



CORPORATE SOCIAL RESPONSIBILITY—A Giant Leap towards a Better World

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ABSTRACT:

Corporate as an entity which drains resources from the society has an obligation to refurbish and replenish them in some way or the other. Corporate Social Responsibility (CSR) promotes a vision of business accountability to a wide number of stakeholders, besides shareholders and investors. Major areas of concern are environmental protection and the welfare of employees, the community and civil society in general, both now and in the future. It is the moral and ethical obligation to do something for the betterment of others without expecting anything in return. Today, CSR has gone beyond simply donations and charity and is approached in a better planned approach. It has become a vital part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. The basic purpose of CSR in these days is to maximize the company's overall impact on the society and stakeholders. CSR has gone through many phases in India. In this paper the researcher has analyzed the elementary changes in prototype of corporate social responsibility and the new innovative practices being applied for its implementation in the last decade in India. The paper highlights the changing dimension of CSR for Indian economy and society at length. This paper focuses on the dimensions of CSR and challenges faced by its activities in India. The paper provides suggestions to overcome them and accelerate the CSR initiatives in India. The outcome of this paper will give Indian society a new hope of expectation and will help the society in moving forward where the role of corporate will be clearly defined and the corporate will be made accountable and responsible.

KEYWORDS: Corporate Social Responsibility, *Initiatives, Dimensions, Challenges.*

“A company should have in its DNA, a sense to work for the welfare of the community. CSR is an extension of individual sense of social responsibility. Active participation in CSR projects is important for a company.”

- Ratan Tata

INTRODUCTION:

The concept of Corporate Social Responsibility (CSR) is underpinned by the thought that corporate can no longer operate as isolated economic entity working in aloofness from broader society. Conventional views about competitiveness, existence, survival and profitability are being swept away. In recent years, CSR is attracting the attention of all the stakeholders across the world and particularly is the most emerging and debatable subject in our country. Corporate Social Responsibility (CSR) is becoming an increasingly key activity for businesses. Review of literature illustrates that corporate social responsibility can be defined as a concept whereby corporate integrates societal and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. CSR has been driven by a combination of evolving global guidelines, stakeholder expectations, customer awareness, more demanding corporate disclosure requisites and voluntary initiatives by the corporate leaders towards CSR. Corporate social responsibility (CSR) focuses on the wealth creation for the best possible advantage of all stakeholders – including employees, customers, shareholders, environment and society. CSR is a dais whereby organization and society come together for supporting each other in many different ways and they both can be beneficial through the CSR activities. One side the society gets a lot of benefits from organization like social wellbeing, financial support for poor people, green environment, donation and charity provided by the organization for education welfare, women empowerment, social upliftment, rural development etc., other side organization also gets many benefits in return like financial benefits, improve government relation, market growth, increase customer trust, increase employee loyalty, improve labour market and pride etc.

The term corporate social performance was first coined by Sethi (1975), extended by Carroll (1979), and then furnished by Wartick and Cochran (1985). However, the credit to define CSR goes to Howard Bowen (1953) who described the type and degree of responsibilities that corporate should accept. Liberal thinker Milton Friedman explained the concept CSR in expressions of owner’s objectives and stakeholder responsiveness which recognizes direct and indirect stakeholder interests (Urmila, 2012).

CSR DEFINED:

Most of definitions describe CSR as a concept whereby companies integrate societal and environmental concerns in their business functioning and in their interaction with their stakeholders on deliberate basis.

The World Business Council for Sustainable Development (WBCSD) defines CSR as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large".

Kotler and Lee define CSR as "Corporate social responsibility is a commitment to improve community well-being through discretionary, business practices and contribution of corporate resources. Corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfill commitments to corporates social responsibility".

According to Infosys founder, Narayan Murthy, "Social responsibility is to create maximum shareholders value, working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment."

RESEARCH OBJECTIVES:

The present study is based on some objectives, which are given under:

- To develop an understanding of concept corporate social responsibility & its evolution in India.
- To study the benefits of CSR.
- To find out the changing pattern of CSR right from the olden days to the days of globalization.
- To know the current status of CSR in the Indian corporate sector.
- To study the issues and challenges faced by CSR in India
- To make suggestions for accelerating CSR initiatives.

