

CORPORATE SOCIAL RESPONSIBILITY – AN INDIAN PERSPECTIVE

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Abstract

Corporate social responsibility (CSR) is emerging as a new field in the management research. In India, many firms have taken the initiatives of CSR practices which have met with varying needs of the society. The present study has made an attempt to understand the status and progress and initiatives made by large firms of India in context to CSR policy framing and implementation. It involved secondary data collection and use of content analysis technique to assess CSR practices of companies operating in India. More importantly, in this age of widespread communication and growing emphasis on transparency, the managers should help their company in development of a CSR management and reporting framework.

Keywords: CSR, Companies, Environment, Health, Education.

INTRODUCTION

The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds an organizations social responsibility, arises from the fact that a business enterprise derives several benefits from the society, which must, therefore, require the enterprise to provide return to society as well. This, therefore clearly establishes the state of a business organization in the good health and well being of a society of which it is an integral part. Most pompously, in this age of widespread communication and growing emphasis on transparency, the managers should help their company in developing of a Corporate Social Responsibility (CSR) management and reporting framework. CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives while at the same time addressing the expectations of shareholders and stakeholders.

CONCEPT OF CSR

The idea of CSR first came up in 1953 when it became an academic topic in HR Bowen's "Social Responsibilities of the business". Since then, there has been continuous debate on the concept and its implementation. Some of the definitions of CSR are given below:

World Business Council for Sustainable Development defines CSR as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large" According to CSR Asia, "CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of diverse stakeholders" World Bank Group states that "CSR is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development." According to Bowel, "CSR refers to the obligation of businessman to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society".

CSR IN INDIA

In India CSR is known from ancient time as social duty or charity, which through different ages is changing its nature in broader aspect. From the origin of business, which leads towards excess wealth, social and environmental issues have deep roots in the history of business. India had a long tradition of corporate philanthropy and industrial welfare has been put to practice since late 1800s. CSR is recognized as an important function contributing to accelerate the process of overall development of a nation.

India being the second most populous country in the world, and home to the largest number of people in need of basic amenities, calls for more intensive efforts as part of such initiatives in the healthcare space of the nation. Indian companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal. The evolution of CSR in India can be divided into four phases.

- **CSR motivated by charity and philanthropy:** It was characterized by the inclination of industrial families of the 19th Century such as Tata, Godrej, Modi, Birla, Singhanian towards economic as well as social considerations.
- **CSR for India's social development:** The second phase started with the independence movement where the industrialists were influenced by Mahatma Gandhi for socio-economic development of the nation. During this phase schools, colleges, training centers etc, were set up by various companies.
- **CSR under the paradigm of the mixed economy:** the labor and environment laws were introduced in an independent India. The CSR activities were mainly taken by the Public Sector Undertakings (PSUs).
- **CSR at the interface between philanthropic and business approaches:** the fourth phase started from 1980 till the present. Indian started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. Today, CSR in India has gone beyond merely 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 devise specific policies, strategies and goals for their CSR programs and set budget to support them.

REVIEW OF LITERATURE

In view of the changes to the economy in India since liberation, and the rapid growth in certain industrial sector or regions, CSR perception data is an important field to research. It is important for the researcher to be familiar with both previous theory and researches published so far in the field of investigation or study. Every research projects requires the review of concerned literature for doing the research. With the help of review of literature, a researcher can identify the methodology used, research design, methods of measuring concepts, techniques of analysis etc. The researcher presents here the resume on various studies undertaken by several researchers from time to time in India and also abroad.

Debabrata Chatterjee (2010) tried to analyse the corporate governance practices of three prominent Indian firms viz; ITC Ltd., Infosys Technologies Ltd., and Reliance Industries Ltd. The study was made taking four parameters i.e., Approach to Corporate Governance, Governance Structure and Practices, Board Committees and CSR activities. The study found that though the Corporate Governance practices are exemplary, there exist differences in the way the companies adopt these practices. Infosys seems to be doing much better than the other two.

