



Corporate Social Responsibility Practices In Indian Corporate World: A Study

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ABSTRACT

Interdependence is higher value than independence goes the saying. In earlier days the business firms were exclusively economic. Today, partly owing to the interdependencies of many groups in our society, the social involvement of business has increased. There is indeed a question as to what the social responsibility of business really is. Moreover, the question of social responsibility, originally associated with business, is now being posed with increasing frequency in regard to governments, universities, Non-profit organizations and even banks.

Society awakened and vocal with respect to the urgency of social problems, is asking managers, particularly those at the top, what they are doing to discharge their social responsibilities and why they are not doing more. On the one hand globalization and liberalisation have provided a great opportunity for corporations to be globally competitive by expanding their production-base and market share. On the other hand, the same situation poses a great challenge to the sustainability and viability of such mega-business, particularly the responsibility towards various stakeholders has been increasing.

Keywords : Corporate social responsibility, Sustainable development.

Introduction

The entirety of CSR (Corporate Social Responsibility) be discerned from three words contained within its title phrase: 'corporate' 'social' and 'responsibility', therefore CSR covers the responsibilities corporations or other profit organizations have to the societies within which they are based and operate. More specifically, CSR involves a business identifying its stakeholders groups and incorporating their needs and values within the strategic and day-to-day decision-making process.

According to world business council for sustainable development, " CSR 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 the local community and society at large."

The rapidly growing field of CSR was initially a tactic used by major corporations aiming to pacify consumers' ethical concerns, with origins in the anti-corporate and anti-globalisation protests of the late 1990s. Today, CSR is epitomized as the voluntary ethical behaviour of a company towards society-including shareholders and stakeholders, holding human and employee rights, environmental protection, community involvement, and supplier relations as core values.

The reasons for companies becoming interested in social responsibility are diverse. Risk protection, market positioning, recruitment, political-social relationship, brand-insurance, crisis management etc., each displaying an inverse relationship between immediate economic impact and degree of commitment. CSR is increasingly crucial to maintaining success in business-by providing a corporate strategy around which the company can rally, but also by giving meaning and direction to day-to-day operations.

Literature Overview

IBM's global survey was conducted to gauge just how deeply the CSR issue has penetrated the core of the corporation and its strategies and operations it mentions in its reports CEOs have long been accountable to a varied group of stakeholders-employees and communities, as well as investors. The nature of these relationships is now changing in ways that significantly affect corporate performance. In part due to the emergence of the Internet and continuing globalisation, companies are becoming accountable for labor issues and working conditions in their partners' operations as well as their own.

One of the Studies "A Guide to Corporate Social Responsibility (CSR)" which mentions that CSR is not about pursuing the CEO's pet interest and 'saving the whales.' CSR should be distinguished from concepts such as 'strategic philosophy' and 'cause-related marketing,' which are valid business strategies and form an element of an organization's CSR policy, but are not a central component of CSR. CSR is a much more holistic approach to business, which is designed to enhance corporate success because of its relevance, rather than represent something unconnected to an organization's core business.

Doing well by doing good isn't just fashionable, it's becoming part of the corporate DNA. A Times Foundation-TNS survey shows how companies have woken up to the value of virtue. Education and health are two of the most popular areas of intervention for companies as part of their corporate social responsibility (CSR) initiatives. A national-level study on CSR among leading business and corporate houses and public sector organizations, carried out by TNS India and the Times Foundation, has revealed that a large majority of the CSR initiatives are regular programmes, with just a small percentage of the 82 companies surveyed implementing one-time events.

At the symposium held Paris 27 October 2008 on the issue “The history and future of corporate social responsibility”, Christian Noyer Governor of the Banque de France states that CSR is a concept whereby companies and financial institutions not only consider their profitability and growth, but also the interests of society and the environment by taking responsibility for the impact of their activities on stakeholders, employees, shareholders, customers, suppliers, and civil society represented by NGOs. Companies (including banks) must take on new responsibilities that go beyond a simple policy of “Paternalism” vis-à-vis their suppliers, customers and employees, such as that practiced up until recent times.

Though the concept of corporate social responsibility has only recently been formulated, there is a long history in both the East and West of a commitment to social philanthropy, in the belief that the creation of wealth is primarily geared for social good. This aspect of ethical business in modern times can be traced back to 19th-century philanthropists like Robert Owen and the various Quaker-owned business. The Quakers “ran successful businesses, made money because they offered honest products and treated their people honestly, gave honest value for money, put back more than they look and told no lies.”