RESEARCH METHODOLOGY:

- Research design: Descriptive.
- Sources of data: Secondary data from official websites, books, magazines. journal articles, reports of The Economic Times, corporate websites and online websites.
- Analysis of data: Content analysis.

KEY DRIVERS FOR CSR:

- **Philanthropy:** This is the historical driver which means sense of moral principles or welfare. After the Second World War, a variety of national and international regulations arose through bodies such as (ILO) emphasizing the requirement for an active social policy for transnational companies.
- **Ethical Consumerism:** The increase in reputation of ethical consumerism over the last two decades can be associated to the increase of CSR. As population increases, so does the strain on limited natural resources required to meet increasing consumer demand. The ethical conduct of companies exerts a growing influence on the purchasing decisions of consumers.
- **Social Awareness and Education:** Corporate stakeholders are exerting force on corporates to behave socially responsible. Non-governmental organizations are also playing a rising role, leveraging the authority of the media and the internet to increase their assessment and collective activism around corporate behaviour.
- **Direct Economic value/Brand Reputation:** Although the major aim of a corporate is to generate revenues, corporate can at the same time contribute to societal and environmental goals by integrating CSR as a strategic investment in to their business strategy as they become increasingly concern that Corporate Social Responsibility can be of direct economic value.
- **Laws and Regulations:** Another driver of CSR is the role of independent mediators, particularly the government, in ensuring that corporations are protecting the interests of stakeholders and protecting the environment too. Governments should set the outline for social responsibility by way of laws and regulations that will permit a business to conduct them responsibly.
- **Competitive Labour Markets:** Employees are increasingly looking beyond pay-checks & benefits and seeking out employers whose philosophies and operating practices match their own principles. To decrease the labour turnover rate, corporates are being required to improve working conditions.
- **Globalization and Market forces:** Corporations have to face many challenges i.e. government regulations and tariffs, environmental restrictions etc. that can cost organizations very much. Organizations can sustain a competitive advantage by using their social contributions.
- **Supplier Relations:** As suppliers are taking more and more interest and paying more and more attention in business, many corporates are taking initiative to make sure that their

partners perform in a socially accountable manner. Some are introducing codes of conduct for their suppliers to ensure that other corporate policies or practices do not blot their goodwill.

WHY CORPORATE SOCIAL RESPONSIBILITY IS VITAL?

CSR has become gradually more vital because today’s sensitive interest in the proper role of business in society has been promoted by increased warmth to and awareness of environmental and ethical issues. Issues such as environmental damage, indecent treatment of workers, and faulty production leading to customer inconvenience or danger are being highlighted during the last decade; elsewhere, investors and investment fund managers have begun to take account of a firm’s CSR policy in making investment decisions; some consumers have become steadily more sensitive to the CSR programmes of the firms from which they buy their goods and services. Following are the reasons to follow Corporate Social Responsibility practices by the Indian Corporate sector:

- To increase the corporate goodwill.
- To attain customer loyalty.
- To lower down corporate operating cost.
- To make possible, greater use of renewable resources.
- To maximize employee’s job satisfaction and efficiency.
- To involve in charitable contributions through involvement in community education, women empowerment, education development etc.
- To integrate management tools and techniques into business plans.

TRENDS OF CSR IN INDIA

PHASES	YEAR	NATURE OF CSR
FIRST Pre-industrialization	1800	CSR activities were undertaken in the form of philanthropy with religious belief
SECOND Pre-industrialization	1800-1914	CSR activities were undertaken in the form of donations with social welfare objectives
THIRD Industrialization	1950-1980	CSR activities were undertaken in the form of responsible behaviour with progressive approach
FOURTH Post industrialization	1980-until today	CSR activities are being performed in various forms by keeping in view various stakeholders benefit.

