



Corporate Social Responsibility: The Indian Context

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ABSTRACT

Corporate Social Responsibility (CSR) has become a buzzword now. Today CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It is an integral part of the corporate strategy. CSR is that the business has a responsibility – towards its stakeholders and society at large – that extends beyond its legal and enforceable obligations. There are many companies in India (Tata, Birla, SAIL, BHEL etc), which are engaged in doing such activities that benefit the community at large. These companies play an important role in nation building and socio-economic development and have also taken up a number of initiatives for the development of society. The ideal definition of 'Corporate Social Responsibility' given by World Business Council for Sustainable Development is – "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 as of the local community and society at large." It encourages more social and environmental responsibility from the corporate sector at a time when the consumer confidence and the levels of trust in business is getting damaged. In this backdrop, an attempt has been made (a) to discuss about the definitional aspect of corporate social responsibility; (b) to discuss about the importance of CSR; (c) to throw light on the evolution of CSR in India; (d) to examine the contributions of Indian companies towards the communities at large through CSR and (e) to make concluding remarks.

Keywords : CSR, Quality of Life, Stakeholders, Strategy

Introduction

Corporate Social Responsibility (CSR) has become a buzzword now. It is one of the most important global issues. With the passage of time, CSR expanded to include both economic and social interests. Companies have become more transparent in accounting and display 'public reporting' because of pressures from various stakeholders. Now the companies behave in the 'desired' ethical and responsible manner towards customers, employees, communities, stakeholders and environment. They have started incorporating their CSR initiative in their annual reports. CSR has become increasingly prominent in the Indian corporate scenario. Organizations are expected to grow their businesses. With the growth of their businesses, organizations need to build trustworthy and sustainable relationships with the community at large. Today CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy.

Defining Corporate Social Responsibility (CSR)

If the term "Corporate Social Responsibility" is interpreted separately, it manifest that (a) 'Corporate' -means organized business; (b) 'Social' – means everything dealing with the people and (c) 'Responsibility' – means accountability between the two. CSR is represented by the contributions undertaken by the companies to society through its business activities and its social investment. The ideal definition of Corporate Social Responsibility given by World Business Council for Sustainable Development is – "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 as of the local community and society at large."

The European Commission has given a simpler definition of CSR as "the responsibility of enterprises for their impacts on society and outlines what an enterprise should do to meet that responsibility". CSR is that the business has a responsibility – towards its stakeholders and society at large – that extends beyond its legal and enforceable obligations.

CSR: Why it is important

- 1) It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovative capacity.
- 2) It encourages more social and environmental responsibility from the corporate sector at a time when the consumer confidence and the levels of trust in business is getting damaged.
- 3) CSR requires engagement with internal and external stakeholders so that it enables enterprises to anticipate better and take advantage of fast-changing expectations in society as well as operating conditions. This means it can also act as a driver for the development of new markets and create real opportunities for growth.
- 4) Enterprises can build long-term employee, consumer and citizen trust by addressing their social responsibility as a basis for sustainable business models.
- 5) It helps mitigate the social effects of the crisis, including job losses.
- 6) CSR offers a set of values on which a more cohesive society is built.
- 7) It can enhance brand image and reputation.
- 8) It can generate ability to attract and retain employees.

CSR includes

CSR encompasses the following:

- 1) All activities aimed at communities that benefit them in a sustainable manner. However, a company that undertakes such activities but does not comply with business basics cannot be termed as social responsible.
- 2) Basic business practices and value chain that go beyond legal compliance to benefit the disadvantaged amongst the company's stakeholders, e.g. poor customers, marginalized producers and so on.
- 3) Advocating for change in public policy and laws that benefit disadvantaged people.

Evolution of CSR in India

The concept of 'Corporate Social Responsibility' was first mentioned in 1953 in the publication "Social Responsibility-

ties of the Businessman” by William J. Bowen. However, the term CSR became only popular in the 1990s, when the German Betapharm, a generic pharmaceutical company decided to implement CSR. The concept of CSR is not new in India. Philosophers like Kautilya from India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business. The concept of helping the poor and the disadvantaged was cited in much of the ancient literature. It emerged from the ‘Vedic period’ when history was not recorded in India. In that period, Kings had an obligation towards society and merchants displayed their own business responsibility by building places of worships, education, inns and wells. The 1990s have perhaps been the decade of profound change in India’s economic paradigm and have significantly affected Corporate India.

