



## **EMERGING TRENDS IN CORPORATE SOCIAL RESPONSIBILITY IN INDIA- A DESCRIPTIVE STUDY**

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### **Abstract**

Corporate Social Responsibility (CSR), can be described as, the continuous dedication by corporations towards the economic and social development of communities in which they operate. It is the moral obligation to do something for the betterment of others without expecting anything in return. Today, CSR in India has gone beyond simply charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that formulate specific policies, strategies and goals for their CSR programs and set aside budgets to support them. The basic objective 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 we analyze the fundamental changes in prototype of corporate social responsibility and the new innovative practices being applied for its implementation in the last decade in India.

**Key words:** CSR, social development, innovation.

### **1. Introduction**

Corporate Social Responsibility or CSR is popularly known as a system of gauging an organization's bearing on society and weighing their responsibilities. CSR is not just about getting involved in some charitable practices or having biological responsibility and a recycling policy. It is about the whole representation of the company which is to be considered, from internal practices to their clients, taking in every step that a business takes during its usual operations. It is a continuous commitment that companies should have towards the economic, social and environmental development of the community in which they operate. Several companies have now passionately taken up to the cause of CSR in countries with rising economies such as India. Corporate social responsibility is sustainable which involves companies to take up activities without having negative impact on their business. In India several companies have started realizing that it is a sensible move to take up CSR activities and amalgamate it with their business process. Corporations are becoming increasingly aware of their role towards the society. They are responsible bodies that feel a sense of duty towards the common welfare and the environment. This comes with a growing realization that they, as an integral part of this society themselves, can contribute to its upliftment and empower of the entire country in turn. Thus Companies now are setting up specific departments and teams that develop policies, strategies and goals which are for their CSR programs and assign separate budgets to support them. These programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain. In the modern era, the new generation of corporate leaders considers optimization of profits as the key, rather than the maximization of profit.

### **2. Main Body**

#### **2.1 Literature Review**

There are people who claim that Corporate Social Responsibility underlies some ulterior motives while others consider it as a myth. The reality is that CSR is not a tactic for brand building; however, it creates an internal brand among its employees. Indulging into activities that help society in one way or the other only adds to the goodwill of a company. Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given back; thus wealth is meant for use by self and the public; the basic motive behind all types of business is to quench the hunger of the mankind as a whole; the fundamental objective of all business is only to help people. Khanna, Parul (2011). CSR holds a very important place in the development scenario of the world today and can pose as an alternative tool for sustainable development. As companies have shown great concerns for their immediate community and the stakeholders, it can be safely concluded that much of the fate of society lies in the hands of the corporate. (Ahmed, Khalil, Mohammad). Corporate sustainability is an evolving process and not an end. The Companies bill is a good initiative on the part of the government however what would be included in 'spending' on CSR is unclear and is left for the companies to decide (Urmila Moon). It is clear from this paper that there is a

correlation between Sales and CSR Investment. CSR has a wide-ranging effect across the globe especially in emerging markets. In India CSR is still at a very growing stage. (Ghose, Soheli, 2012). CSR has come a long way in India. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is enormous. Corporates have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India's social development towards tremendous growth (Usha, L, 2012).

**2.2 Objective:** The objective of this paper is to study the changes in corporate social responsibility that took place in the recent years in India.

**2.3 CSR in India:** In India several companies have started realizing that it is a rational move to take up CSR activities and integrate it with their business process. Corporations are becoming increasingly aware of their role towards the society. They are responsible bodies that feel a sense of duty towards the common welfare and the environment. This comes with a growing realization that they, as an integral part of this society themselves, can contribute to its upliftment and empower of the entire country in turn. Thus Companies now are setting up specific departments and teams that develop policies, strategies and goals which are for their CSR programs and allocate separate budgets to support them. In the modern era, the new generation of corporate leaders considers optimization of profits as the key, rather than the maximization of profit. Companies conduct events like health camps, population control measures, support a few sick persons, give some scholarships, organise a few SHGs, a few sports events, impart trainings for some livelihood practices without linking them to further growth in the process of conducting CSR. Some corporates found to work on disability, some on elderly issues, some work on street children. All these are either time bound projects or institution run activities or supports to some NGOs. They also meet the deficiencies of Government run schemes or programs with an aim to enhance the quality of the programme. Short term activities are mostly eye washing efforts by corporates where sustainable development approaches are usually missed. Government authorities and people's representatives are mostly invited in such programs to grace the occasions and their visibility in the public are taken care in such a way that the corporates get continuous illegal and quick legal favours and ultimately the profit multiplies.

