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## **An Analysis of Corporate Social Responsibility in India"**

– Dr Rupa D Jaju (Gilda)\*

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### **Abstract**

*Companies have believed for years that their only responsibility was a financial one-maximizing value for shareholders. Corporate Social Responsibility (CSR) is a new idea-where the corporate sector incorporates social and environmental concerns in its strategies and plays a more responsible role in the world. This paper will argue that with some effort and foresight, corporate social responsibility can be integrated seamlessly in the goals of almost all organizations. Furthermore, it is not necessarily the chief executives who must always initiate and implement CSR. Project managers have the ability to introduce Corporate Social Responsibility in their work and promote social good within his firm. If properly understood and executed, CSR is a win-win strategy that benefits the company, as well as society.*

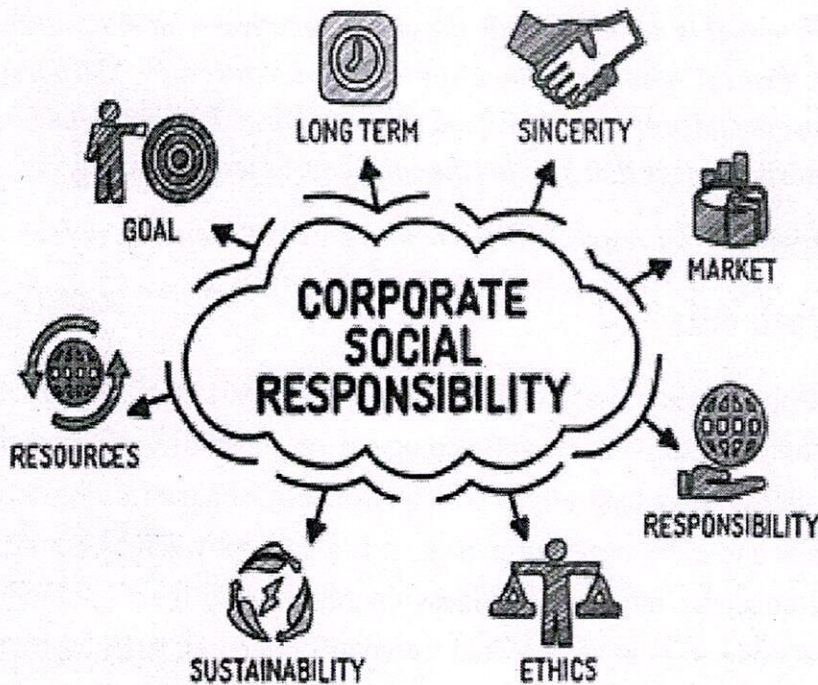
*Keywords: Corporate social responsibility, community development.*

### **CSR-Concept and Rationale**

Corporate Social Responsibility is a growing and important part of an organisation's overall strategy. The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility. It is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is a concept whereby companies integrate social and environmental concerns into their business operations and their interaction with their stakeholders on a voluntary basis. It is represented by contributions undertaken by companies to society through its business activities and social investment. CSR is also linked with the principle of sustainability, which argues that enterprises should make decisions based not only on financial factors such as profits or dividends, but also based on the immediate and long term social and environmental consequences of their activities. CSR is the responsibility of an organisation for the impact of its decisions and activities on society, the environment & its own prosperity known as the TRIPLE BOTTOM LINE of people, planet and profit. Triple bottom line concept (3P) explains that in order to sustain in the long run a corporation should pay attention to the following components:

" People relates to fair & beneficial business practices towards labour, the community and region where corporation conducts its business. Support from people (society) in business area is needed for corporate sustainability. As an integral part with society, corporation need to have commitment in giving optimum benefit to the society.

- Planet refers to sustainable environmental practices. There is a causal relationship between corporations and planet. If corporations preserve their environment, environment will benefit them. A triple bottom line Co. does not produce harmful or destructive products such as weapons, toxic chemicals or batteries containing dangerous heavy metals.
- Profit is the economic value created by the organisation after deducting the cost of all inputs including the cost of the capital tied up. It is the most important thing and also main objective of every business. Profit can be increased by improving work management through process simplification, by reducing inefficient activities, save processing and service time and usage of material as efficient as possible. Corporate social responsibility is a commitment to improve the well - being of a community. It is not charity but it is a core business strategy of an organization. It is a way which strikes a balance between economic, social and environmental imperatives.