Objectives

The Present paper is basically concerned with the following objectives:

- 1) To understand the current trend of CSR initiatives in India,
- 2) To understand and analyze the need of strategic CSR embracing sustainability in India,
- 3) To know the CSR practices in Indian corporate world.
- 4) To know the modern View of management's responsibility toward CSR.
- 5) To understand the social involvement levels of Corporate.

Changing Views Of Management's Responsibility

There have been changes in attitudes of management in taking social responsibility in the past century. Let us examine these:

Phase I. Profit maximizing management: This derives strength from Adam Smith's “Wealth of Nations”, entrepreneurs produce what people want and they want profit, they produce more for self-interest to earn more profit and benefit all. Thus, competition will bring down prices. “What is good for business, is good for country.” The classical economic doctrine of maximizing profit was against corporate social responsibility.

Phase II. Trustee ship management: It began with diffusion of corporate ownership as share holders. So managers are not only to maximize profits, but also serves as trustees of employees, stakeholders, suppliers, customers and public at large. They emphasized concern for the interest of others as well as ON's own. The change in society's attitude and expectations is reflected in the Socio-economic model of business. This model views business as a sub system of society.

Phase III. Quality-of-life management (QOL): The value of QOL management contrast with both the profit maximizes and the trustee manager. Now the essential equation becomes “What is good or society is good for our company.” While accepting profit as essential, the QOL management would neither produce nor sell unsafe or shoddy goods

Modern View

A case for social responsibility-modern view Peter Drucker argued that management should assume social responsibility. It is thus important for management to

consider the impact of energy business policy and action upon society. It has to consider the actions are likely to promote the public good, to advance the basic beliefs of society, and to contribute to its stability, strength and harmony.

Drucker observed that management to consider demands made by the society on the enterprises. It is for management to convert these demands from threat into opportunities with best damage to the enterprises. Hence focus is on “Quality of product and customer service.”

Now feeling (Sandra Holmes in her study of 540 top executives) is, in addition to making profit, business should help solve social problems whether or not business create these problems.

Figure 1 :

Source:[http://strategis.ic.gc.ca/epic/site/csr-rse.nsf/vwapj/issues.txt/\\$FILE/issues.txt](http://strategis.ic.gc.ca/epic/site/csr-rse.nsf/vwapj/issues.txt/$FILE/issues.txt)

CSR: In Indian Corporate World

This is true within developed nations, but also in comparison to developing nations. Affluent consumers can afford to pick and choose the products they buy. A society in need of work and inward investment is less likely to enforce strict regulations and penalize organisations that might take their business and money elsewhere.

The growing influence of the media sees any 'mistakes' by companies brought immediately to the attention of the public. In addition, the internet fuels communications among like-minded groups and consumers-empowering them to spread their message, while giving them the means to co-ordinate collective action (i.e., a product boycott).

CSR is particularly important within a globalizing world because of the way brands are built-on perceptions, ideals and concepts that usually appeal to higher values. CSR is a means of matching corporate operations with stakeholder values and demands, at a time when these values and demands are constantly evolving. CSR can therefore best be described as a total approach to business.

Corporate Social Responsibility: An Implementation Guide for Business

At Infosys 15000 libraries established in schools across India since 2006, 3.72 million Sq. ft. of office space in Tier II cities across India in the year 2007-2008 and 8,30,000 government school children benefitted by free mid-day meal initiatives.

The Tata Memorial Centre is not just India's best cancer hospital. It is a global centre of excellence where 70 per cent of patients get free primary care. About 10 to 12 million people the world over suffer from cancer. Almost 52 per cent of them are from developing countries. In India 800,000 are diagnosed with this dreaded disease every day. At any given time there are 2.5 million old and new patients. If you think this is bad news, there's worse to come. By 2020 the number of patients globally will shoot up to 20 million, and 72 per cent of them will be from the third world. Is India geared for this future? Not at all, says Dr Ketayun Dinshaw, director, Tata Memorial Centre (TMC), adding, “we need a Tata Memorial Hospital in every state.” She says it was extraordinary vision which made the Tata's set up a speciality cancer centre at a time when there were only a handful of them in the world. Today TMC treats one-third of the cancer patients in the country.

