



A Study of Corporate Social Responsibility in Indian Organizations

KEYWORDS

Corporate Social Responsibility, Corporate governance

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ABSTRACT "The world cannot get out of its current state of crisis with the same thinking that got it there in the first place." Albert Einstein.

Corporate Social Responsibility refers to the development of economy in a systematic way for ethically business purposes. In order to enhance the life quality of the personnel, societal and general communities at large. At present the concept of Corporate Social Responsibility has become increasingly popular in India. Many government and private Indian companies are adopting the principles of Corporate Social Responsibility in today's competitive business environment. This research paper will give the full information of some selected Indian companies using CSR technique. Indian businesses realized that they have to watch not only the companies' aspect the ecological as well as social impact as we can say the three pillars of CSR. Though, as to be a part of planned strategy integral to business success, the Indian companies have a lot of communication sources up to do. CSR is also interring related to the broader term of "Corporate Governance. In Indian companies have to take a nearer appear at CSR and connect it to the corporate governance, if the three pillars of CSR is been marked. The study is totally based on the secondary data sources.

INTRODUCTION

In India Corporate Social Responsibility is finally veracity. Indian organizations realized that they have to watch not only the economic dimension of their company, but also towards ecological and environmental, social impact – the three pillars of CSR. However, to become a designed plan integral to the business success, in Indian companies have a lot of catch up to do. CSR is in addition related to the broader word of "Corporate Governance join it's to corporate governance, if they in reality want to make a noticeable all the three pillars of Corporate Social Responsibility. In current pilot study by CII in Tamil Nadu, (Express Buzz) just 40% of the companies practice CSR initiatives. The pilot study that a majority of the companies did not obtain CSR seriously and those who did, did it only with a philanthropic outline of mind also revealed that more than 50 % of the companies made their employee welfare performances as element of Corporate Social Responsibility initiative, not in reality contributing to an external community or its growth Sustainable CSR programmes.

In today's changed business situation that there is an enlarged focus on the giving back to the society and creating a model which works on long period and is sustainable as well as it is essential that the best practices for inclusive development are shared by way of the stakeholders. The concept of CSR in the large business groups has occupied a essential place in the superior national conversation on economic issues since the pre-independence in India.

Gandhi described the large industry as 'trusts' of the 'wealth of the people' and emphasized that on the superior social reason that the business wealth should serve up in the independent in India. In the recent days of the post-independence time, the Indian state under the heavy influence of Nehruvian socialism encouraged private industries to play an active role in the economic and social development of the backward sections of the society. As Nehru's gentle socialism gave way to the more radical policies of

nationalization and policies in economic affairs resorted to large scale corporate welfare programs to demonstrate the socio-economic development of the nation and was not anti-people. Market based economic practice has further widened the scope of inequalities in the country. The emerging business culture of profit and competition has more and more marginalized social welfare issues. There are many instances where corporate have played a dominant role in addressing issues of education, health, environment and livelihoods through their corporate social responsibility interventions across the country. Private business enterprises like, TATA, Birla and Reliance are practicing the CSR for decades, long before CSR emerged as a norm to develop a culture of social welfare and environmental sustainability among the leading economic giants of the country.

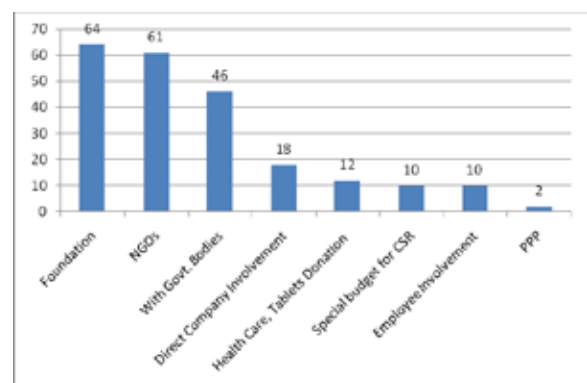


Chart 1: CSR Approaches adopted by Firms in India
Source: IIMC. WPS No. 729/ June 2013

LITERATURE REVIEW

The role of business in society has undergone a dramatic change in India. Only a few studies have explored some of the multiple aspects of this concept in India, both theoretically and empirically (Arora and Puranik, 2004; Balasu-

