



## CORPORATE SOCIAL RESPONSIBILITY: A REVIEW OF LITERATURE

**Yemokhya Fakay**

Assistant Professor, Margherita College, P.O. - Margherita, Dist-Tinsukia, Assam

**Biraj Buragohain**

Assistant Professor, Margherita College, P.O. - Margherita, Dist-Tinsukia, Assam

### ABSTRACT

Businesses are no longer viewed as only the economic entities but are perceived to be an inseparable part of the society. Corporate Social Responsibility (CSR) is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Over the last years an increasing number of companies worldwide started promoting their business through CSR strategies because the customers, the public and the investors expect them to act sustainable and responsible. The government also suggests to the business units that the corporate should enact a framework related to CSR and include them in their vision, mission and strategic planning. CSR initiatives, if being implemented by all the corporations for rural development will have a positive impact in overall development of the society and their business.

### KEYWORDS

CSR, Corporations, Development, Strategies.

### INTRODUCTION

The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds an organizations social responsibility, arises from the fact that a business enterprise derives several benefits from the society, which must, therefore, require the enterprise to provide return to society as well. This, therefore clearly establishes the state of a business organization in the good health and well being of a society of which it is an integral part. Most pompously, in this age of widespread communication and growing emphasis on transparency, the managers should help their company in developing of a Corporate Social Responsibility (CSR) management and reporting framework.

CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives while at the same time addressing the expectations of shareholders and stakeholders.

The idea of CSR first came up in 1953 when it became an academic topic in HR Bowen's "Social Responsibilities of the business". Since then, there has been continuous debate on the concept and its implementation. Some of the definitions of CSR are given below:

**World Business Council for Sustainable Development** defines CSR as "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 the local community and society at large"

According to **CSR Asia**, "CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of diverse stakeholders"

**World Bank Group** states that "CSR is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development."

According to **Bowel**, "CSR refers to the obligation of businessman to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society".

### CSR in India:

In India CSR is known from ancient time as social duty or charity, which through different ages is changing its nature in broader aspect. From the origin of business, which leads towards excess wealth, social and environmental issues have deep roots in the history of business. India had a long tradition of corporate philanthropy and industrial welfare has been put to practice since late 1800s. CSR is recognized as an important function contributing to accelerate the process of overall development of a nation. India being the second most populous country in the world, and home to the largest number of people in need of basic amenities, calls for more intensive efforts as part of such initiatives in the healthcare space of the nation. Indian companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal.

The evolution of CSR in India can be divided into four phases.

- CSR motivated by charity and philanthropy: It was characterized by the inclination of industrial families of the 19<sup>th</sup> century such as Tata, Godrej, Modi, Birla, Singhanian towards economic as well as social considerations.
- CSR for India's social development: The second phase started with the independence movement where the industrialists were influenced by Mahatma Gandhi for socio-economic development of the nation. During this phase schools, colleges, training centers etc, were set up by various companies.
- CSR under the paradigm of the mixed economy: the labor and environment laws were introduced in an independent India. The CSR activities were mainly taken by the Public Sector Undertakings (PSUs).
- CSR at the interface between philanthropic and business approaches: the fourth phase started from 1980 till the present. Indian started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy.

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. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set budget to support them.

#### REVIEW OF LITERATURE:

In view of the changes to the economy in India since liberation, and the rapid growth in certain industrial sector or regions, CSR perception data is an important field to research. It is important for the researcher to be familiar with both previous theory and researches published so far in the field of investigation or study. Every research projects requires the review of concerned literature for doing the research. With the help of review of literature, a researcher can identify the methodology used, research design, methods of measuring concepts, techniques of analysis etc. The researcher presents here the resume on various studies undertaken by several researchers from time to time in India and also abroad.

A comparative study conducted by **Khan and Atkinson**(1987) on the managerial attitudes to social responsibility in India and Britain shows that most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to the shareholders and employees but also to customers, suppliers, society and to the state.

In a study made by **Caroll** (1998) on top 500 largest Indian companies found that around 49% companies were reporting on CSR. Most of the companies report on donations, renovating schools in villages, mid day meals etc. well defined expenditure on CSR has been shown by very few companies. The study also revealed that only 25% companies CSR activities were for employees and the rest were focusing on vicinity and society at large. Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc. believing that charity and philanthropy equals to CSR.

