

## **CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN INDIA: A REVIEW OF LITERATURE**

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### **ABSTRACT**

*Corporate Social Responsibility is generally understood as responsibility of any undertaking or business to work in an ethical and sustainable manner to ensure environmental protection and human well-being. In a current scenario the role of organisations in economy is not just the revenue generation but is also expected to integrate social, ethical and environmental aspects in their day-to-day operations. It is significant to get acquainted to the past researches done in particular field in order to recognize the opportunity and area for future research. The present study reviews the study done in a decade regarding realization, adaptation and implementation of corporate social responsibility practices in Indian organisations and its impact on their overall success in market as well as society. For this purpose, a range of research articles from numerous journals, periodicals, newspaper and internet has been studied and reviewed thoroughly at national and international level. It is found that though organisations has started taking various initiatives towards social responsibility and there is a lot of information available on CSR spending of companies, little is known about how these companies are making their CSR practices innovative and at what extent and in what areas they are contributing towards society that forms the core of their success.*

**KEYWORDS:** *Corporate Social Responsibility (CSR), Sustainable Development, Stakeholders, Accountability.*

### **Introduction**

Corporate social responsibility is generally understood as the obligation of business towards its society and stakeholders to act in an economically, socially and environmentally sustainable way. In a present time, companies are expanding their scale of operations and going beyond their domestic boundaries and since they acquire resources from society, they are no longer expected to play their ancient role of profit making but also required to discharge their responsibility towards its stakeholders by integrating ethical, social and environmental concerns in their business operations and ensuring transparency and accountability in its reporting. 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 as of the local community and society at large." It is evident that to ensure its competitiveness in market and sustainable development of an organisation, it is essential to frame an effective CSR strategy and policies and demonstrate a close knitted relationship with society by preserving and upgrading it.

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### **Objectives**

- To study and scrutinize the past researches done in the field of corporate social responsibility practices in India.
- To suggest the scope for future research in the field of Corporate Social Responsibility practices in India.

### **Review of Literature**

#### **National Level**

**Srinivasan (2007)** in his article "Corporate Social Responsibility" underlined that corporate social responsibility is more than generosity and does not mean "giving and receiving". CSR means sustainable development of the community by being taking part in their progress. The government has been making a immense amount of welfare schemes for the people but observation shows that mostly the benefits do not reach to the one who are in need. Industries are diversified in terms of departments such as human resource management, business planning etc. They can easily provide the missing factors of leadership and institution and establish the "last mile connectivity" to reach the benefits to the needful. Therefore the focus of CSR should be "unlocking" the last mile connectivity. Industry must be a mediator for social development.

**Rajkumar (2008)** in his article "Promoting Corporate Social Responsibility" pointed out that corporate have determined an immense role to play in governance issues and they cannot run away from fulfilling their social responsibilities. There are three key dimensions of corporate social responsibility need to be recognized which are: responsible conduct of corporations, ethics in business and corporate governance and social responsibility of corporations. Corporate social responsibility ensures that undertakings are promoting corporate citizenship as a key part of their organizational culture. It highlights the reforming role of business moving from merely selling product and services to the development of the society.

**Prasad (2009)** in his research paper "Corporate Social Responsibility initiatives of Indian companies- A Study", conferred that corporate social responsibility is a concept where activities are done by the organizations for the societal interest which is possible by taking up responsibilities of their key stakeholders, along with their communities and the environment. The societal approach by the corporation assist them in improving their financial performance, profitability, accountability, employee commitment, stronger relationships, improved reputation and branding. When the head of the organization personally takes up the responsibility of initiating and promoting corporate social responsibility initiatives then only desired results can be obtained.

**Mishra and Damodar (2010)** in their paper "Does Corporate social responsibility influence firm performance of Indian companies" empirically reviewed CSR impact on financial and non-financial performance of Indian firms and inferred that listed firms adopts more responsible business practice and better financial performance in comparison to non-listed firms. Findings indicated that responsible business practices towards primary stakeholders results in profitability for Indian firms.