#### 2.4 Trends of CSR in India:

*Table: 1, Source: IJBMR*

Phases	Period	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 multistakeholders benefit.

In India, in the pre independence era, the businesses which pioneered industrialisation along with fighting for independence also followed the idea. They put the idea into action by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. The donations either monetary or otherwise were irregular activities of charity or philanthropy that was taken out of personal savings which neither belonged to the shareholders nor did it constitute an integral part of business. The term CSR itself came in to common use in the early 1970s although it was hardly ever shortened. By late 1990s, the concept was fully recognized; people and institutions across all sections of society started supporting it.

## 2.5 Why CSR?

CSR has become increasingly important because today's heightened 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, improper 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 increasingly sensitive to the CSR programmes of the firms from which they buy their goods and services.

## 2.6 Advantages of CSR:

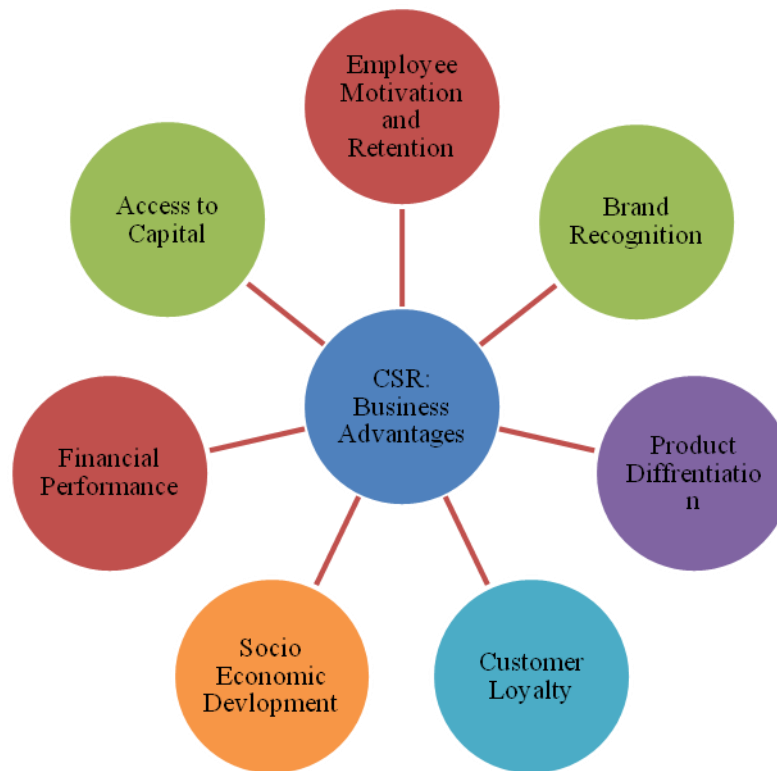


Fig: 1 Advantages of CSR

CSR should not be viewed as a drain on resources, because carefully implemented CSR policies can help your organisation:

- Win new business
- Increase customer retention
- Develop and enhance relationships with customers, suppliers and networks
- Attract, retain and maintain a happy workforce.
- Save money on energy and 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
- Generate positive publicity and media opportunities due to media interest in ethical business activities.

## 2.7 Companies bill passed with mandate on CSR spending in India

Lok Sabha on 19<sup>th</sup> February voted to replace India's 56-year-old Companies Act with the Companies Bill, 2011, that brings the management of the corporate sector in line with global norms. It introduces concepts like responsible self-

regulation with adequate disclosure and accountability, guide in enhanced shareholders' participation and provides for a single forum to approve mergers and acquisitions.