## Benefits of Corporate Social Responsibility

Now, business houses have realized that CSR is one of the important ways in which an organization can distinguish itself from its competitors. Some benefits of CSR are as follows:

Benefits to the Company:

1. Improved financial performance
2. Lower operating costs
3. Product safety and decreased liability
4. Workforce diversity
5. Access to capital

6. Reduced regulatory oversight
7. More ability to attract and retain employees
8. Greater productivity and quality
9. Increased sales and customer loyalty
10. Enhanced brand image and reputation

### **Benefits to the Community and the General Public**

1. Corporate involvement in community education, employment and homelessness programs
2. Product Safety and quality
3. Charitable contributions
4. Employee volunteer programs

### **Environmental Benefits**

1. Greater material recyclability
2. Greater use of renewable resources
3. Better product durability and functionality
4. Integration of environmental management tools into business plans.

### **Role of Corporate Citizenship/ CSR in Community Development**

Community stands for a group of interdependent people who live in close proximity and interact regularly for fulfilment of needs. This interdependency creates a sense of responsibility in the minds of community members along with the prevailing expectations. For sustaining this co-operative relationship, there is a need for Community Development which calls for partnering initiatives with external organizations for empowering community members or corporation to empower individuals based on the ideals of social justice and mutual respect.

Community Development is based on the principles of fairness, equality, accountability, opportunity, choice, participation, mutuality, reciprocity and continuous learning with core emphasis on Educating, Enabling and Empowering community members (Federation of Community Development Learning, 2009). True development is facilitated when citizens from all strata of society engage together with a sense of community solidarity through combined processes, programs, strategies, and activities (Community Glossary, 2009).

As per United Nations, the external organizations which can be potential partners for Corporate Citizenship include government and non-government organizations, corporations such as small and medium enterprises (SMEs) and multinational corporations (MNCs). The emphasis is on instilling

creativity and self-reliance in the community for short and long term goals taking forward Community development as an educational as well as an organizational process.

As per Towers Perrin (2009), CSR is the third most important driver of employee engagement. In the U.S., the perception of the community for a company is its reputation for social responsibility. CSR helps in reducing the negative consequences of industrialization by encouraging conscience-focused marketplaces with focus on ethical business processes. For e.g., in U.K. high road tax is levied on vehicles with higher emission which reduces the burden of small vehicle owners which could be re-channeled for more productive uses in the community.

CSR encourages closer ties between corporations and community as it helps in reinstating the belief that corporation is not just a place get employment and both these wings can collaborate together and establish social capital.

CSR helps organizations in hiring and retaining committed talent pool through their reputation which strengthens their appeal as an attractive employer. This in turn helps in inculcating a culture of social responsibility in the organization which brings in more positivity, trust and loyalty resulting into better productivity. This inspires them to address and resolve customer's concerns in time so that they would be rewarded by their organization for recognizing their customer as an important economic asset in the community.

CSR also facilitates transfer of technology (TOT) between MNCs which are inclined towards CSR and communities in the host countries in which the MNC is operating. This helps the target community to gain expertise in product development, thereby benefitting in better price and quality, along with people's wellbeing.

CSR helps organizations to protect ecology by reducing their environmental footprint which helps them to drive company growth and social reputation. For e.g. "We green the earth" slogan made by some MNCs in Malaysia who own large golf areas within the vicinity of residential areas is another CSR initiative seems to protect environment. Other initiatives like "Friends of the Earth" and "Green Peace Mission" highlight the environmental impact of some MNCs and campaign for stronger laws on environmental responsibility. Green Peace is an independently operating global campaigning organization having presence in 42 countries which inspires society to raise concern for change in attitude and behavior for protecting the environment and promoting peace through direct action, lobbying and research to achieve its goals.