**Arevalo and Aravind (2011)** in their paper "Corporate Social Responsibility Practices in India: Approach, Drivers, and Barriers" explain the four approaches of CSR i.e. ethical, statist, liberal and stakeholder approach. He finds that the most favoured CSR approach by firms is stakeholder approach. He further examines the drivers and barriers for CSR approaches. He concluded that the moral motive followed by the profit motive is the significant drivers for Indian firms to adopt CSR. He recognises the lack of resources and complexity in implementation of CSR as barriers to carry out the CSR activities.

**Shastri and Singh (2012)** in their paper "An Empirical Study on Corporate Social Responsibility Practices of Indian Public Sector Companies" attempted to analyze the contributions of Indian companies i.e. HPCL, BPCL, IOCL, Power Grid GAIL, EIL, BHEL and BPC belonging to different categories of PSUs towards corporate social responsibility. The activities covered include education, healthcare, community welfare, women empowerment, rural development, environment protection, children welfare, disaster management, charity/donations and supporting civil society. The findings revealed the facts about the policy framing for corporate social responsibility, implementation, pattern of allocation of budget for corporate social responsibility, and purpose for adopting corporate social responsibility practices in public sector organizations.

**Ghuman (2013)** in his article "CSR: An effort towards inclusiveness and equity" revealed that the clause 135 relating to CSR is a very significant feature of the Companies Act, 2013, and it will prove to be

a milestone in the growth story of India. The author observed that CSR's contribution will be in billions of rupees, and if invested properly, it shall certainly generate formidable results and have a significant positive impact for the society.

**Dhanesh (2014)** in his article "CSR as organization-employee relationship management strategy: A case study of socially responsible information technology companies in India" examined CSR as relationship management strategy that strengthen relationship between organisation and employees in terms of trust, mutuality, commitment and satisfaction. Active participation of employees in CSR activities give them the sense of collaboration and feeling that their opinions are taken into consideration thus increasing their thought of control over their relationship with organisation.

**Singh and Sharma (2015)** in their paper "Corporate social responsibility practices in India: Analysis of Public companies" explain the regulatory framework and CSR policies and activities carried out by public sector units i.e. Coal India Ltd. and GAIL. The initiatives taken include education, skill development, women empowerment activities, development of poor and needy section of society, nutrition, health & sanitation facilities and rural development. It also follows the mandatory clause of contributing 2% of the average profit of three immediate preceding financial years towards CSR activities. The findings revealed the facts that these companies are tremendously working for social responsibility and they are not only covering activities under Section 135 of Companies Act, 2013 but are also going beyond that.

**Singh (2016)** in her paper "Corporate social responsibility: Its roles and challenges in Indian context" explains the role of corporate social responsibility and resistance faced in its implementation and remedial measures for it. It recognizes that CSR actions have been perceived by the companies in order to enhance its impact on society and stakeholders. But the participating organisation also faces some challenges like lack of community participation in CSR activities, transparency, lack of community participation in CSR activities, Non-availability of clear CSR guidelines etc. It is important for the corporate sector to locate, promote and implement successful policies and practices that attain triple bottom line results.

**Chatterjee and Mitra (2017)** in their paper "CSR should contribute to the national agenda in emerging economies - the Chatterjee Model" state that India has its own challenges and dilemma i.e. high population, that means having low life expectancy, education etc on one hand and burden of under developed and disturbed population on the other. They also formulated another model of CSR i.e. "The Chatterjee Model" which lay emphasis on projectivisation of CSR activities by the stable and large organisations that ensures complete transparency and accountability. There is greater need in India, than in the West, to build systems to serve the societal needs for health care, education etc. It urges that CSR should contribute to the national agenda of country, assisting it to accelerate its shift from emerging to developed nation.