The Bill, which will now travel to the Rajya Sabha, has said companies must "ensure" they spend at least 2 per cent of their net profit towards corporate social responsibility (CSR) activities, a move that has drawn both criticism and appreciation from the stakeholders but one that promises to change the way CSR has been perceived so far. Corporate affairs minister Sachin Pilot said CSR would be mandatory for companies like their tax liabilities. "Severity of law is not deterrent, it is surety which is deterrent," he said, adding the companies may engage in promoting education, reducing child mortality and any other matter they feel can contribute for social welfare.

### **2.8 CSR activities of some Indian companies**

- ONGC and Indian Oil Corporation has been spending 0.75-1 % of their net profits on CSR activities. ONGC's CSR projects focus on higher education, grant of scholarship and aid to deserving young pupils of less privileged sections of society, facilities for constructing schools etc.
- SAIL has taken successful actions in environment conservation, health and medical care, education, women upliftment providing drinking water
- BHEL & Indian Airlines have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants
- Reliance Industries initiated a project named as "Project- Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker sections of the society. This project has brightened up the lives of over 5000 people so far.
- Mahindra & Mahindra launched a unique kind of ESOPs- Employee Social Option in order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.
- GlaxoSmithKline Pharmaceuticals' CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.
- Bajaj Electricals Ltd corporate social responsibility activities include Education, Rural Development & Environment.
- Tata consultancy services is India's largest software service company and has won the Asian CSR award for initiating community development work and implementing various programs and devoting leadership and sincerity as ongoing commitment in incorporating ethical values. Major focus of the company is on education sector. Company is working upon literacy program that cares TCS designed computer based literacy model to teach adults and this program is known as a adult literacy program.
- Infosys: As a leading software company Infosys is into the providing language and computer education. Company has special program for unprivileged children by which company teaches them various skills and change their outlook too. Company also donates carom, chess board, chocolates etc. to the needy ones.
- Wipro Cares: Focus area of Wipro cares is on taking educational and health care initiatives for migrated communities and environmental issues and disaster rehabilitation.
- ITC: ITC Limited (ITC) is among one of India's leading private sector companies having a assorted portfolio of businesses. ITC is working with the concept of 'Triple bottom line' that will contribute to the growth of economy, environment and social development. Major focus area of the company is on raising agricultural productivity and helping the rural economy to be more socially inclusive.
- Maruti Suzuki a automobile industry works upon global warming and global issues like climate change Company has been strongly investing on environmental friendly products and manufacturing best products for the society. Maruti Suzuki is working upon conserving environment and preserving natural environment. Concept of reduce, reuse and recycle has been promoted by company in all the manufacturing units.

**2.9 Findings:** An insight into the history of CSR reveals that till 1990s it was exclusively dominated by the idea of philanthropy. Considering CSR as an act of philanthropy, businesses often constrained 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 worth and efficiency of CSR initiatives. However, over the last few years, the concept of CSR has been changing. There has been an clear 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 corporates are treating CSR as a separate entity and dedicate 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. Discussions are made to choose specific issues and initiatives. It has been observed that the areas they choose somewhere relate to their core values. 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 of the product; but also around emotions and values that people ascribe to those products.

- 3. Conclusion:** Business houses in India are increasing in realizing their stake in the society and engaging in various social and environmental activities. CSR holds a very important place in the development scenario of India today and can create as an alternative tool for sustainable development. As companies have shown great concerns for their immediate community and the stakeholders, it can be safely concluded that much of the fate of society lies in the hands of the corporate. A successfully implemented CSR strategy calls for aligning these initiatives with business objectives and corporate responsibility across the business principles to make CSR sharper, smarter, and focused on what really matters. This study provides insights society into an area of growing concern of firms towards society. Firms have been doing great effort for the achievement of business goals and marring the business goals with social responsibility practices. CSR has come a long way in India. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is huge. Corporates have the expertise, strategic thinking, manpower and money to facilitate wide social change. Effective partnerships between corporates, NGOs and the government will place India's social development towards tremendous growth. As per the changing market demands need of the hour is for the development of CSR framework that has been imposed by the government. So that, we can contribute to make better planet to live in.

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