MODELS OF CORPORATE SOCIAL RESPONSIBILITY

MODEL	FOCUS	CHAMPIONS
Ethical	Voluntary commitment by companies to public welfare	M.K Gandhi
Statist	State ownership and legal requirements determine Corporate responsibilities	Jawahar Lal Nehru
Liberal	Liberal Corporate responsibilities limited to private owners(shareholders)	Milton Friedman
Stakeholder	Companies respond to the needs of stakeholders-customers, employees, communities, etc	R. Edward Friedman

Source: Arora & Puranik (2004)

Carroll’s (1991) has defined pyramid of corporate social responsibility, which has divided in four types. The first and most important is the economic responsibility. That is to be profitable. The second is the legal responsibility. That is to obey the laws set up by society. The third is called ethical responsibility. That is to do what is right even when business is not compelled to do so by law and the last one is the philanthropic responsibility, it is defined by the resources contributed by corporations toward social, educational, recreational and/or cultural purposes. The pyramid of CSR is illustrated in figure:



OLD ERA OF DIMENSION (CSR ACTIVITIES)

• Corporate governance ethics
• Charity & Donations
• Health & safety
• Human rights & human disaster relief
• Sustainable development
• Industrial relation
• Community development and investment
• Corporate Philanthropy and employee volunteering
• Enterprise & economic development
• Education welfare
• Rural development
• Women empowerment
• Employee welfare
• Customer welfare

NEW ERA OF DIMENSION (CSR ACTIVITIES)

• Eradicating extreme hunger and poverty
• Promotion of education
• Promoting gender equality and empowering women
• Reducing child mortality and improving maternal health
• Combating human immunodeficiency virus, acquired
• Immune deficiency syndrome, malaria and other diseases
• Ensuring environmental sustainability
• Employment enhancing vocational skills
• Social business projects
• Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and Such other matters as may be prescribed

LEGAL PROVISIONS REGARDING CSR:

Ministry of Corporate affairs have introduced the provision of CSR under section 135 of Company act, 2013 schedule VII of the act and companies (CSR) rules, 2014. According to the provision, any company having net worth of Rs. 500 crore or more or annual turnover of Rs. 1000 crore or more or net profit of Rs. 5 crore or more is required to invest at least 2 % of average net profit of the past 3 years on the CSR activities.

CSR ACTIVITIES SPECIFIED UNDER SCHEDULE VII OF THE ACT

- Promotion of education
- Gender equity and women empowerment
- Eradication of extreme hunger and poverty

- Reducing child mortality and improving maternal health
- Combating HIV-AIDS, malaria and other diseases
- Environmental sustainability
- Employment enhancing vocational skills
- Contribution to Prime Minister’s relief fund and other such state and central funds
- Social business projects
- And such other matters as may be

ADVANTAGES OF CSR:



CSR should not be viewed as a use up of resources, because cautiously implemented; CSR policies can facilitate our organization:

- Win new business.
- Increase customer retention.
- Develop and enhance relationships with customers, suppliers and networks.
- Attract, retain and uphold a happy workforce.
- Save money, energy, operating costs and manage risk.

- Differentiate yourself from your competitors.
- Generate innovation and learning and enhance your influence.
- Improve business reputation and standing.
- Provide access to investment and funding opportunities.
- Create positive public relations and media opportunities due to media interest in ethical business behavior.
- Integration of environmental management tools into business plans.

CURRENT STATUS OF CSR IN THE INDIAN CORPORATE SECTOR:

Corporates today are increasingly sensitive about their social role. Now-a-days, in India mostly all corporations (small, medium, or large) are involved in CSR activities as much as they can. CSR is the hot business issue and talk of the town in these days. The business today has become CSR followers due to three reasons:

1. To attain corporate sustainability
2. To enhance their goodwill and contribute to social development
3. Environmental laws and issues relating to CSR.

The CSR practices of different Indian Corporation are as following:

- **Reliance Industries:** Reliance Industries initiated a project for blinds named as “Project- Drishti”. Its aim is to bring back the eyesight of visually challenged Indians from the economically weaker sections of the society.
- **SAIL:** SAIL has taken successful measures in environment conservation, health and medical care, raising literacy rate, women empowerment and providing drinking water to society.
- **Tata consultancy services:** TCS is a leading software service company in India and has been awarded the Asian CSR award for initiating community development work and implementing various programs. Main center of attention of the company is on education sector. Company is functioning upon adult literacy program.
- **BHEL & Indian Airlines:** BHEL & Indian Airlines have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants
- **ONGC and Indian Oil Corporation:** ONGC and Indian Oil Corporation has been spending 0.75-1 % of their net profits on social responsible activities. ONGC’s CSR projects concentrate on higher education, grant of scholarship and aid to deserving young students of deprived sections of society, amenities for constructing schools etc.