#### **At International Level**

**Idowu and Loanna (2007)** in their paper "Are corporate social responsibility matters based on good intentions or false pretences? A critical study of CSR report by UK companies" studied twenty companies in U.K. and propounded that the U.K. companies has now become ethical and responsible in terms of social responsibility as companies disclose its CSR with a view of public benefits, government request and issue information to stakeholders because the companies think that stakeholders of twenty first century are better educated them past.

**Mcdonald and Rundle-Thiele (2008)** in their paper "Corporate social responsibility and bank customer satisfaction: A research agenda" inspected the relationship between corporate social responsibility, customer outcomes and customer satisfaction. The evidence highlighted by the authors suggested that socially responsible companies are likely to be viewed more favourably by consumers than less socially responsible companies. The authors further reported that finding directed towards customers' centric initiatives may create better customer satisfaction than corporate social responsibility initiatives. The researchers further suggested that retail banking customers have a positive attitude towards corporate social responsibility initiatives and they prefer these initiatives.

**Becchetti et al. (2009)** in their paper "Corporate Social Responsibility and Shareholder's Value" presented a need for the corporations to refocus their 73 strategic goals from the maximization of shareholder value, to the maximization of the goals of a broader set of stakeholders.

**Alon et al. (2010)** in their paper "Usage of Public Corporate Communications of Social Responsibility in Brazil, Russia, India and China (BRIC)" analyze the status of Corporate Social

Responsibility (CSR) communications in BRIC nations. The analysis show that CSR activities vary from one BRIC nation to another with respect to CSR motives, processes and stakeholder issues. China came out to be least communicative on a number of CSR issues among BRIC nations.

**Green and Peloza (2011)** in their paper “How does corporate social responsibility create value for consumers?” elaborate the way in which CSR evident itself ascertain consumer support. CSR can provide three forms of assistance to consumers: emotional, social, and functional. Each of these enhances or decreases the overall value premise for consumers. Further, value fabricated by one form of CSR can either enhance or decreases other product attributes.

**Bayoud et al. (2012)** in their paper “Corporate social responsibility disclosure and employees commitment: Evidence from Libya” made an exploratory study to determine the alliance between corporate social responsibility disclosure (CSR) and employee commitment the selected business firms of Libya. The study concluded that the majority of employees interviewed were of the opinions that as CSR related to employee and employee activities increases employee commitment towards their company also increases.

**Pauly et al. (2013)** in their paper “Organizing Corporate Social Responsibility in Small and Large Firms: Size Matters” suggest that small firms are not behind large firms in implementation of CSR practices. It have several organizational characteristics that are conducive for promoting the internal execution of CSR-related practices in core business functions, but curb external communication and reporting about CSR. While the large firms have several characteristics that are conducive for promoting external communication and reporting about CSR, but at the same time restrain internal implementation.

**Fadun et al. (2014)** in his paper “Corporate Social Responsibility (CSR) Practices and Stakeholders Expectations: The Nigerian Perspectives” use Carroll’s 1991 CSR model and examines business CSR practices and stakeholders’ expectations in Nigeria which states that four kinds of social responsibilities constitute total CSR: economic, legal, ethical, and philanthropic. It has been found that the four dimensions of CSR (economic, legal, ethical and philanthropic) are not ascribed equal importance in Nigeria. Stakeholders lay more emphasis on economic, legal and ethical responsibilities than on philanthropic component.

### Findings and Conclusion

Though there is lot of reporting and information available on CSR spending, policies and initiatives taken by various companies in diverse areas, but all the information of CSR has been illustrated qualitatively till date. No researches has been conducted after implementation of Companies Act,2013 that mandate at least 2% of Average net profits of preceding three financial years should be contributed towards CSR activities mentioned in Schedule VII. The amount contribution and its allocation towards various activities in financial terms have not been discussed in past researches. Moreover there is a scope for future research to compare the financial performance pre and post implementation of mandatory guidelines as per the Section 135 of Companies Act, 2013.

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