A survey conducted by **TERI-Europe and ORG-MARG** (2001) in several cities in India found that more than 60% of the people felt that the companies should be held responsible for bringing down the gap between rich and poor, reducing human rights abuses, solving social problems and increasing economic stabilities.

**Conway** (2003) in his study on iron ore mining industry in Goa shows that many large mining companies have their own initiatives towards environmental and social development. However, a structured CSR policy and planning is missing especially among the small and medium players in the industry.

In 2003, **James Shyne** conducted a study entitled CSR, public policy and the Oil Industry in Angola on ten major oil companies currently operating in Angola. The study presents a baseline discussion of public sector roles in strengthening CSR. It prompted a detailed analysis of CSR investment in terms of business value and impact upon intended beneficiaries. The study also describes the current role of the public sector in promoting the CSR activities and identifying potential public sector roles that would assist, broaden and deepen corporate efforts. It was found that the representatives of ten oil companies are broadly familiar with current issues in the field of CSR and moreover they tend both to recognize and embrace the ethical and practical imperative for their companies to operate in a safe, socially responsible and environmentally sustainable manner.

**Chamhuri Siwar and Siti Haslina Md.Harizan** (2004) in their study on CSR practices amongst business organizations in Malaysia aimed to analysed the extent of CSR practices among different types of organizations and industries in Malaysia in terms of environmental and social dimensions. A total of 500 companies were selected based on the quota sampling that comprises 25 Govt. linked corporation, 50 multinational corporation, 50 corporation, 50 other Malaysian corporations and 375 small and medium sized enterprises. The study revealed that multinational companies bring benefits to

the society through width, generation, employment, skill development and transfer and community initiatives. It was also found that small and medium sized enterprises also play a pivotal role and supports the practices of CSR.

**Arora and Puranik** (2004) reviewed contemporary CSR trends in India concluding that the corporate sector in India. He concluded that the corporate sector in India has benefitted immensely from liberation and privatization process, its transition from philanthropic mindsets to CSR has been lagging behind its impressive financial growth.

**D.Y. Chacharkar and A. V. Shukla** (2004) in their paper entitled "A study of Corporate Social Responsiveness" tried to highlight theoretically the benefit of CSR through "iceberg effect" diagram. The results showed that just like iceberg, except the recognition and appreciation, the larger part of CSR initiatives for the company are invisible in the form of publicity, image building, expansion of customer base and profit.

**R.S. Raman** (2006), in a study on "Corporate Social Reporting in India-a view from the top", used content analysis technique to examine the chairman's message section in the Annual Reports of the top 50 companies in India to identify the extent and nature of social reporting. The study concluded that the Indian companies placed emphasis on product improvement and development of human resources.

**Buchholtz** (2006), in his study on CSR, Corporate Social and Financial Performance: an empirical study on a Japanese Company examined the relationship between corporate social performance (CSP) and corporate financial performance (CFP) through a quantitative analysis. The study was conducted on 295 companies which is one-tenth of the listed companies in Japan. The result showed a significant relationship among CSP, Equity Capital Ratio and the number of employees.

The study on CSR in management research by **Andy Lockell, Jereany Moon and Wayne Visser** (2006) tried to investigate the status of CSR research within the management literature. The study particularly examines the focus and nature of knowledge, the changing salience of this knowledge. The study present empirical evidence based on publication and citation analysis of research published from 1992-2002. The findings showed that the most popular issues investigated have been environmental and ethics (for CSR research published in management journals).

**Samuel Odowu and Papasoplomou Ioanna** (2007) conducted a study on twenty companies in U.K. They promulgated that the U.K companies has now become ethical in the content of social responsibility as companies disclose its CSR with a view of public benefits, government request and issue information to stakeholders because the companies is of the view that stakeholders of twenty first century are better educated than the past.

**Vasanthi Srinivasan** (2010) in his study on CSR and Ethics in Medium, Small and Micro Enterprise in India attempts to draw from the existing body of knowledge from both the academic and popular literature in India to identify the CSR practices and develop a research agenda for responsible business practices in the small-medium enterprise in India. The findings highlighted that most of the studies done in the Indian context have largely been qualitative and exploratory in nature. The study also revealed that since small-medium enterprises contribute significantly to the economy and are geographically spread in a country like India, adoption of CSR and ethical practices is crucial to a balanced development. There is a rarity of academic research in this area and therefore the researcher opines that a study of the intra-country similarities and differences in adoption of CSR practices in small-medium enterprises could be a valuable exercise for policy makers.