bramania et al., 2005; Baskin, 2006; Narwal and Sharma, 2008). India is a demographic welfare state. It wants to achieve welfare through democratic means. Business organizations which fit in with such a specification would have a better scope to survive and grow here in order to make themselves suitable for such a business environment, they should foster a corporate objective of maximizing social benefit. The main idea of CSR is that companies should accept that they play in society more than just an economic role. But the role of CSR in industry and commerce sector in developing countries, are limited, because of less skilled workers, less specialist experts; less political decision for social welfare, low economic development levels (e.g., Baughn et al. 2007), low GDP, unsteadiness between richer and poorer peoples, Low income, less purchasing power, additional corruption, different Cultural aspects, and financial instability. But in recent years the emerging markets have received increased attention (Baskin 2006; Baughn et al. 2007; Cappellin and Giuliani 2004; Chapple and Moon 2005; Ewing and Windisch 2007; Kimber and Lipton 2005; de Oliveira 2006; Qu 2007; Roper and Weymes 2007; Welford 2004). At the time of recession when economies go down, companies hack their product cost, delayed in payment, small firms takeover by the large firms, consumers buy back their money in the market and hold it, Consumer switch substitute products; On that time CSR is a significant tool to overcome these problems. Studies have found that firms from emerging markets lag behind their counterparts in mature economies with regard to CSR implementation and activities (Welford 2004). According to a survey conducted by the Factum Invenio in 2009 for Czech Donors Forum, two thirds of Czech citizens believed that the economic crisis affects, among other areas, the socially responsible behavior of corporations Petrová & Rejzková, (2009), There are some factors in business environment (i.e., the political, economic, social, and technological environments) may promote the development of CSR, All of these factors play a vital role for the achievement of society and business also but beside this the most important factor came under corporate social responsibility is political factor; because the role of government is very imperative for every society, it govern the policy and regulate it time to time and prepared new laws which is mandatory for all corporate and beneficial for whole economy related to national income, standard of living, reduced poverty, welfare for society. Francesco et al (2008) states different organisations employ different techniques and methodology to tackle Corporate Social Responsibility (CSR) issues. As per Kabir (2011) the major causes for concerning CSR practices by the companies are to generate and sustain a favorable corporate picture where organisations should be viewed as where companies should be viewed as net contributors to society. Brooks (2012) suggests that, corporate responsibility should emphasize upon the accountability of a company towards its stakeholders.

Srivastava (1995) states that Industrial and environmental crises are serious issues for human survival. These issues are ingrained in corporate performance products, and production systems. For corporations to importantly act in response to such issues, we require a better evolving conceptual framework of corporate social responsibility (CSR). McWilliams (2002) suggests that CSR activities fuelled by political interests will generate a sustainable firm in totality. Russo (1997) there is a positive relation among environmental presentation and financial presentation According to Baron (2001), CSR focussed for socially responsible consumers is referred to as planned CSR, in the sense that firms offer a public good quality in conjunction with their marketing/business plan Friedman (1970) highlighted

that CSR reflects activities inclined for the benefit of managers, and thus, remove of shareholder wealth

OBJECTIVES OF THE STUDY

To recognize of the scope of corporate social responsibility in India.

To study of the Corporate Social Responsibility Practices in Indian organization.

RESEARCH METHODOLOGY

This study is focus entirely based on the secondary data of collected from the different sources. The data are generated by responsible authorities of the departments as well as published research by various researchers provided on their site/reports. Apart from these, data has been taken from different Books, Journals, Research Papers and other print media. The present study was undertaken to understand the responsibility and giving of the organization world in the form of corporate social responsibility.

RESULTS & DISCUSSIONS

BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

Although there is several relationship among CSR as well as big business ethics, together of them carries that their own alike meanings and fulfilments. Both the concepts of concern values, objectives and assessment based on something than the pursuit of profits so that the socially responsible firms must take action of ethically The distinction is that the CSR is about the organization's restrictions to all stakeholders and not presently shareholders and ethics concerns individual actions which can be assessed as correct or incorrect by the reference to moral ethics Moreover, corporate social responsibility is an obligation, away from the required by the regulation and financial side for a firm to pursue lengthy moment goals and that are good quality for society and the continuing commitment by the business to perform ethically and give to economic growth while recovering the quality life of the personnel and their families of the local areas with society at huge .CSR refers to the organising the business in an ethical mode and in the interests of the wider community performing completely to promising societal priorities and outlook It is a dedication to take act ahead of authoritarian argument balancing shareholder interests beside of the interests of the wider area for becoming a high- quality resident The scope and nature scope of the corporate social responsibility has been changed over period The concept of the CSR is a moderately fresh one—the expression has only been in broad utilize since 1960s. But, while the economic, lawful ethical, and discretionary prospect placed on organizations may differ, it is possibly accurate to say that every one societies at all points in period have had a few degree of prospect that the organizations would perform responsibly.



Figure 1: The Pyramid of Corporate Social Responsibility.

Source: Pankaj Doh et al, 2013

CSR OF INDIAN COMPANIES

Reliance: In the areas approximately of its organize plant areas in Rosa, Sasan, Krishnapatnam, Chitrangi, Butibori, and the others, Reliance Power has been actively concerned with the various social and environmental organizations to address of the issue of sustainable growth and social uplift. The Company discharge of its liability as a corporate resident actively contributes to community welfare procedures or takes up some societal initiatives each year. Reliance Power Ltd. has been almost working with institutions and societal organizations and supporting of their programs for its social development adult literacy, receiving of rural society tree plantation schemes etc and it includes strength education and service.

