a voluntary approach and act as a facilitator for companies to adopt social, environmental and economic responsibilities, Minster for Corporate Affairs, Veerapha Moily, said at an assocham Summit on 26 September., 2011.

The trajectory of overall growth and development takes a positive turn when businesses are supported by appropriate policy regime that encourages systematic movement towards responsible thinking, decision making and progressive movement towards sustainability. Such responsible approach on part of business duly supported by government alone well secures our future and ensures that whole benefits accrue to people and our planet.

The Government is not in favour of imposing its views as the corporate sector realizes the importance of CSR initiatives aimed at the bottom of the pyramid.

Challenges

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction is more important for them. They imagine that customer satisfaction is now only about price and service but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. It is important for CSR strategies to

become central to business strategy and part of the long term planning process. Stakeholders are questioning more on CSR initiatives of the companies today. They are challenging the company's decision making in this direction. It has become imperative to incorporate stakeholders

- **Lack of Community Participation in CSR Activities:** There is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instil confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.

- **Need to Build Local Capacities:** There is a need for capacity building of the local non-governmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

- **Issues of Transparency:** Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exist lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively impacts the process of trust building between companies and local communities, which is a key to the success of any CSR initiative at the local level.

- **Non-availability of Well Organized Non-governmental Organizations:** It is also reported that there is non-availability of well organized non-governmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

- **Visibility Factor:** The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

- **Narrow Perception towards CSR initiatives:** Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often

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defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long-run.

- **Non-availability of Clear CSR Guidelines:** There are no clear cut statutory guidelines or policy directives to give a definite direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.

- **Lack of Consensus on Implementing CSR issues:** There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

Recommendations

In order to crystal gaze the future of CSR in India and take time bound steps to mainstream it, the recommendations are listed for serious consideration by all concerned stakeholders for their effective operationalization,

- There is a need for creation of awareness about CSR amongst the general public to make CSR initiative more effective. This awareness generation can be taken up by various stakeholders including the media to highlight the good work done by corporate houses in this area. This will bring about effective changes in the approach and attitude of the public towards CSR initiatives undertaken by corporate houses.

- It is recommended that appropriate steps be undertaken to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR initiatives. As a result, along term and sustainable perspective on CSR activities should be built into the existing and future strategies of all stakeholders involved in CSR initiatives.

- To address the issue of reaching out to wider geographical areas, the involvement of small and medium enterprises SME's in the CSR domain will be essential.

- Corporate houses and non-governmental organizations should actively consider pooling their resources and building synergies to implement best CSR practices to scale up projects and innovate new ones to reach out to more beneficiaries. This will increase the impact of their initiatives on the lives of the common people.

- CSR initiatives and programs are taken up in urban areas and localities. As a result, the impact of such projects does not reach the needy and the poor in the rural areas. This does not mean that there are no poor and need in urban India: they too equally suffer from want of basic facilities

and services. While focusing on urban areas, it is recommended that companies should also actively consider their interventions in rural areas on education, health, girl child and child labour as this will directly benefit rural people. After all, more than 70 percent people still reside in rural India.

- Government should consider rewarding and recognizing corporate houses and their partner non-governmental organizations implementing projects that effectively cover the poor and the underprivileged. Incentives to be offered to the private sector to strengthen their good work must include a formal partnership with local administrative, easy grant of 12A, 80G and Foreign Contribution Regulation Act (FCRA) license and other fiscal incentives including matching projects grants and tax breaks for social and development projects.

- CSR as a subject or discipline should be made compulsory at business schools and in colleges and universities to sensitize students about social and development issues.

- It is recommended that an accreditation mechanism should be put in place for companies through an independent agency for mainstreaming and institutionalizing CSR in the main business framework of the companies.

- It is recommended that companies involved in CSR activities urgently consider pooling their efforts into building a national alliance for corporate social responsibility.

- To develop common strategies to translate policy pronouncements into demonstrable action agendas.

Conclusion

Corporate sustainability is an evolving process and not an end. The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. The companies bill is a good initiative on the part of the Government however what should be included in 'spending' on CSR is unclear and is left for the companies to decide. Across the globe, the concept of CSR has been accepted as an element for success and survival of business along with fulfilling social objectives. CSR is not helping the poor and needy people alone. The company should keep morality and ethics in all its operations to fully exceed their social responsibility. A key challenge facing business is the need for more reliable indicators of progress in the field of CSR and to determine a strong and innovative CSR strategy which should deliver high performance in ethical, environmental and social areas and meet all the stakeholders' objectives.

In the end it can be said that there is urgency for concerned efforts by the private sector, public sector and Non-Governmental organization to develop structure and institutions that contribute to

social justice, environmental protection and poverty eradication. In a developing economy like India which is progressing at a growth which is much higher to its social growth, it is increasing the gap between the different strata of the society in the country in terms of employment, human development, capital distribution and poverty. So there is urgent need that all stakeholders in national economic development, but synergetic efforts to a balance.

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