**Jermy Moon** in his paper on "Government as a driver of Corporate Social Responsibility" examined the role of government

in driving corporate social responsibility among the corporate. The study exposed that the drivers of CSR are related with business and society. The study further discovered other country's situation and how their government entered into business for driving CSR.

**Shashank Shah and Sudhir Bhaskar** (2010) made a case study of Bharat Petroleum Corporation Ltd. (an Indian Public Sector Organization). They found that there is a broad relationship between the organization and the society. The organization used the resources of the society like human, material etc and in reverse they provide services to the society. The study also revealed that BPCL has taken a lot of initiatives in order to serve the society.

**Debabrata Chatterjee** (2010) in his research paper entitled "Corporate Governance and CSR: The case of three Indian companies" tried to analyse the corporate governance practices of three prominent Indian firms viz; ITC Ltd., Infosys Technologies Ltd., and Reliance Industries Ltd. The study was made taking four parameters i.e., Approach to Corporate Governance, Governance Structure and Practices, Board Committees and CSR activities. The study found that though the Corporate Governance practices are exemplary, there exist differences in the way the companies adopt these practices. Infosys seems to be doing much better than the other two.

A paper on CSR in rural development sector: Evidences from India by **Sanjay Pradhan and Akhilesh Ranjan** (2010) concludes that social responsibility is regarded as an important business of Indian companies irrespective of size, sector, and business goal. The study shows that all surveyed companies present themselves as having CSR policy and practices. Most of the companies which design and implement CSR initiatives in the vicinity of their works cover entire community. A wide range of CSR initiatives ranging from income generation activities for livelihood, health check-up camps, mobile health services, education, adult literacy, agricultural development, provision of drinking water, management and development of natural resources, infrastructure facilities being carried out by these companies.

**Prasenjit Maiti** (2011) on his paper entitled "It is Politics or Profits or even Compassion? Unraveling the Motivation for Corporate Citizenship" tried to analyse theoretically the motives of corporate before their CSR initiatives. The study found that CSR is related to profits, power plays, politico-legal equation, situation of market flux, responsible images, humane concerns and other ethical dynamics.

**Monika Hartman** (2011) in her article "CSR in the food sector" analyzed the importance of CSR in food sector particularly those companies which have high brand. The study found that SME's are less capable of discharging their obligation towards society. Further the study revealed that food sector always tries to improve the controlling and discharging its services towards consumers. It was also found that consumers show preference for those brands or food sector that give importance to CSR activities.

**Mallen Baker** (2012) in his article on "Four emerging trends in Corporate Responsibility" tried to elucidate three basic things about the trends of CSR that have changed from last so many years. Firstly, the relationship between business and society has changed. They have come closer because of the social and environmental problem prevailing around the world. Secondly, the strategy of the businessman to develop business also affected the society a lot. Their new ideas, concept, developments also came with CSR management that reflects in their product and services. Lastly, the changes of CSR are also affected by other parties like outside agencies and the firm's own goals that interfere the firm's activity.

**Bibhu Prasad and Mohanty** (2012) made a study on "Sustainable Development Vis-à-vis Actual CSR". The findings showed that companies today invests in a lot of areas like

child labour, ground water, food, education, etc but they are not aware of the essential need of the poor. The study suggested that though profit earning is a natural fact of companies, CSR is beyond the natural and statutory obligation of the companies. The study concluded that sustainable development is the development of the society as well as the company in a balanced way.

**Harbajan Bansal, Vinu Parida and Pankaj Kumar** (2012) in their paper entitled "Emerging trends of CSR in India" analysed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. Some of these sectors were Transport Equipment sector, Finance and Metal Mining sector, IT & Power, Capital goods, Telecom, Housing, FMCG, Oil & Gas, Cipla etc. The study concluded that the companies today are working not only to earn profit but have also realized the importance of being social friendly. Social Responsibility today has started taking a turn in the new direction.

