

Corporate Social Responsibility in India

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Abstract: CSR is generally understood to be the way a company achieves a balance or mixing of financial, ecological, and communal imperatives while at the same time addressing shareholder and stakeholder prospect. Companies have become extra crystal clear in accounting and display public reporting due to force from various stakeholders. CSR is an entrance point for considerate a number of firm-related and communal issues and responding to them in a firm's business policy. However, there is a collective and well-known view on protecting the atmosphere and stakeholders welfare. Rising economies like India have also witnessed a number of firms actively occupied in CSR activities, and the Ministry of Corporate Affairs has come up with deliberate guidelines for firms to follow. The main objectives of this paper is to study the various evolution phases and benefits of CSR. Further to study the challenges faced in CSR and to know the implementation of CSR initiatives. The study is mainly based on secondary data. The importance of CSR emerged drastically in the last decade. Over the time, CSR extended to include both community and economic interests

Key Words:- Corporate, Social, Initiatives, India, Programmes, Responsibility, Profits

I. Introduction:

The recent and the most important step towards the CSR in India is —The Companies Act 2013 that mandates 2% CSR contribution for certain companies. By this India has become the first country to mandate corporate social responsibility (CSR) through a constitutional provision. Companies in India have quite been proactive in taking up CSR initiatives and integrate them in their trade processes. While some corporations have taken every opportunity to make profit in spite of the impacts on society, benefiting from the slave trade, colonialism and war, there is equally a history of a small minority of companies taking a more humanitarian approach by (to some extent) considering the needs of employees or assisting the poor. The formation of cooperatives and mutual's as option forms to the corporation reflects the long- standing concerns around the impacts of corporations.

Objectives of the study

1. To study the evolution of corporate social responsibility (CSR) in India.
2. To study the various benefits of CSR
3. To study the social accountability and challenges in CSR
4. To know the implementation of CSR initiatives

II. Research methodology:

The study is mainly based on secondary data which has been collected from a variety of sources such as Census Report, Annual reports of different ministries, five year plans, statistical abstracts, Govt. documents, research journals and magazines and unpublished research reports and Ph.D. Thesis etc. To gain more knowledge on this topic various academic literature reviews also.

III. Rationale of the study

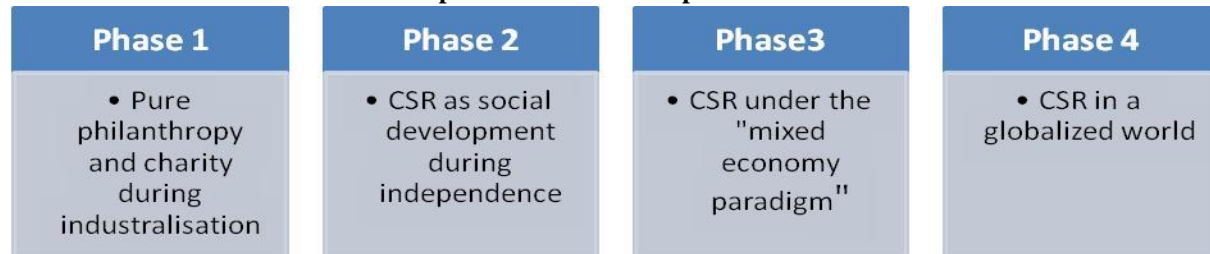
CSR is one of the topics most talked about especially in India. Organizations have long measured profit as the main objective to be achieved and all the tactical actions directed towards the same. Though it is still one of the major drivers for corporate activities but it is no longer considered as the only —goal. Companies consider themselves as an essential part of the society and act in a socially responsible way that goes well beyond the presentation of a scarcely defined economic function. The scope of CSR in India has emerged since last decade.

IV. Evolution of csr in india

India is a rising economy, here Corporate Social Responsibility (CSR) play significant role in organizations. In Indian industry one can with no trouble notice a paradigm shift from corporate generous contributor to being socially accountable. The significance of CSR is growing in Indian corporate scenario

because organization have understand that ultimate goal is not profit making beside this trust building is feasible and assert able with communal relationship. The force of CSR has emerged in last two decades when Indian organization realizes the significance of supporting in this cut throat rivalry era. Previous to this Indian industries had money-oriented culture. In the hue and cry of LPG (Liberalization, Privatization and Globalization) companies were only listening carefully toward revenue maximization which led public backwash. To overcome this fashion CSR take part in an important role in sustainable growth which is only probable when there is a equilibrium among profit and lowering social backwash or eradicating it. Now a day's company has become more translucent in their balance sheet. They are displaying public reporting in their accounting. Companies are also incorporating their corporate social responsibility proposal in their annual report.