CSR is in line with United Nations' 'Global Compact' initiative which is the largest corporate citizenship and sustainability endeavor with 4700 corporate participants and stakehodlers from 130 countries for promoting human right corporate sustainability (UN Global Compact, 2009). Through this initiative, CSR aims to build markets, combat corruption, safe-guard environment and ensure social inclusion through partnerships among business, government, civil society, labor and United Nations. This ever-increasing understanding is reflected in the growth of the CSR has an important

role in strengthening close link of collaboration, participation and co-operation between corporations and community. For e.g. Shell Foundation in the Flower Valley and Marks and Spencer in Africa gave aid to underprivileged communities through CSR projects. Malaysian reality show 'Bersamamu' of TV3 is sponsored by Syarikat Faiza Sendirian Berhad (SFSB), which is local enterprise-cum-philanthropist who responded to government's appeal to help impoverished community to improve their livelihoods through help from the local media for publicity and audience support. This show focusses on the life of poverty and every purchase of Faiza's Product, entitles the buyer to make a donation to Tabung Bersamamu TV3. This is a novel endeavor which may inspire other corporations to help the nation in its effort of alleviating poverty leading to development of community.

Technology corporations can benefit community and support business objectives through their CSR laden technical expertise by facilitating data collection for public organizations. Ex. Intel and IBM in U.S. assisted under-staffed police departments by collecting and processing information of regions with high crime rate.

Through CSR, organizations evolve a corporate sustainability framework based on a set of economic, social and environmental objectives which are progressive. For e.x, Towers Perrin (2009), developed a methodology to assess the employee perspective on sustainable business practices (SBP) which throws light on a corporation's commitment to be ethically responsible for contributing improving the quality of life of all its stakeholders thus yielding to economic development. Towers Perrin's SBP index deals with awareness and perceived importance among employees, employee sustainable behaviors, social and community performance, environmental performance, and ethical and legal performance.

## Objectives

1. To develop an understanding of concept of CSR
2. To analyze the development of CSR in India and its changing trends
3. To understand the policies governing CSR
4. To study the challenges faced by CSR in India
5. To provide suggestions for accelerating CSR initiatives

## Research Methodology

1. Annual reports of selected companies.
2. Sustainability reports of companies.
3. CSR Reports of companies.
4. Official websites of companies
5. Reports of surveys by private institutions.



## Conclusion

True CSR requires systemic change. Speaking in an interview, Porter (2003, p. 2) said that business should go on the offensive and "move away from defensive actions into a proactive integration of social initiatives into business competitive strategy." When corporations make strict commitments and make substantial investments in a socially responsible strategy, then, in spite of the increased risk, there is greater likelihood of increased payoffs.

However, many business experts have stated that attention should be confined to tangible business operations with a social dimension that produce a competitive edge. If corporate philanthropy is independent of business competitiveness and skills, says Porter, then the task is better left to governments and philanthropic organizations. In a flat and globalizing world, however, there would not be many examples where a social cause that a firm might champion is absolutely not linked to its business interests. CSR can be a revolutionary way of contributing to systemic social changes in which investments can produce lasting social benefits in areas such as health (Catalyst Corporation, 2002). In this context, the project manager, who is likely to have a greater degree of awareness about local or regional social issues, can make a significant and effective contribution to a company's CSR.

While CSR will become increasingly important to competitive business, it will take more than good intentions and strong leadership to integrate social and business needs. One must be prepared for adjustments in organization, reporting relationships, and incentives (Porter & Kramer, 2006). However, the financial necessity of maintaining good quarterly results is often the perceived limitation in CSR implementation. How can we ensure good CSR while maintaining appropriate financial and performance results? To make CSR sustainable for companies it is essential that a proper measurement system for corporate social achievement be put in place, accompanied by fitting celebration of and reward for accomplishments throughout the organization and into the broader community. Only then would CSR have a chance of becoming a lasting part of organizational culture.

CSR is too big of an issue to leave to someone else to address. Every company depends on a strong society, and project managers can play a key role in making that happen.

## Suggestions

In order to ensure that CSR is progressively contributing and benefiting, the following suggestions are given to make CSR initiatives more effective:

It is found that there is a need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective

It is noted that partnerships between all stakeholders including the private sector, employees, local communities, the Government and society in general are either not effective or not effectively operational at the grassroots level in the CSR domain.

It is recommended that appropriate steps be undertaken to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR initiatives. As a result, a long term and sustainable perspective on CSR activities should be built into the existing and future strategies of all stakeholders involved in CSR initiatives.

The role of SME and their contribution to CSR in India has to be emphasized upon to increase their contribution to CS initiatives.

Allocating finance for treating CSR as an investment from which returns are expected.

Monitoring CSR activities and liaising closely with implementation partners such as NGOs to ensure that initiatives really deliver the desired outcomes

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