Corporate Social Responsibility in India: A Global Commitment

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"CSR is not a cosmetic; it must be rooted in our values. It must make a difference to the way we do our business."
"Corporate citizenship is our global commitment, our knowledge and our solutions create a better world."
-- Phil Watts, Group Managing Director Royal Dutch/Shell Group

Abstract-**Corporate Social Responsibility has transformed a lot from the conventional philanthropic doings by big corporate houses and came a long way from just fulfilling the responsibility restricted to paltry welfare of its immediate employees and their families. Indian businesses have a long tradition of engaging in philanthropic and community programmes and entrepreneurs today are effectively using these principles of social-business. They have imbibed the advantage of ethical behaviour of their company towards society. As a result, businesses now enjoy benefits like lower tax rates, reduced regulatory interventions, faster approvals, highly motivated workforce, customer loyalty, risk mitigation, enhanced brand image, value-based supplier network and favourable public opinion about company. Every individual who are living in the society has certain obligation towards the society. One has to observe the social norms of behaviour. To succeed in the long-term, managers of corporations must take care of their social responsibility and must fulfil the expectation of the society. Business activities must be conducted according to what the society considers desirable, undesirable activities can't be undertaken for the sake of making profits only. Corporate Social Responsibility (CSR) is the deliberate inclusion of public interest into corporate decision-making, and the honouring of a triple bottom line: people, planet, profit. Many firms believe that this focus provides a clear competitive advantage and stimulates corporate innovation. This paper attempts to provide a overall framework of the concept of CSR in India including an overview of the current voluntary CSR practices by corporate in India with examples of CSR practices by some of the best corporate firms in India and seeks to analyse how far the CSR practices has become an important part of strategic goals of corporate in India.**

Keywords: Corporate social responsibility, Philanthropy, Business Activities , Corporate Innovation .

I. INTRODUCTION

India being a country with a rich heritage, culture and history has always had the ideas of charity and social responsibility embedded deep into the minds of the Indian society. Though India, 100 years ago was a land whose economy was predominantly controlled by agriculture, traders and merchants too had great influence on the economy. The merchant and traders enjoyed a lot of respect and in return they made sure that they treated the society with kindness by constructing night shelters, drinking water facilities and also providing relief during natural calamities. During the time when India was overrun by colonies the first glimpse of corporate social responsibility in an industry was demonstrated by a strong leaders like Jamsetji Tata and Mahatma Gandhi who believed in being socially responsible and took active interest in public life and social reforms. Jamsetji Tata set a trend by having initiatives such as labour welfare by having pension funds and compensation for workers in case of accidents. Later in the early days of 20th century the act of being socially responsible was further strengthened by Mahatma Gandhi when he came up with the theory of business and the trusteeship. Extant literature and newspaper articles show that corporate social responsibility is defined as a concept whereby companies

integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The understanding and fulfilling the needs of downtrodden as well as the Indian organizations is very important for creditable performance and growth. Corporate Social Responsibility refers to ensuring the success of a business by the inclusion of social and environmental considerations into a company's operations. It means satisfying your customer's demands as well as managing the expectations of other people such as employees, suppliers and the community around you. It means contributing positively to society. It is voluntary nature, in fact, there are no constraints forcing companies to adopt policies and strategies of social responsibility other than the awareness that being socially responsible creates a competitive advantage.CSR has never been more prominent on the corporate agenda than it is today. Nowadays CSR is playing an important role in the rapidly changing global world. Consumers are more selective and conscious about the products that they are purchasing and companies are also becoming more responsible about the products that they are producing, supplying and selling. The reasons behind these responsible activities are based on consumer demand, legal requirements that are developing rapidly in the last decade and, the competitive needs of the firms. Every company having net worth of rupees five hundred crore, or more, over turnover of rupees one thousand crore during any financial year, profits shall ensure that the company spends, in every financial year, at least 2%.of net profit as per prescribed clause no. 135 of Companies Act, 2013 in ten broad activities. These are: (*i*) Eradicating extreme hunger and poverty   (*ii*) Promotion of education (*iii*) Promoting gender equality and empowering women (*iv*) Reducing child mortality and improving maternal health (*v*) Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases (*vi*) Ensuring environmental sustainability (*vii*) Employment enhancing vocational skills (*viii*) Social business projects (*ix*) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments 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 (*x*) Such other matters as may be prescribed.

A. According To World Business Council for Sustainable Development:
"corporate social responsibility is 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 of the local community and the society at large."