TATA: One of the exclusive programmes that lends support to the activities of the Tata group for sustainable growth while driving of its community engagement or improvement programs is The Tata Council for Community Initiatives (TCCI). The Tata Council for the Community Initiatives is a centrally administered group whose function is to supports the Tata companies and workers connect in developing the community through definite processes.

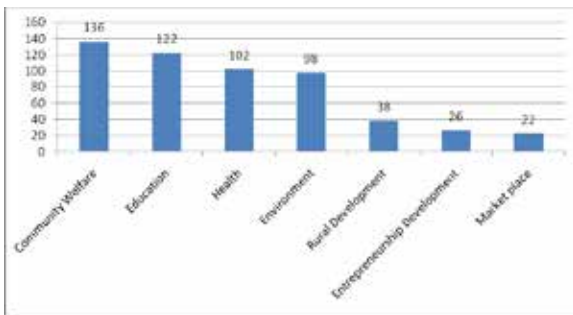


Chart 2: CSR activities (number of companies) practiced by Indian Corporations

Source: IIMC. WPS No. 729/ June 2013

Tata index for sustainability: It has made a tangible contribution to the derivation of a score measuring sustainable human growth is a pioneering effort expected at directing, measuring and getting better the social uplift programs that the group enterprises undertake. The index provides guiding principle for major companies in the group working to discharge their moral and revolves around Tata Business Excellence Model.

INFOSYS: Infosys forever responds to a individual crisis by volunteering and pledging help. Most districts of Karnataka on the northern region were adversely affected by severe downpour. It accounted for the loss of lives and homeless villagers. The employees at the above company undertook to rehabilitate villagers by devising a housing plan. Further it also spent a sizeable money aiming to radicalize the relief operations. It also built homes crosswise 18 villages in five districts under 'Aasare' program. This housing project provides a baseline for rest of the rehab projects. It has worked in tandem with various agencies local and state speeding up the engines of development. Sustainable alive Volunteers of the Infosys Flood Relief group have developed a outline that sustainable communities. The fresh homes are constructed with facilities of the techniques like harvesting with rainwater. Further it also

mobilised people to open the bank accounts enhancing the levels of financial inclusion. They also have provided a system for Flood Relief Management coordination to harness the level of activities altogether.

Although, there are sufficient laws which focus on CSR towards ensuring a more balanced, harmonious and welfare oriented developmental approach. Though, there has been limited success in achieving the goals of CSR. Given the uncertain economic scenario coupled with widespread poverty and unemployment, it becomes very difficult on the part of government to take stringent action against national and multinational business firms to ensure greater compliance to CSR laws and legislations. Comparatively, lower environmental and labour standards of foreign direct investment targets are appealing to trans-national corporate because such lenience boosts production efficiency and increases competitiveness in the short term, resulting into increased profits and productivity (Herrmann, 2004). This is one of the leading causes for apathy to strongly enforced laws related to CSR in India. It is equally true that the relationships between various stakeholders in business are becoming more transparent, interdependent, responsible and harmonious. Country's public sector enterprises have one of the best CSR ranking in the world and some of the private sector firms have equally earned praise for their efforts in the domain of education, health and welfare oriented schemes. Big welfare schemes like national Food security Act need active financial supports from corporate to make such schemes a success. Non-governmental organizations, civil society and media have further enhanced the scope for greater cooperation and harmony between corporate and the society in which they operate. Finally, we have a welfare oriented democracy in which our political classes should be sensitive towards the welfare of the common masses.

CONCLUSION

Companies are taking severe efforts for the sustained development, several critics still are inquiring the conception of CSR. There are several persons who claim that CSR underlies a few mysterious motives while others believe that it as a myth. The fact is that CSR is not a method for brand construction however; it creates an internal brand between its employees. Indulging into actions that support to society in one way and the other hand only join the goodwill of a companies. CSR is the task of everybody i.e. business corporations, governments, individuals as of the reasons: the income is earned only from the society and therefore it should be given back; thus wealth is aimed for use by the self and the public; the essential purpose behind all types of business is to quench the hunger of the mankind as a whole; the essential purpose of all business is only to support people. CSR cannot be an added extra - it must run into the core of all business" ethics, and its management of employees as well as customers. Thus, CSR is becoming a fast-developing and more and more competitive ground. The case for representing corporate responsibility is reaching powerful as prospect between key views of formers, clients as well as the public are increasing. Being a good corporate citizen is ever more crucial for the commercial achievement and the key of lies in similar public prospect and priorities, and in communicating association and achievements broadly and successfully

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