Four phases of CSR development in India



First phase: The first phase of CSR is predominantly resolute by society, belief, family tradition, and industrialization. Business operations and CSR engagement were based mainly on corporate self-regulation. Being the oldest form of CSR, contributions and generosity still influence CSR practices today, especially in community expansion. In the pre-industrialization era, which lasted till 1850, wealthy merchants shared a part of their assets with the wider society by way of setting up temples for a spiritual cause. Moreover, these merchants helped the humanity in getting over phases of famine and epidemics by providing foodstuff from their godowns and money and thus securing an essential location in the society. With the entrance of colonial rule in India from 1850s beyond, the approach towards CSR changed. The industrial families of the 19th century such as Tata, Godrej, Bajaj, Modi, Birla, and Singhanian were powerfully inclined towards financial as well as communal considerations. The fundamental pattern of charity and philanthropy means that entrepreneurs at irregular intervals donate money (e.g. to schools or hospitals) without any existing or long-term appointment. Charitable and philanthropic CSR is experienced outside the company, focusing on such external stakeholders as communities and general societal welfare bodies.

Second phase : The second stage of CSR development in India (1914-1960) was the era of independence struggle when the industrialists were hassled to show their devotion towards the profit of the society. Mahatma Gandhi urged to the influential industrialists to distribute their wealth for the help of underprivileged segment of the people. He gave the idea of trusteeship. This concept of trusteeship helped in the socio-economic growth of India. Gandhi regarded the Indian companies and industries as —Temples of Modern India. He influenced the industrialists and business houses to build trusts for colleges, research and training institutes. These trusts also worked to improve social reforms like abolition of untouchability, rural development, women empowerment and learning.

Third phase : In the third phase from 1960-1980, CSR was prejudiced by the emergence of Public sector undertakings to ensure proper allocation of wealth. This phase is also characterized by a move from business self-regulation to strict legal and public regulation of business actions. Under the paradigm of the —mixed economy, the role of the private division in advancing India receded. The public sector was seen as the prime mover of development. The foreword of a regime of high taxes and a quota and licence system compulsory tight boundaries on the private sector and not directly triggered corporate malpractices. Furthermore, state organization established PSUs with the purpose of guaranteeing the appropriate allocation of wealth to the needy. The PSUs were not very successful, Therefore there was an ordinary shift of hope from the public to the private sector and their active participation in the socio-economic expansion. In 1965, the academicians, politicians and businessmen set up a national workshop on CSR, where huge stress was laid on social accountability and clearness. Despite these progressive acknowledgements, this CSR move toward did not turn up at that time.

Fourth phase : In the fourth phase from 1980 beyond, Indian companies included CSR into a sustainable business plan. With globalization and economic liberalization in 1990s, and incomplete withdrawal of controls and licensing systems there was a boom in the financial growth of the nation. This led to the greater than before

momentum in industrial growth, making it possible for the companies to donate more towards social cause. What started as charitable trust is now understood and received as responsibility. Globalization has changed India into an important purpose in terms of production and built-up bases of TNCs are concerned. As Western customer markets are becoming more and more worried about labour and environmental principles in the developing countries, Indian companies who export and produce goods for the worldwide market need to pay a close awareness to comply with the international standard.

How to develop and implement csr initiatives: With company status, feasibility and sometimes continued existence at stake, one of the essential roles of the HR leadership nowadays is to spearhead the development and tactical implementation of the CSR throughout the organization and support sound commercial citizenship. As HR leaders, we can influence three primary standards of CSR—morals, service practices and community involvement—that relate either directly or indirectly to employees, customers and the local community, as outlined below.

- **Ethics :** Ethical principles and practices are developed and implemented in transactions with all company stakeholders. Commitment to ethical performance is widely communicated in an open statement and is thoroughly upheld.

- **Employment practices :** Human resource management practices promote individual and specialized employee development, variety at all levels and empowerment. Workers are valued partners, with the right to fair labour practices, competitive earnings and benefits and a safe, harassment-free, family-friendly service environment.

- **Community involvement**

The company fosters an open association that is sensitive to society culture and needs and plays a proactive, supportive and combined role to make the community a improved place to live and conduct trade.

- 1) Use the procedure to understand the local society (for example, internal—the workforce—or external—the community) at all stages of implementing CSR;
- 2) Create a wisdom of possession between the workers who set up a project and those who implement it.