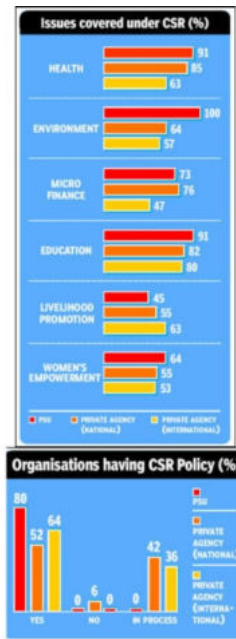


Figure 2 : Implementation framework

When: (Conceptual phase)	What? (Task delineation)	How? (Checkpoints On the Journey)
Plan	1. Conduct a CSR assessment	<ul style="list-style-type: none"> Assemble a CSR leadership team; Develop a working definition of CSR; Identify legal requirements; Review corporate documents, processes and activities, and internal capacity; and Identify and engage key stakeholders.
	2. Develop a CSR strategy	<ul style="list-style-type: none"> Build support with CEO, senior management and employees; Research what others are doing, and assess the value of recognized CSR instruments; Prepare a matrix of proposed CSR actions; Develop ideas for proceeding and the business case for them; and Decide on direction, approach, boundaries and focus area.
Do	3. Develop CSR commitments	<ul style="list-style-type: none"> Do a scan of CSR commitments; Hold discussions with major stakeholders; Create a working group to develop the commitments; Prepare a preliminary draft; and Consult with affected stakeholders.
	4. Implement CSR commitments	<ul style="list-style-type: none"> Develop an integrated CSR decision-making structure; Prepare and implement a CSR business plan; Set measurable targets and identify performance measures; Engage employees and others to whom CSR commitments apply; Design and conduct CSR training; Establish mechanisms for addressing problematic behaviour; Create internal and external communications plans; and Make commitments public.
Check	5. Assure and report on progress	<ul style="list-style-type: none"> Measure and assure performance; Engage stakeholders; and Report on performance, internally and externally.
Improve	6. Evaluate and improve	<ul style="list-style-type: none"> Evaluate performance; Identify opportunities for improvement; and Engage stakeholders.
Cross-check:	One cycle complete	<ul style="list-style-type: none"> Return to plan and start the next cycle.

Cipla, another Indian pharma major has found a novel approach to fulfill its corporate social responsibility obligations by offering to sell a cocktail of anti-HIV drugs, Stavudine, Lamivudine and Nevirapine, to the Nobel Prize-winning voluntary agency Medicine Sans Frontiers (MSF) at a rate of \$350, and at \$600 per patient per year to other NGOs over the world. This offer has led to a significant decrease in the prices of these drugs worldwide increasing the accessibility of these drugs especially in the countries.

The ICICI Group believes that inclusive growth is essential to the sustainable and healthy growth of the economy. The ICICI Group is committed to create conditions for the empowerment of low-income Indians and to facilitate inclusive growth.

Times Foundation, the corporate social responsibility wing of the Bennett, Coleman & Co. Ltd., in partnership with TNS India and IRRAD undertook a national survey to understand the underlying dynamics of CSR and the current situation in India. More than 100 companies participated in the survey and gave us their inputs on CSR policies and initiatives. The summary of the survey are as follows: The selection of issues under CSR by the organization depend on a host of factors including organizational mandate, current relevance of issues and demand from the country. The priority areas that the respondents felt ought to be covered under CSR initiatives included microfinance (99%), environment (81%) health (81%), education (82%), women empowerment (63%), livelihood promotion (62%), sanitation (61%), HIV/AIDS (54%), child care (55%), slum improvement (50%), disaster management (36%) and agricultural development (29%). About 70% of the organizations surveyed said that they have separate allocation of funds towards CSR implementation. This was reported more in the cases of private multinational agencies (81%) followed by PSUs (73%), with lowest in case of private national agencies (59%).

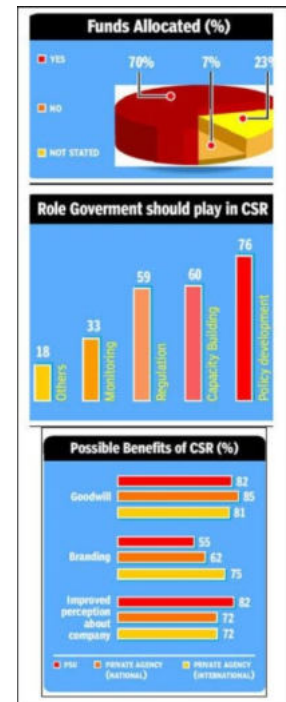
Corporate social responsibility (CSR) is also known by a number of other names. These include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and "triple bottom line," to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as "responsible competitiveness" or "corporate sustainability."

