



Corporate Social Responsibility: Can't Be Denied by The Indian Corporate

KEYWORDS

Profitability, Social Concern, Responsibility, Corporations, Profit, CSR

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ABSTRACT *The CSR is not the innovative concept for the corporate world working in INDIA. Today, the concept of CSR has become an inevitable concept a business world has to develop, grow or has to survive even in the this cut throat competition. In India, as in the rest of the world there is a growing awareness that capital markets and corporations are, after all, created by society and must therefore serve it, not merely profit from it. If this concept has to be developed then the entrepreneurs have to change their attitude towards business of earning profit only. The main drivers of CSR have been the shrinking role of government, demands for greater disclosure, increased customer interest, grown investor pressure, competitive labour markets and supplier's relations. This paper tries to highlight the CSR status in India and the CSR practices performed by the Indian corporate.*

INTRODUCTION:

Corporate Social Responsibility (CSR) refers to the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action, which are desirable in terms of the objectives and values of our society (Bowen). Thus, CSR may be defined as the obligation of companies to protect and enhance the norms and values held by the society within which it operates. The World Business Council for sustainable development in its publication, "Making Good Business Sense" by Lord Home and Richard Watts, says : "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the community and society at large. "The United Nations has also acknowledged the global imperative of direct intervention by body corporate in the social sector.

Companies must determine their own standards for to act in a socially responsible way. They should not follow only financial bottom line but to focus on the concept of "Triple Bottom Line" with concern for people, planet and profits. The organizations should also take responsibility to make consumers/people understand what actually the concept of CSR is?

Today, the companies don't only focus over profit increment and they are not only concerned for their personal development only but they have started giving proper attention over green and environmental aspects. Even consumers are getting the importance of CSR and they also are aware about the environmental and green issues and are purchasing their stuff only from those organizations which are showing consideration for natural resources, forests, oceans, natural oil etc... Now a days, business also focus upon the concepts of recycling the waste papers, water and plastics, rubber and also on reduced emissions and water conservation.

"In India nearly 50% of 18 – 24 & 25 – 34 year olds are more likely to take a pay cut to work for a socially responsible company... a much higher percentage than any other age group. According to a survey, "70% of consumers are willing to pay a premium for products from socially responsible companies. IN FACT, 28% ARE WILLING TO PAY AT LEAST \$10 MORE."

The Emergence of Corporate Social Responsibility:

In the 1970s and 80s environmental concerns such as loss of the rainforest and the effects of pollution led to a recognition that something had to be done to change the way we were using the planet resources. As a result, heads of state came together at Rio, Brazil in 1992 for what was Earth Summit. At Rio, governments pledged action to stop the unsustainable use of resources and to promote sustainable development- Put simply, sustainable development is about society growing in such a way that future generations are not compromised and have access to the same resources that we have.

For this to happen social, environmental and economic considerations should be assessed together and not in isolation. The Earth Summit produced various United Nation conventions including conventions on biological diversity and climate change. CSR is now sometimes considered as the business response to the challenge of sustainable development. Indeed the outcomes from the Earth Summit's successor - the World Summit for Sustainable Development in 2002 - focused on partnerships. There appeared to be a role for everyone - governments to provide fair and socially just laws, business to behave responsibly and consumers to think about their actions by reducing waste or asking questions about how and where their goods came from.

The 1990s saw social concerns come to the fore. Poverty and disease became global concerns, as did examples of poor business practice in dealing with social issues such as child labor, bribery and corruption that were exposed by the media. Society began to recognize that governments alone could not solve these problems.

Current State of CSR in India:

As discussed above, CSR is not a new concept in India. Ever since their inception, corporate like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few have been involved in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders. CSR policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporate feel that CSR is not just

another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness.

Companies have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the mainstream business. The programs are put into practice by the employees who are crucial to this process. CSR programs range from community development to development in education, environment and healthcare etc. For example, a more comprehensive method of development is adopted by some corporations such as Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited. Provision of improved medical and sanitation facilities, building schools and houses, and empowering the villagers and in process making them more self-reliant by providing vocational training and a knowledge of business operations are the facilities that these corporations focus on many of the companies are helping other peoples by providing them good standard of living.

On the other hand, the CSR programs of corporations like GlaxoSmithKline Pharmaceuticals' focus on the health aspect of the community. They set up health camps in tribal villages which offer medical check-ups and treatment and undertake health awareness programs. Some of the non-profit organizations which carry out health and education programs in backward areas are to a certain extent funded by such corporations. Also Corporate increasingly join hands with Non-governmental organizations (NGOs) and use their expertise in devising programs which address wider social problems.