Benefits of csr :The scale and nature of the benefits of CSR for an organization can vary depending on the nature of the venture, and are hard to quantify, though there is a large body of literature exhorting business to accept measures ahead of financial ones found a association between social/ecological performance and financial performance. However, businesses may not be looking at short-run financial income when developing their CSR plan. Some companies may put into practice CSR-type values without a clearly defined team or planned.

Few intrinsic worth of CSR are mentioned as follows:

1. **Better Public Image :** Companies that display their promise to various causes are supposed as less selfish than companies whose corporate social responsibility goings-on are nonexistent. A corporation's public representation is at the pity of it's social responsibility programs and how aware clients are of them. Consumers feel good shopping at institutions that help the centre of population. Clean up your public picture (and broadcast it to the world!). Corporations can get better their public image by following nonprofits through monetary contributions and volunteerism. By publicizing their hard work and letting the wide-ranging public know about their humanity, companies increase their chances of becoming positive in the eyes of consumers

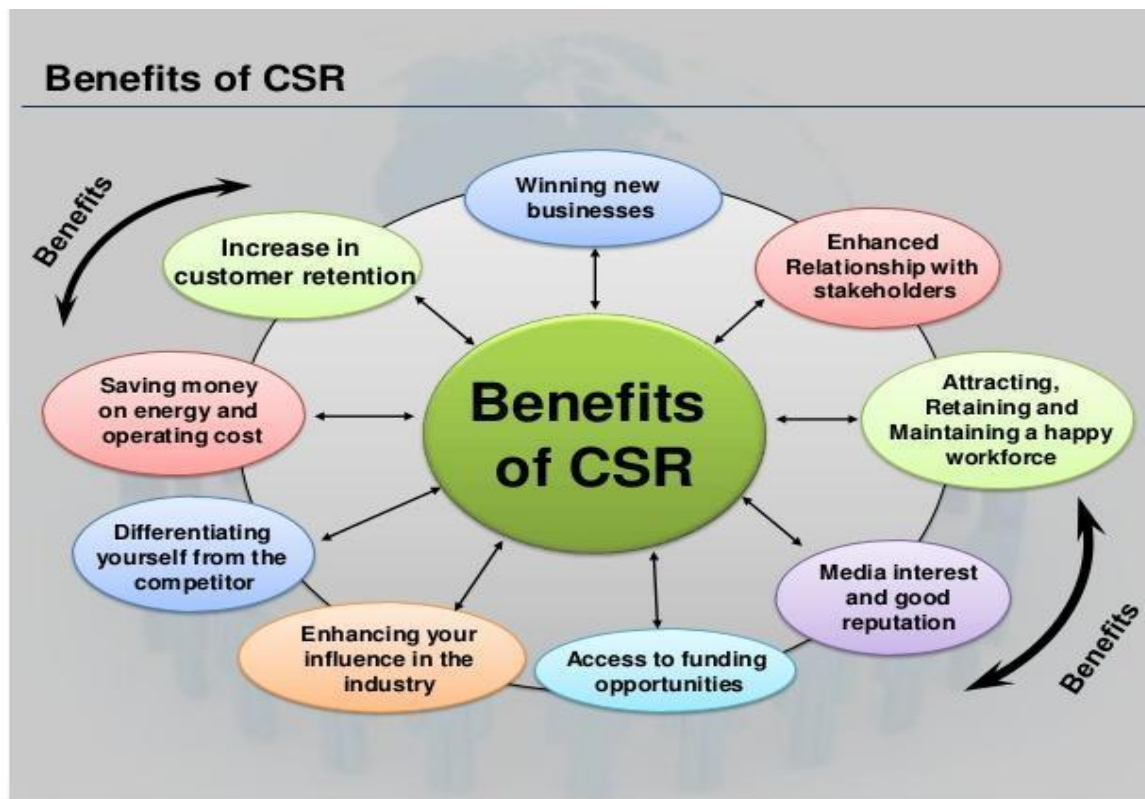
2. **Boosts Employee Engagement :** Workers like working for a company that has a good public image and is continuously in the media for positive reasons. Happy employees almost always equal positive output. Nearly 60% of employees who are proud of their company's social responsibility are engaged at their jobs. When companies show that they are devoted to getting better their communities through corporate giving programs, they are more likely to attract and retain valuable, diligent, and engaged employees. If a company is philanthropically minded, job-hunting individuals are more likely to apply and interview for available positions. Once hired, employees who are occupied will stay with a company longer, be more creative on a daily basis, and will be more creative than disengaged workers.