As issues of sustainable Development has described CSR as this business contribution to sustainable economic development. Building on bases of compliance with legislation and regulations, CSR typically includes "beyond law" commitments and activities pertaining to:

Figure 3:

Source: <http://strategis.ic.gc.ca/epic/site/csr-rse.nsf/vwapj/funds.txt?FILE/funds.txt>

- Corporate government and ethics;
- Health and safety;
- Environmental stewardship;
- Human rights (including core labour rights);
- Sustainable development;
- Conditions of work including safety and health, hours of work, wages);
- Industrial relations



Future of CSR

One of the most significant trends will be the increasing influence of stakeholders, whether through more engaging stakeholder dialogue or through stakeholder campaigns. Stakeholders will become more strategic and more coordinated, increasingly working together on issues of common concern. Consumers and employees will become more demanding as an when they perceive the connections between corporate behaviour and their quality of life.

CSR issues are expected to remain the same, though the performance bar will continuously be raised. The environment, poverty and social exclusion and governance, ethics, transparency and accountability are expected to be the dominant future CSR issues.

Figure 4 : Legal Framework



The continuum seen today of companies' differing commitment to significant CSR- will be evident in the future. More strategic, integrated and 'deep' CSR adherents will emerge over the decade.

Suppliers will increasingly be pulled into CSR practice as companies through coercion or choice integrate CSR throughout their supply chains. Suppliers and other stakeholders will increasingly become part of the product design process as companies endeavour to reduce their negative and enhance their positive impacts.

Developing business principles consistent with this. Most governments will be requiring mandatory disclosure of corporate social and environmental performance, and encouraging different CSR approaches to flourish through voluntary compliance on CSR standards and codes. Business schools will increasingly jump on the CSR bandwagon, integrating CSR curriculum within their business programs. CSR will be promoted as a means of fostering creativity and innovation and some companies will be reaping the benefits of this.

Companies will be increasingly called upon to help address the growing social and environmental challenges emerging globally and locally. They will be bringing their resources and influence to bear on those problem through cross-sectoral initiatives. CSR companies will be promoting protection of human rights and generating economic, social and environmental benefits.

Suggestion

Install the social responsibility practices more vigorous with a service mind set.

Government should make it compulsory that every corporate should also submit their corporate social responsibility reports and accounts along with their regular annual reports.

As told earlier rather than insisting and enforcing things it should become a practice.

Internalizing CSR as Initiative of HRM: It is evident that many companies are involved in CSR but benefit cannot be passed till the time CSR initiatives are not aligned to value chain, value network and benchmarking. To do that social responsibility needs to be embedded in an organization's culture to bring change in actions and attitudes in which Human Resource can play a significant role.

CSR in Rural Sector: Companies cannot achieve sustainability even though companies are taking serious efforts for the sustained development without passing the benefit of CSR initiatives to rural India. Moreover, people in rural are deprived of minimum needs. Hence CSR major focus should be on providing quality of life to the people in the rural sector and one such example can be by developing agri-SEZs in India.

CSR focus on the Bottom of pyramid: There is huge consumer potential in rural India and addressing this segment is a win-win partnership for both companies and the people. The companies benefit by widening their

consumer base and selling more products; the rural people benefit by getting quality goods and services, which motivate them and raise their self-esteem. So, there is a need for companies to design and develop innovative products and services, and help the poor prosper.

A step ahead from triple bottom line: A triple bottom line includes people, planet and profit. In the private sector, a commitment to corporate social responsibility implies a commitment to some form of TBL reporting but in today's scenario corporate need to move ahead from people, planet and profit to partnership, progress and prosperity for taking a shift towards strategic CSR. In a nutshell, companies should take people together with them to reach to the ground level, seek ways for progress on the planet and most importantly not only work for profit but should also work for prosperity of the community. Effective partnerships between corporate, NGOs and the government will place India's social development on a faster track.

Conclusion

CSR is relevant for business in all societies, it is particularly significant for developing countries like India, where limited resources for meeting the ever growing aspirations and diversity of a pluralistic society, make the process of sustainable development more challenging. CSR interventions-based on commitment, mobilization of employees-voluntarism, innovative approaches, appropriate technology and continuing partnership-have been making lasting differences in the life of the disadvantaged. Further, synergy of corporate action with the government and the civil society are making the CSR interventions more effective and facilitating the corporate carrying on business in the society.

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