

A DESCRIPTIVE STUDY ON CORPORATE SOCIAL RESPONSIBILITY INITIATIVES OF INDIAN COMPANIES

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ABSTRACT

Corporate social responsibility (CSR) also known as corporate responsibility, corporate citizenship, and some time responsible business and corporate social opportunity. It is a thought of school where organizations think about the interests of society by taking responsibility for the influence of their activities on consumers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment of the nation. This compulsion and duty is seen to expand beyond the constitutional duty to obey with legislation and sees organizations willingly taking further steps to develop the quality of life for workers and their families as well as for the society at large.

The perform CSR is much debatable topic as it for both who are in favor and criticism. The supporters says that there is a strong business situation for CSR, in that companies benefit in several ways by functioning with a prospect wider and bigger than the company's own direct, short-term profits. While the critics says that CSR diverts from the core economic role and responsibilities of businesses; some others says that it is not more than apparent attractive display of the companies; still others experts says that it is an effort to anticipate the role and responsibilities of governments as a regulatory over powerful multinational corporations.

Corporate social responsibility has to be a strategic issue for organizations and HR professional needs to play a main role in supporting corporate social responsibility (CSR). CSR remain minor interest for HR persons even they are well placed to improve corporation by encouraging trust based relationship with employees as well as with stakeholders. The reliability of CSR is dependent on efficient delivery of communication at recruitment, training and regular communication of current transform in the organization's plan. Ethical obligation to the corporate policies and remain to promises lead to corporate business success.

KEYWORDS: CSR, Private Sector, Business Contribution, Tata Group, ITC.

Introduction

Objective

By this paper I tried to observe the nature and level of corporate social responsibility (CSR) initiatives taken by Indian organizations and to study its relevance in business.

Overview

Corporate social responsibility is essentially a developing term that does not have a fixed or standard definition or a fully standard set of precise criteria. With the awareness that the organizations play main role on employability and wealth formation in society, CSR is generally understand as a way a company achieves a balance or combination of economic, environmental, and social requirement while same time addressing shareholder and stakeholder opportunities. CSR is basically acknowledged as concern to companies wherever they function; either in the local or in global economy.

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The way businesses associated with the shareholders, workers, customers, suppliers, governments, NGOs, international organizations, and other stakeholders; is usually a main characteristic of the idea of CSR. While organizations execute with laws and regulations on social, environmental and economical objectives as a set the official level of CSR act, CSR is mostly understood as including the private sector companies' obligation and actions that expand beyond this foundation of compliance with regulation. From a developing business point of view, CSR usually involves to concentrate on new prospect of the business as a way to respond to interconnected economic, social and environmental demands in the market. Many organizations think that this concentration provides a clear competitive advantage and motivates corporate innovation.

CSR is basically considered as the business involvement to empirical development which is defined as "*development that meets the needs of the present without negotiating the ability of future generations to meet their own needs*", and is basically understood as targeting on how to attain the incorporation of economic, environmental, and social imperatives. CSR also covers and sometimes is synonymous with many features of other related concepts such as corporate sustainability, corporate accountability, corporate responsibility, corporate citizenship, corporate stewardship, etc.

CSR obligation and actions mainly deal with characteristic of a organizations' behaviour (including its policies and practices) with respect to main elements such as; health and safety, environmental protection, human rights, human resource management practices, corporate governance, community development, and consumer protection, labour protection, supplier relations, business ethics, and stakeholder rights.

Corporations are motivated to include the stakeholders in their management decision-making and to face social challenges because today's stakeholders are more and more aware of the importance and impact of corporate decisions upon society and the environment. The stakeholders can appreciate or penalize the corporations. Corporations can be aggravated to change their corporate performance and actions in response to the business situation which a CSR method potentially promises. This includes:

- Better and stronger financial performance and profitability (e.g. through eco-efficiency),
- Improved responsibilities to and evaluation from the investment community,
- Enhanced worker commitment,
- Decreased weakness through stronger relationships with communities, and
- Improved reputation and branding.

Criticisms and Concerns

The opponents of CSR debate and argue a number of fears related to it. These fears include CSR's relationship to the core purpose and feature of business and doubtful motives for involving in CSR, including areas about dishonesty and hypocrisy.

The opponents are more and more focused with corporate insincerity basically suggest that a improved governmental and international guideline and enforcement, rather than voluntary measures, are required to ensure that companies behave in a socially responsible manner. CSR could prove to be a important asset in an case of Mergers & Acquisitions, as it assist companies to spread their brand name.

Indian Scenario

India was aware of corporate social responsibility (CSR) even much before this new issue became a global concern, due to the efforts and hard work of organizations such as the Tata Group. (Around 66 per cent of Tata Sons, the holding group of the Tata Group is today owned by a trust).

Corporate companies of India like ITC have made farmer development and growth a vital part of its business strategy, and create major efforts to improve the living standards of rural communities. Hindustan Unilever is using micro companies to intentionally expand the entry of consumer products in rural markets. IT companies like TCS and Wipro have developed several software's to help teachers and children in schools across India for the cause of education. The adult education software has been a important factor in reducing illiteracy in remote communities. Banks and insurance companies are targeting migrant labors and small street vendors to help them through micro-credits or micro-loans and related schemes.