**Harish Kumar** (2012) in his research article entitled "CSR Revisited" has thrown lights on four different approaches of companies towards CSR viz; Good Governance, Ruinous CSR, Discretionary CSR, and Illusion CSR. He also tried to highlight argument against the CSR as well as the CSR driver. The researcher also found eight factors that drive the CSR initiatives. They are Philanthropic Attitude, Governmental Actions, Environmental Concern, Ethical Consumerism, Crises and Calamities, Globalization and Market force, Social Awareness & Education, and Social Expectation.

**Dr. M. Ramana Kumar** (2013) in his study on CSR (Analysis of select Indian Private and Public sector companies) tried to analyse the CSR activities carried out by Indian Private (Reliance Industries Ltd.) and public sector companies (ONGC) and also study the Indian government policies and programmes of CSR. The study revealed that though the Indian public and private firms are making efforts in the CSR areas, still there is a requirement of more emphasis on CSR. The study found that there is a significant difference in the CSR practices of RIL and ONGC as the CSR budget of ONGC is more than RIL during the year 2009-10, 2010-11, and 2011-12 and average CSR score of ONGC is more than that of RIL during 2009 to 2013.

## CONCLUSION:

Today the concept of CSR has undergone radical change. It has integrated social as well as environmental issues into their missions and decisions. Companies take keen interest in informing about their CSR activities to their stakeholders as well. From the review, we come to know that across the globe, business enterprises have accepted the concept of CSR as an element of success and survival of business along with fulfilling social objectives. However, the challenge for the companies is to determine a strong and innovative CSR strategy which should deliver high performance in ethical, environmental and social areas and meet all the stakeholders' objectives.

## REFERENCES

- Arora, B. & Puranik. (2004). A Review of Corporate Social Responsibility in India, Development, 47(3), 93-100. | • Bansal, H., Parida, V. & Kumar, P. (2012). Emerging trends of Corporate Social Responsibility in India. KAIM Journal of Management. Vol.4. No. 1-2 | • Baker, M. (2012). Four emerging trends in Corporate Responsibility. Retrieved from <http://www.mallenbaker.net/csr/CSRfiles/articles.php> | • Chatterjee, D. (2010). Corporate Governance and Corporate Social Responsibility: The case of three Indian companies. International Journal of Innovation, Management and Technology, Vol. 1, No. 5. | • Green Paper: Promoting a European Framework for Corporate Social Responsibility (2001). Retrieved from [http://europa.eu/rapid/press-release\\_DOC-01-9\\_en.pdf](http://europa.eu/rapid/press-release_DOC-01-9_en.pdf). | • Hartman, M. (2011). Corporate Social Responsibility in the food sector. European Review of Agriculture Research. Vol. 38. No.3. 297-324. | • Idowu, S. & Loanna, P. (2007). Are Corporate Social Responsibility matters based on good intentions or false pretences? A critical study of CSR report by UK companies. Corporate Governance Journal. Vol. 7. No.2. 136-147. | • Khan, A.F & Atkinson, A. (1987). Managerial attitudes to social responsibility: A comparative study in India and Britain. Journal of Business Ethics, 6, pp 419-431. | • Mohanty, B. P. (2012). Sustainable Development Vis-à-vis Actual Corporate Social Responsibility. Retrieved on <http://www.indiacsr.in>. | • Moon, J. (2004). Government as a driver of Corporate Social Responsibility: A U.K. comparative Perspective. International Centre for CSR. No.20. Retrieved from [http://www.ecrc.org.eg/Uploads/documents/Articles\\_Government%20as%20a%20driver%20for%20CSR\(6-3\).pdf](http://www.ecrc.org.eg/Uploads/documents/Articles_Government%20as%20a%20driver%20for%20CSR(6-3).pdf) | • Shah, S. & Bhaskar, S. (2010). Corporate Social Responsibility in an Indian Public Sector Organisation: A case study of Bharat Petroleum Corporation Ltd. Journal of human values. Vol. 16. No. 2. 143-156. | • TERI (2001): Understanding and Encouraging Corporate Social Responsibility in South Asia, Altered Images the 2001 state of corporate responsibility in India poll, 11, retrieved on 16th January, 2009 from <http://www.terieurope.org/docs/CSR-India.pdf> | • Verma, S. and Chauhan. (2007). Role of Corporate Social Responsibility in Developing Economics. International Marketing & Society, 8-10 April, 2007, IIMK. |