3. **Brand differentiation:** In jam-packed marketplaces, companies struggle for a unique selling proposal which can divide them from the competition in the minds of customers. CSR can play a role in construction client loyalty based on characteristic ethical values. Quite a lot of major brands, such as The Co-operative Group and The Body Shop are built on moral values. Business service organisations can benefit too from building a character for integrity and most excellent practice.

License to operate: Corporations are keen to avoid intervention in their business during taxation or set of laws. By taking substantive deliberate steps, they can convince governments and the wider public that they are taking issues such as physical condition and safety, diversity or the environment seriously, and so avoid interference. This also applies to firms seeking to justify eye-catching profits and high levels of boardroom pay. Those functioning away from their home nation can make sure they stay welcome by being good corporate citizens with respect to labour principles and impacts on the surroundings.

5. Attract & Retain Investors : Investors who are bucketing money into companies want to know that their finances are being used correctly. Not only does this mean that corporations must have sound business tactics and budgets, but it also means that they should have a well-built sense of corporate social responsibility. When companies contribute money to nonprofit organizations and support their employees to unpaid assistant their time, they show to investors that they don't just care about returns. Instead, they show that they have an interest in the restricted and global community. Investors are more likely to be paying attention to and carry on to hold up companies that demonstrate a promise not only to employees and clients, but also to causes and organizations that impact the lives of others.

Encourages Professional & Personal Growth : When companies have a society of corporate social responsibility, they can easily encourage volunteerism to their employees and give confidence them to donate to nonprofit organizations. When employees add their time and money to worthy causes, they expand both professionally and personally. By helping those in need and volunteering as teams, employees learn how to work better jointly to achieve important projects. Additionally, employees experience a individual sense of pride when they know that they work for a corporation that cares about the society and encourages them to be adoring about worthy causes as well.



Challenges in csr and social accountability : Among the challenges is the truth that the social and/or ecological force differs across industries, difficult by the fact that the term CSR has dissimilar meanings to diverse industry sectors in different parts of the world. Also, some may question if the message CEOs converse about CSR is an add—on or part of company core business performance—or is it merely an artificial effort to boost public relations? In a few organisations, CSR is still measured to mean compliance and philanthropy, even though some huge companies are now placing CSR in a more tactical framework. Further, there is the question of how to calculate CSR. One of the largest obstacles is lack of a exact, credible business case backed up by

presentation indicators and metrics that can be quantified and benchmarked. Further, investment in CSR is not yet being taken critically by some organisations. Not all organisations may have the resources (for example, funds, time, staff) to funnel into CSR initiatives. However, CSR programmes may not be costly or require a most important time commitment. Organisations that are paying attention in CSR may decide to start with small projects that showcase their promise to their workforce and the society. Social Work professionals with their professional knowledge and know-how can help address this confront by considering different options and initial creative approaches to CSR to in the corporation. Thus, it is at this point that the HR guidance, as the eyes and ears of the organisation, is key to the CSR equation. Social Work professionals as HR leaders have the know-how to manage programmes, policies and practices, to connect the organization and its stakeholders (for example, owners, workers, administration, clients, creditors, the government and other community organizations) in the value of CSR by focusing on connections, worker

relations, physical condition, security and community relations to provide their organizations with a competitive advantage. Besides, the greatest challenge to CSR and accountability are in three areas.

FIRST, the companies have to decide to look at CSR and answerability as a core part of their business. Many more companies are looking at the globe that way today than they were ten years ago, but it probably still is a minority view and so part of the challenge is simply about the political will on the part of companies to look at their impact through the prism of sustainability.

SECONDLY, there are two communities out there that apply huge pressure on business across all sectors: clients and monetary institutions. Financial institutions have actually started to move significantly over the last couple of years—a very significant expansion because it's remaking the way market job.

THIRDLY, the government. Whether it's through international deal agreements and the WTO or whether it's their own enforcement of laws or —smartl rule that looks at creating incentives to engage the business community as a colleague, the government leftovers an incredibly significant actor and can be a net unconstructive, net optimistic

V. Conclusion

Though many international retailers can now boast of a Code of Conduct, only a few have been able to roll out a occupied scale and independent monitoring plan. The issues involve from ruling resources to conflict with temporary business objectives. On the other hand, most suppliers consider fulfilment programmes a new burden resulting in poor and unreliable partnership with their buyers when it comes to implement the code of conduct. Outside challenge include cultural variety, understanding the restricted law and at times finding the local law, finding local language and dialect skills, finding local audit and monitoring professionals who are well conversant with the local issues, involving workforce, local communities, NGOs and other stakeholders.

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