Monika Hartman (2011) in her article "CSR in the food sector" analyzed the importance of CSR in food sector particularly those companies which have high brand. The study found that SME's are less capable of discharging their obligation towards society. Further the study revealed that food sector always tries to improve the controlling and discharging its services towards consumers. It was also found that consumers show preference for those brands or food sector that gives importance to CSR activities.

Mallen Baker (2012) in his article on "Four emerging trends in Corporate Responsibility" tried to elucidate three basic things about the trends of CSR that have changed from last so many years. Firstly, the relationship between business and society has changed. They have come closer because of the social and environmental problem prevailing around the world. Secondly, the strategy of the businessman to develop business also affected the society a lot. Their new ideas, concept, developments also came with CSR management that reflects in their product and services. Lastly, the changes of CSR are also affected by other parties like outside agencies and the firm's own goals that interfere the firm's activity.

Bibhu Prasad and Mohanty (2012) made a study on "Sustainable Development Vis-à-vis Actual CSR". The findings showed that companies today invests in a lot of areas like child labour, ground water, food, education, etc but they are not aware of the essential need of the poor.

The study suggested that though profit earning is a natural fact of companies, CSR is beyond the natural and statutory obligation of the companies. The study concluded that sustainable development is the development of the society as well as the company in a balanced way.

Harbajan Bansal, Vinu Parida and Pankaj Kumar (2012) in their paper entitled “Emerging trends of CSR in India” analysed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. Some of these sectors were Transport Equipment sector, Finance and Metal Mining sector, IT & Power, Capital goods, Telecom, Housing, FMCG, Oil & Gas, Cipla etc. The study concluded that the companies today are working not only to earn profit but have also realized the importance of being social friendly. Social Responsibility today has started taking a turn in the new direction.

Kavitha Shanmugam (2013) has made an effort to research the status of corporate social responsibility activities relating to ‘environment’ in Indian manufacturing sector. She found that the emergence of environment corporate social responsibility as corporate focus also provided suggestions on enhancement of environment corporate social responsibility in the Indian manufacturing units. Companies can improve their environmental corporate social responsibility by increasing their tree plantation activities inside and outside their premises and also undertaking integrated watershed development.

Prasad S. Madan and M. A. Bansode (2013) have recommended that corporate social responsibility is about how companies manage the business processes to produce an overall positive impact on society. Corporate responsibility has emerged as a significant theme in the global business community and is gradually becoming a mainstream activity. The growing emphasis on corporate responsibility is affecting the relationship between companies and their various stakeholders, such as investors, customers, vendors, suppliers, employees, communities and governments.

NEED OF THE STUDY

The importance of developing CSR practices has been emphasized by all the industrial policy resolutions and statement, and a number of precautions and promotional policies have been taken accordingly to support towards social responsibility and to encourage their growth. The above literature highlights the significance of CSR activities for successful promotion and development of the industries. The present study aims at a comprehensive analysis of CSR practices in industries situated across country.

OBJECTIVES OF THE STUDY

The broad objective of the study is to examine and evaluate CSR practices in India.

1. To examine the codes and standards for CSR in India
2. To explore the existing CSR practices of select units.

CODES & STANDARDS FOR CSR

Global Reporting Initiative (GRI): GRI has been addressing the need for standardized approach to corporate sustainability reporting. In 2006, GRI published Version 3.0(G3) of its Sustainability Reporting Guidelines emphasizing performance indicators, which contain a separate section titled “Human Rights” with nine performance indicators. It is an international, multi-stakeholder effort to create a common framework for voluntary reporting of the economic, environmental and social impact of organisational activities. Its mission is to improve the comparability and credibility of sustainability reporting worldwide.

UN Global Compact Initiative: Launched in 1999 by United Nations Secretary, Kofi Annan, the Global Compact is a coalition of large businesses, trade unions, environmental and human rights groups, brought together to share a dialogue on corporate social responsibility. It consists of a minimum platform based on fundamental values for disseminating good corporate practice in accordance with universal principals. Companies’ adherence is on a voluntary basis and signatories commit to a global pact of nine principles.