B. According To Peter F Drucker:
"social responsibility requires managers to consider whether their action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength, harmony".

C. According To George A Steiner
"In real sense the assumption of social responsibility implies recognition and understanding of the aspiration of the society and determination to contribute to its achievement".

In recent years, the concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept — Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. Cause-related marketing and corporate social responsibility has provided companies with a new tool to compete in the market. CSR refers to the corporation's obligation to all the stakeholders. It stems from the desire to do good and get self satisfaction in return as well as societal obligation of business. CSR, which in simple term translates as Social Giving, is an emotional call on business organizations/entities to give back to the host environment (society) a portion of their profits as social investment as a way to cushion the effects of inadequacies in socio-economic well being and poverty among the citizenry. Corporate social responsibility (CSR) is also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business.

II. OBJECTIVE OF THE STUDY

The objective of this paper is to examine the nature and extent of corporate social responsibility (CSR) initiatives under taken by Indian companies and to study its contributions towards social development that mainly involves-

- To know the concept of corporate social responsibility.
- To study the scope of corporate social responsibility.
- To know how the Public & Private enterprises are fulfilling their responsibility towards the society.
- Studying and understanding CSR initiatives taken by selected companies.
- Examining work approach and mode of action for implementation of CSR initiatives.
- Accessing the impacts of CSR actions on socio economic development for rural population in India.

III. METHODOLOGY ADOPTED FOR STUDY

Secondary data have been used for the study. Various, research article, research paper, books, and websites have been used to collect the information for the study.

IV. SCOPE OF THE STUDY

To analyse spectrum of CSR activities that are being carried out by Various Public & Private Indian Corporate Sectors.

V. SOCIETAL INITIATIVES TAKEN BY INDIAN COMPANIES

Most of the business houses and corporate have been taking up social welfare activities from time to time. Recently, priority of business is getting widened from 1 P to 3 Ps by inclusion of People and Planet with Profit. The short term, charity-based welfare interventions are being replaced by long-term, empowerment based Corporate Social Responsibility (CSR).

A. Infosys

Narayan murthy chairman and chief mentor of Infosys has always been on the forefront of philanthropic activities as a part of CSR. Mr. Narayan murthy firmly underlines the significance of CSR: "for benefit of globalization and technology to reach the poor, the private sector, philanthropic institutes and individuals should cooperate and establish partnership with government institutions. This would lift millions of our people out of the poverty, provide them with opportunities and make them participate in the process and progress of globalization".

B. Indian Oil

Indian Oil is also been forefront in case of national emergencies. Few of the initiative is providing petrol/diesel station dealerships and LPG distributorships to beneficiaries from among Scheduled Castes, Scheduled Tribes, physically handicapped, ex-servicemen, war widows, etc. and also kisan seva Kendra. In case of environment it has favored for green fuel. It is the firm resolve of Indian Oil people to move beyond business, touch every heart and fuel a billion dreams.

C. Aptech Limited

Aptech Limited, a leading education player with a global presence, has played an extensive role in encouraging and fostering education throughout the country since inception. As a global player with complete solutions-providing capability, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the underprivileged and conducted training and awareness-camps. Aptech students donated part of the proceeds from the sale of their art work to NGOs. To propagate education among all sections of the society throughout the country, especially the underprivileged, Aptech fosters tie-ups with leading NGOs throughout the country, including the Barrackpur-based NGO, Udayan, a residential school for children of leprosy patients in Barrackpur, established in 1970. The company strongly believes that education is an integral part of the country's social fabric and works towards supporting basic education and basic computer literacy amongst the underprivileged children in India.

D. Tata Steel

The most recent testimony to Tata Steel's contribution is The Energy & Resources Institute (TERI) Award conferred on it in recognition of corporate leadership for good corporate citizenship and sustainable initiatives. Over the years, the nature of the company's involvement with the community has undergone a change. It has moved away from charity and dependence to empowerment and partnership.

E. CISCO System Inc

Philanthropy at Cisco is about building strong and productive global communities -communities in which every individual has the means to live, the opportunity to learn, and the chance to give back. The company pursues a strong "triple bottom line" which is described as profits, people and presence. The company promotes a culture of charitable giving and connects employees to nonprofit organizations serving the communities where they live. Cisco invests its best-in-class networking equipment to those nonprofit organizations that best put it to work for their communities, eventuating in positive global impact. It takes its responsibility seriously as a global citizen. Education is a top corporate priority for Cisco, as it is the key to prosperity and opportunity.