- **Bharti Airtel:** Bharti Airtel in the field of education creates suitable learning environment for children by taking new initiatives. For waste management and resource optimization, the company increases their efficiency by preventing the reducing waste and environment friendly disposal of the residual wastage. The company continuously measures and enhances customer satisfaction and engagement levels.
- **Tata steel:** Tata steel is following the CSR practices in an efficient mode. The vision statement of this company on Corporate social responsibilities is “Be a committed to aspiration targets, safety and social responsibility”, continuous improvement, openness and transparency”. Tata steel has an environment strategy which promotes best and efficient use of natural resources and energy and reducing and preventing pollution.
- **Mahindra & Mahindra:** Mahindra & Mahindra launched an exclusive type of ESOPs- Employee Social Option in order to facilitate Mahindra employees to involve themselves in socially accountable activities of their preference.
- **ITC:** ITC Limited (ITC) is among one of India's leading private sector companies. It is working with the thought of ‘Triple bottom line’ that will contribute to the development of economy, environment and social development. Major focus area of the company is on increasing agricultural yield and assisting the rural economy to be more socially complete.
- **GlaxoSmithKline Pharmaceuticals:** GlaxoSmithKline Pharmaceuticals’ CSR programs primarily focus on health and healthy living. They provide medical facilities, money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.
- **Bajaj Electricals Ltd:** Bajaj Electricals Ltd corporate social responsibility activities include Education, Rural Development & Environment.
- **Infosys:** As a largest software service company, Infosys Company has particular plan for poor children by whom company teaches them a variety of skills and change their viewpoint too. Company also provides free of cost carom, chess board, chocolates etc. to the needy ones.
- **Wipro Cares:** Focal point area of Wipro cares is on taking educational and health care initiatives for migrated communities and environmental issues and disaster rehabilitation.
- **Maruti Suzuki:** Maruti Suzuki an automobile industry has been strongly investing on environmental friendly products and manufacturing best products for the society.

Concept of reduce, reuse and recycle has been promoted by this company in all the manufacturing units to protect the environment.

- **Coca-Cola India:** Coca-Cola India has a global sustainability framework “Me, We, World” and is also promoting sports especially cricket and football. These games were helpful in finding the talented players in the country. The company regularly participates and organizes panel discussions, seminars, workshop etc. for raising awareness on water usage, hygiene and sanitation, water conservation and environment protection.

ISSUES AND CHALLENGES:

Although CSR has gained importance in India in last decade, there are several issues challenging its effectiveness and reach. A lack of proper understanding of the concept of CSR, non-availability of authentic data and specific information on the kinds of CSR activities, coverage, policy etc. are some of the various challenges facing CSR initiatives. Absence of training and undeveloped staff is additional problems for reduced CSR initiatives.

Major issues and challenges are:

- Lack of awareness of general public in CSR Activities.
- Need to build local capacities.
- Issues of transparency.
- Non availability of well-organized non govt. organization.
- Visibility factor.
- Narrow perception towards CSR initiatives.
- Non availability of clear CSR guidelines.
- Lack of consensus on implementing CSR issues.

FINDINGS AND SUGGESTIONS:

An insight into the history of CSR reveals that over the last few years, the concept of CSR has been changing. 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. These days’ corporates are taking CSR as a separate unit and give attention to it. Most of the corporates have a vision and mission statements often at the corporate level or sometimes at the CSR level that compel their CSR initiative. 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 of the product; but also around emotions and values that people assign to those products.

To sum up, it can be said:

- CSR is a psychological concept.
- Responsibility is a thing which one must take upon him/herself instead of being told to take unlike authority.
- CSR, a form of strategic management which could encourage the organization to scan and think literally about its relationship, which will contribute for long term in the dynamic world.
- CSR holds a very imperative place in the improvement scenario of India today and can create as a substitute tool for sustainable growth.
- In the current social scenario in India, it is difficult for one single entity to bring about change, as the scale is huge.
- This could be game changer for India if, the eligible and qualified people acts responsibly.
- Corporates and Government must work hand in hand and through this, they can bring considerably changes in the welfare schemes and policies of society.

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