The evolution of corporate social responsibility in India is shown below:

- “ Ethical Model (1930-1950): Mahatma Gandhi introduced the notion of ‘trusteeship’. Under this notion, the industry leaders had to manage their wealth so as to benefit the common man. The idea prompted many family-run businesses to contribute towards socio-economic development. Gandhi’s influence put pressure on various Industrialists to act towards building the nation and its socio-economic development. According to Gandhi, Indian companies were supposed to be the ‘temples of modern India’.
- “ Statist Model (1950-1970): This model was propounded by Pt. Jawaharlal Nehru. It came into being in the post independence era. The era was driven by a mixed and socialist kind of economy.
- “ Liberal Model (1970-1990): Milton Friedman introduced liberal model. As per this model, corporate responsibility is confined to its economic bottom line. This model stated that corporate responsibility primarily focuses on owner objectives and stakeholder responsiveness, which recognizes direct and indirect stakeholder interest.
- “ Stakeholder Model (1990 – Present): The model came into existence during 1990s as a consequence of realization that with growing economic profits, businesses also have certain societal roles to fulfill. The model expects companies to perform according to “triple bottom line” approach. The businesses are also focusing on accountability and transparency through several mechanisms.

Corporate Social Responsibility: Role of Some Indian Companies

There are many companies who are deemed to be forerunners of CSR. The snapshot of some companies towards CSR are stated below:

- A. TATA: TATA group is considered to be a pioneer in the area of CSR and has played an active role in nation building and socio-economic development since the early 1900s. From its inception, the TATA group has taken up a number of initiatives for the development of society. About 7000 villages around Jamshedpur and Orissa benefit from development programmes run by the TATA Steel Rural Development Society (TSRDS). Programmes of TSRDS cover issues like education, irrigation, afforestation, adult literacy, vocational training, handicrafts and rehabilitation of the handicapped persons. The Community Development and Social Welfare Department (CDSW) at TATA steel carries out medical and health programmes, blood donation drives, and drug de-addiction etc.
- B. BIRLA: The Birla Groups of companies are also among the pioneers in the field of corporate social responsibility in India. As part of the Aditya Vikram Birla Group’s Social Reach, the Birla group runs many hospitals, adult educa-

tion and schools all over India. This group rehabilitates handicapped persons. It also provides vocational training, and has adopted several villages under its Village Infrastructure Development Programme.

- C. MAHINDRA: Among corporates who have displayed deep commitment to corporate social responsibility over long years is Mahindra and Mahindra. The late Mr. K. C. Mahindra for promoting education among Indians at all levels established the K. C. Mahindra Education Trust in 1953. Every year the Trust offers interest free loan scholarships to post-graduate students going abroad for higher studies. The Mahindra Search for Talent Scholarships is a scheme established in 34 schools in India to enthuse and reward students who have achieved excellence in their academic pursuits.
- D. Reliance Industries Ltd.: Reliance Industries Ltd. launched a countrywide initiative known as “Project Drishti”. It is meant for restoring/bringing back the eyesights of visually challenged Indians from the economically weaker sections of the society.
- E. Steel Authority of INDIA (SAIL): SAIL was founded with well-articulated socio-economic objectives towards the people of India – employees, customers, supplies and community. SAIL has taken successful actions in the field of environment conservation, health and medical care, education, women upliftment, providing drinking water and ancillary development.
- F. GlaxoSmithKline Pharmaceuticals: GlaxoSmithKline Pharmaceuticals’ CSR programmes primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps, and health awareness programmes. They also provide money, medicines, and equipment to non-profit organizations that work towards improving health and education in under-served communities.
- G. ACC: ACC has been rendering social service for over 5 decades. They are setting up schools, health centers, agro-based industries, and improving the quality of rural life.
- H. BHEL: BHEL is actively involved in the welfare of the surrounding communities. It is also providing drinking water facilities, construction of roads and culverts, provision of health facilities, educational facilities etc.
- I. NTPC: NTPC has established a trust to work for the cause of the physically challenged people.

This apart, similar commitment to CSR has been displayed by several corporates in India. These corporates have been deeply committed to their commitments engaging in programmes encompassing education, health, integrated rural development etc.

Conclusion

CSR is a part and parcel of the corporate strategy. Business enterprises are no longer expected to play their traditional role of mere profit making enterprises. The companies are facing increased pressure for transparency and accountability, being placed on them by their employees, customers, shareholders, media and civil society. The ever-increasing role of civil society has started to put pressure on companies to act in an economically, socially and environmentally sustainable way. CSR talks about responsibility across all stakeholders in terms of the Triple Bottom-line, people, planet and profits.

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