F. Mahindra & Mahindra

The K C Mahindra Education Trust was established in 1953 by late Mr. K C Mahindra with an objective to promote education. Its vision is to transform the lives of people in India through education, financial assistance and recognition to them, across age groups and across income strata. The K. C. Mahindra Education Trust undertakes number of education initiatives, which make a difference to the lives of deserving students. The Trust has provided more than Rs. 7.5 Crore in the form of grants, scholarships and

loans. It promotes education mainly by the way of scholarships. The Nanhi Kali project has over 3,300 children under it. We aim to increase the number of Nanhi Kalis (children) to 10,000 in the next 2 years, by reaching out to the underprivileged children especially in rural areas.

G. Dalmia Cement (Bharat Limited)

The water source for the villages in and around the Dalmia Cement factory is dependent on rains. During summer months, the villagers, particularly women folk, travel long distances to fetch water for drinking and other purposes. Considering the difficulties and hardship faced by the people, the company, after discussing with the village elders and concerned Government authorities, took the initiative of making water available by: Providing deep bore wells. So far, 45 bore wells have been provided in various villages, namely Kallakudi, Palanganathan, Malvoi, Elakkurichi, Muthuvathur, Pullabmadi, Edayathankudi, etc. Approximately, 300 to 400 people get adequate drinking water from each bore well. Water tanks to store the water. Rain and seepage water is harvested in the quarries of the company is pumped into a tank and supplied to inhabitants. 44,000 trees were planted and nurtured over a period of eight years. The presence of large trees and vast greenery has considerably improved the ecology in the area.

H. The Times of India

"Lead India Campaign" by Time of India is perfect example for brand building through CSR. This was the brought by times of India to bring about change in society. It was more of business/brand building strategy than CSR. Such activities knowingly or unknowingly prepare an image in mind of viewers and hence building image.

I. Reliance Industries Ltd

They have launched a countrywide initiative known as "Project Drishti", to restore the eyesights of visually challenged Indians from the economically weaker sections of the society. This project, started by one of India's corporate giants has brightened up the lives of over 5000 people so far.

J. ITC's One Paisa Campaign

Being a large tobacco corporation is no easy task from corporate responsibility viewpoint. How can a company that produces cigarettes for a living actually fulfill its social and profit responsibilities and look good at the same time? Well, ITC (Indian Tobacco Corporation), the largest tobacco company in India has managed to create an altered image for itself by promoting its social activities through its many faucets of income. For example, through its proprietary notebook and college equipment brand name, Classmate, it collects one paisa from every sale to donate to NGOs and feed hungry, below poverty, children in India. Every item sold under its clothing brand name and any other outlet shall have a certain percentage given back through plantation of trees or feeding hungry stomachs.

K. IBM. India

There initiatives are shaped by the IBM global initiatives. There is no one group within the company that looks after CSR. There are several groups within IBM that address different segments of the community IBM works with. For example in IBM, India the Community Relations team focuses on primary education and in deploying technology to improve the quality of life of the disadvantaged section of the community. Similarly, there are groups that address the issues of diversity, environmental citizenship and university relations.

L. Delhi Metro Rail Corporation

The Delhi Metro Rail Corporation (DMRC) has planned a children's home for 50 girls as part of its corporate social responsibility. DMRC had informed that a children's home in Delhi named 'Arman' has been constructed by them as part of their corporate social responsibility. The home is run by a Non Governmental Organisation (NGO) Salam Balak Trust, Roy said." While the initial cost of furniture, utensils etc. was borne by the DMRC, the day to day expenditure is made by the NGO,"

VI. IMPORTANCE OF CSR IN EMERGING CORPORATE WORLD

1. It can bring benefit in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovative capacity.
2. It encourages more social and environmental responsibility from the corporate sector at time when the consumer confidence and the levels of trust in business is getting damaged.
3. CSR requires engagement with internal and external stakeholders so that it enables enterprises anticipate better and take advantage of fast changing expectations in society as well as operating conditions. This means it can also act as a driver for the development of new markets and create real opportunities for growth.
4. Enterprises can build long-term employee, consumer and citizen trust by addressing their social responsibility as a basis for sustainable business model.
5. It helps mitigate the social effects of the crisis, including job losses.
6. CSR offers a set of values on which a more cohesive society is built.
7. It can enhance brand image and reputation.