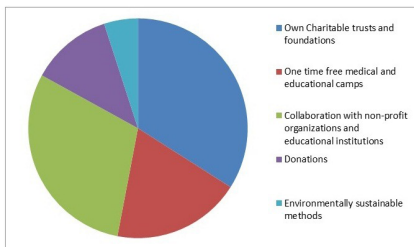
STATISTICAL PERFORMANCE

Industry-wise Segregation of Major CSR Activities Undertaken by Firms in 2012-13.

Industry	Health	Education	Community Development/Rural Development	Environment	Total
Oil & Gas	23.50%	35.29%	29.41%	11.76%	100%
Automobile	40.00%	10.00%	40%	10%	100%
Consumer Durables	24.76%	21.34%	15.25%	28.75%	100%
Iron & Steel	35.29%	23.53%	35.29%	5.88%	100%
Banking & Financial Services	8.57%	20.00%	48.57%	35%	100%
Power	10.00%	10.00%	45%	35%	100%
Infrastructure	8.35%	30.55%	44.44%	16.66%	100%
Cement	22.20%	25.00%	29%	23.8%	100%
Paper &Pulp	19.90%	24.10%	18%	38%	100%
Pharmaceutical	30.00%	28.00%	22.00%	20.00%	100%

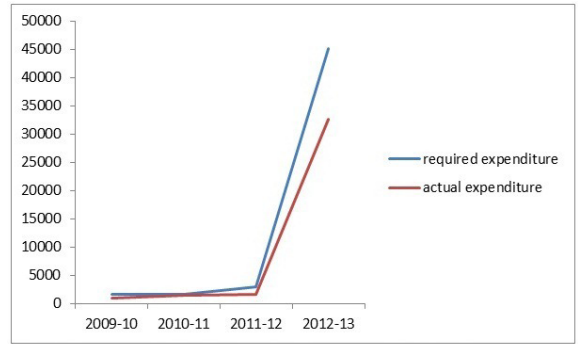
Source: Calculated by the author from the annual reports of the top 200 firms for the year 2012-13

Type of CSR performed by Indian Corporate :



Source: Calculated by the author using data from the 2012-13 annual reports of companies.

Required and Actual Expenditure by Indian Firms Meeting the Threshold:



Y axis: Required and actual expenditure in million rupees; X axis: Year

Source: Calculated by the authors using Prowess data for the year 2012-13.

FUTURE OF INDIAN CSR:

The future of CSR seems to be very positive because the Indian Corporate today does not take CSR as obligation but it is considered as a Moral Responsibility. There is clear need to develop a more coherent discourse on CSR. It is often seen as a strategy to clean the Sins of pollution, or to provide a facelift to the company's public image. But it should be more of a tool to give cleaner reputation and socially responsible identity to companies, involving them and their employees in the process of positive social transition. Most of the organizations in India have not instituted structured systems for approaching or deploying CSR. The organizations need to structure the CSR initiatives through articulation of policies and guidelines, allocation of resources and performance evaluation and reporting as followed by the institution of management systems. Nearly 90 per cent of the corporations recognize that there is a paradigm shift occurring wherein investors of the future

shall demand greater transparency in disclosure of both financial and non-financial information to better Understand companies, and most of the corporations are gearing up to respond to such requirements from investors as most (88 per cent) believe that they shall benefit from such transparency.

The vision of holistic stakeholder approach to CSR is now getting firmer. There is an all round desire to be a good corporate citizen. However, transition from the present compliance centric approach to the new paradigm requires creation of an enabling environment and an array of support measures. A suitable strategy based on the barriers and drivers for change need to be developed. This process will be facilitated by the business schools in the country teaching CSR as a part of the course curricula. Industry associations will also play a critical role in sharing of experiences and rewarding best practices. Also, there is a need

to incorporate the public policies that are being developed globally into the Indian CSR. International agencies have a role play in the cross-country sharing experience.

Corporations, whether public or private, draw much from society. If a corporation draws so much from society it has to make its own contribution to society. When CSR is adopted as a business strategy for sustainable development, it goes to improve corporate performance. It offers manifold benefits to corporations, both internally and externally.

Conclusion:

Thus, it is inevitable for the corporate sector today, to follow the concept of CSR in a very sincere manner in order to grow and survive the business in this global business

world. Companies not only in INDIA but across the world today have realized the importance to the concept of CSR. They have realized that only making profits from the society will not work today but along with that they have to serve society. They even have to take care of the different classes of the society. Basically an entrepreneur is considered a creditor of the society but in reality he is a debtor of the society because the society has accepted the very existence of the business so to fulfill his debts towards the society an entrepreneur has to perform certain functions and has to serve the society morally.

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