Social Accountability 8000: ‘SA 8000’ standard for social accountability, created in 2000 by Council on Economic Priorities Accreditation Agency (CEPAA).

The SA 8000 code of practice is broken down into nine key areas child labour, management systems, working hours, compensation, disciplinary practices, forced labour, health & safety, freedom of association & collective bargaining and discrimination.

International Organization for Standardization (ISO) 26000: ISO an International Standard setting body has developed a new standard on Social Responsibility namely ISO 26000. ISO 26000 is intended for use by all types of organizations and in all countries and to assist organizations to operate in a socially responsible manner. According to ISO 26000, there are seven fundamental subjects of CSR as follows:

- Environment
- Labour practices
- Human rights
- Organizational governance
- Fair operating practice
- Consumer issues
- Social development

Occupational Health & Safety Advisory Services (OHSAS) Standard: OHSAS 18001 is applicable to any organization which aims to establish a health and safety management system at work.

Organization for Economic Co-operation and Development (OECD) guidelines for multinational companies: OECD guidelines contains recommendations on core labour , environmental standards, human rights, competition, taxation, science and Technology combating corruption and safe guarding, consumer rights. These guidelines acknowledge and encourage the contribution that MNEs can make to local capacity building as a result of their activities in local communities.

Others: ISO 9001:2000 (quality), ISO 14001:2004 (environment) and OHSAS 18001:2007 are „generic management system standards“, so that the same standard can be applied to any organization, large or small, whatever its product or service, in any sector of activity, and whether it is a business enterprise, a public administration, or a government department. These standards have been developed in the above sequence, they appear to be compatible to each other and hence show some overlapping features.

EXISTING CSR ACTIVITIES OF SOME COMPANIES

➤ 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.

➤ Gail ltd is largest state owned natural gas processing and Distribution Company. It contributes towards corpus of GAIL charitable and education trust, natural calamities or disaster, sc/st, minority's population. Its objective to satisfy its entire stakeholder. It participates in an activity which is directly or indirectly benefits the communities. It enhances the quality of life and economic well being of local population.

➤ IBM is a software company. Company is committed towards the implementation of its environment policy, health services; provide hygiene and safety work place to its employee.

➤ ONGC 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, self employment programmers, sports and games etc.
- 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. It also contributes under Mahindra Hariyali, Mahindra pride school, Mahindra Education Trust. Under Mahindra Hariyali, over one million trees have been planted across the country, to increase the country green cover.
- 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. Company also working upon environment policy and has been developing environment friendly products and services.
- BHEL has developed a CSR scheme and its mission statement on CSR is "Be a committed Corporate Citizen, alive towards its CSR". BHEL undertakes socio economic and community development programmes to promote education, improvement of living conditions and hygiene in villages .
- 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. This project has also creating awareness about the compelling need for eye donation
- Infosys: As a leading software company Infosys is into the providing language and computer education. Company has special program for unprivileged children by whom company teaches them various skills and change their outlook too. Company also donates carom, chess board, chocolates etc. to the needy ones.CSR activity includes Blood donation camp and Infosys foundation has been working in the sectors of health care, education, environment preservation and social rehabilitation.
- Wipro: Company has taken various initiatives to women empowerment. Three main CSR activities include environment sector, education sector and energy conservation.

CONCLUSIONS

From the limited experience over the last few years, some lessons nonetheless emerge. Government introduces CSR because they wants corporation to become more responsible for the society or for its stakeholders itself. As we know, CSR offer real opportunities for the corporations to contribute in various activities which directly or indirectly help welfare of the society. Corporations are social entity so they must take care of all stakeholders, it is vital for them to take charge of this responsibility in efficient way so that all participant of corporation feel satisfied. As we know corporates can't stand alone they also needs the support of their society at large which is important for their development and goodwill. Many large corporations now taking steps to improve their environmental and social performance through the use of voluntary initiatives such as codes of conduct, environmental certification and reporting, social audits, fair trading schemes and social investment programmes. Corporates and government must work together and through this, they can bring dramatically changes in the welfare schemes of society.

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