VII. SIGNIFICANCE OF THE STUDY

This research will be helpful for the companies/Society to achieve sustainable growth and following parts of the society will be benefited by this study-

- **Shareholders:** The investors will know how senior management takes into consideration the interests of consumers, regulators, employees and other important groups that are affected by the company's activities.
- **Company's management:** The study will help management learn how to forge stronger relationship with community.
- **General public:** The general public will be informed of the various approaches in which an entity can undertake social and environmental activities aimed at improving on the quality of life in the community, workplace, market place and generally giving back to society.

VIII. CHALLENGES OF CSR

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 companies' decisions-making in this direction. It has become imperative to incorporate stakeholders' views. In India the CSR managers face number of challenges in managing CSR activities. The biggest problem is of lack of budget allocations followed by lack of support from employees and lack of knowledge as well. Lack of professionalism is another problem faced by this sector. Absence of training and undeveloped staff are additional problems for reduced CSR initiatives. General Public also do not take enough interest in participating and contributing to CSR activities of companies as they have little or no knowledge about it. The increasing demand for more transparency and accountability on the part of the companies and disclosure of information through formal and improved reporting is also inevitable for the companies. The more the open and honest disclosure, the stronger and trusting relationships can be built with the stakeholders and consumers. Small companies do not take adequate interest in CSR activities and those which undertake them fail to disclose it to the society. In the process they loose out on people and their trust in them. Media can come up with strong support for informing the people at large about the CSR initiatives taken up by the companies. It can sensitize population and also make them aware of the benefits of CSR to them. However, media is not doing enough in this regard. The failure of the government to come up with statutory guidelines to give a definite direction to companies taking up CSR activities, in terms of size of business and profile of CSR activities also results into few companies practicing CSR concept adequately.

IX. AREAS OF CORPORATE SOCIAL RESPONSIBILITY
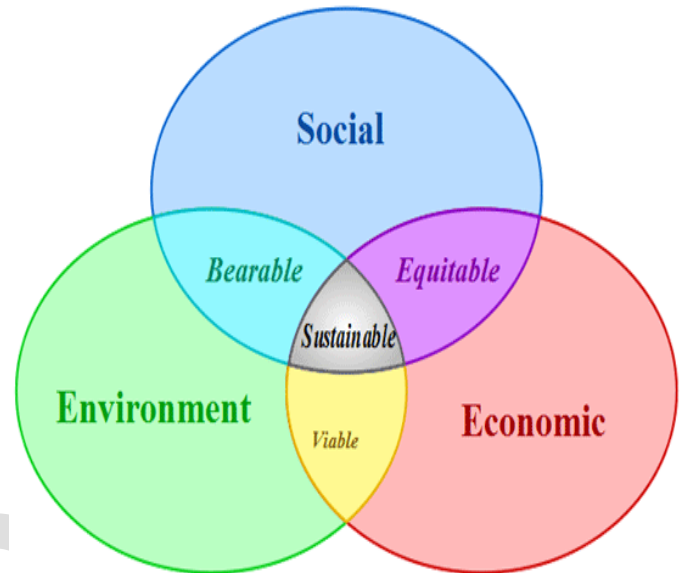
X. SUGGESTIONS

Companies can set a network of activities to be taken up in a consortium to tackle major environmental issues. It would also provide an opportunity to learn from each other. Everyone in the organisation needs to recognise their own role in promoting CSR. Companies should provide wider professional development activities. Training, conferences and seminars could be organised by companies to disseminate and generate new knowledge and information in this sector. A strong budgetary support would definitely help to grow this sector and research related to respective industry would enhance their organisation's contribution further. Government regulations which are supporting in this direction could attract more response from organisations. All this would also lead to benchmark CSR activities. Companies need to involve their stakeholders in order to build meaningful and long term partnerships which would lead to creating a strong image and brand identity. It is also suggested to review existing policies in order to develop more meaningful visions for the companies and broaden their contributions to reach to local communities.

XI. CONCLUSIONS

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. Across the globe, the concept of CSR has been accepted as an element for success and survival of business along with fulfilling social objectives. However, the challenge for the companies is 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. As concluding remarks, it can be safely assumed that voluntary CSR practices by corporate firms in India is appreciable yet these voluntary practices may not serve the desired goals unless collective efforts are made by all the big corporate business houses in India. This can be achieved only by a Government directive, in which direction the new Companies Act, 2013 has already given a mandate for certain corporate in India to shell out two percent of their average profits towards CSR and if not spent the reasons must be given for not doing so. It is difficult to achieve social objectives by individual efforts and however collective efforts shall only bring the desired social responsibility fulfillment results.

Organization in present world cannot be successful without taking into account the social responsibility. CSR has been a vital component for any organization to have perpetual success and to create brand. CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large.

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