A survey was taken by TNS India (a research organization) in June 2008 and the Times Foundation with the objectives to examine an understanding of the role of corporations in CSR. The findings discovered that more than 90 percent of the major Indian organizations surveyed were involved in CSR initiatives. In fact, it was revealed that the private sector is more involved in CSR activities in India

than the public sectors. The important areas that companies were involved in CSR were living standard improvement, education, health and hygiene, environment, and women's empowerment. Most of the CSR projects were done as internal projects while a small proportion were as direct financial support to voluntary organizations or communities.

In a survey conducted by the Asian Governance Association, in which India ranks the top 10 Asian countries on corporate governance factors, and India consistently ranked among the top three along with Singapore and Hong Kong, for the last eight years.

India has been ranked second in global corporate social responsibility in another study undertaken by automotive research company, TNS Automotive. Government-owned Bharat Petroleum and Maruti Udyog were ranked as the best companies in India. In the point parameter Bharat Petroleum and Maruti Udyog secures the top position with 134 points each, followed by Tata Motors (133) and Hero Honda (131). This survey was based on a public goodwill index and India received 119 points in the index against a global average of 100. Thailand was at the top slot with 124 points.

Number of foundations and NGOs run by big corporate houses plan to work out a common strategy to ensure transparency in their social and community development functions, such as tracking and spending and progress of such projects in their annual reports.

The efforts are important because it brings together a wide range of Indian companies to share ideas on innovating sustainable programs. These companies are Multi Commodity Exchange of India Ltd, Anil Dhirubhai Ambani Group and media company Bennett, Coleman and Co. Ltd, Audit firm KPMG will collaborate with them to offer directions and guidance on evaluating corporate social responsibility programs-a trend companies are slowly acceptance as India's expanding economy contrasts sharply with growing local protests over land for future industrial projects. The network association stems from the first sustainability summit that was organized in January by the Associated Chambers of Commerce and Industry of India.

CSR could prove to be an important asset in case of mergers and acquisitions, especially as it helps companies to spread their companies' brand name, the new networks will also serve as a common platform to lobby with the government for tax exemptions and safeguard other interests in the future. Indian companies create less improvement in reporting development projects and only 48 companies have so far given their promise to support the United Nations Global Compact, a charter for improving the global business environment through standards, such as labour rights and fighting with corruption.

Addressing to business leaders in May 2012, the Ex-Prime Minister Mr. Manmohan Singh said "Corporate social responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy, which factors the needs of the community and the regions in which a corporate entity functions."

Some experts say companies have a natural "mental block" in reporting development programs. A recent KPMG study among 27 Indian companies showed that only 8% companies mentioned their social expenditures in their annual reports, and only 25% companies filed CSR reports. But a quarter of them are also signatories of the Global Reporting Initiative, a 10-year-old movement started by an NGO called Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Program. This encourages companies to make voluntary disclosures and lays down framework on improving reporting principles.

Mr. Parul Soni, associate director of KPMG's Aid and Development Services says that "Most companies are in habit to give to charities and donations rather than make long-term development commitments. When a company voluntarily opens up for self-evaluation, it creates value for shareholders when competing with other companies,".

In India an expected 100 corporate foundations and 25 foreign firms are involved in CSR activities, but statistics on input and output are elusive. According to Times' the Indian corporate sector spent Rs30,000 crore on social expenditure during the financial year of 2012-13, up from Rs17,500 crore the previous year. Quoting from a government report, Times said, companies drew a total exemptions of Rs5,500 crore under income-tax laws in FY 13. These figures, seem doubtful as Indian companies still do not distinguish between generosity and internal practices to benefit stakeholders such as employees and community. Companies, too, continue to rely on different models to earmark its social expenditure, making it difficult to measure the overall impact.

For example took the example of the Steel Authority of India Ltd (SAIL), the country's largest steel company, spent Rs100 crore on CSR in 2012-13; this amount was 2% of companies profit after tax, exclusive of dividend tax, according to SAIL. In another others example, such as Tata Steel Ltd, which runs a 850-bed hospital and rural projects in 800 villages around Jamshedpur, spends an average of Rs150 crore as part of its annual revenue expenditure. What ultimately makes up for CSR of a company ultimately depends on leadership; as part of company decision, about 66% of Tata Sons, the holding group of the Tata group, is today owned by a trust.

If we took another example the pharmaceuticals company Jubilant Organosys Ltd, runs an anti-tuberculosis programme with the government of Uttar Pradesh. Apart from schools and hospitals that are run by trusts and societies, the government, too, is exploring to widen the scope of public-private partnerships to build and maintain schools and hospitals in return for a fixed annuity payment.

Conclusion

The idea of corporate social responsibility has expanded with importance from all aspects. Organizations have to realize that government alone will be unable to get success in its attempt to improve the downtrodden of society. The present social marketing concept of companies is constantly growing and has given rise to a new concept-Corporate Social Responsibility. Many of the leading companies across the world now had realized the importance of being associated with socially relevant acts and causes as a means of promoting their brands and promoting the companies. It stems from the desire to do good and get self satisfaction in return as well as societal obligation of business.

The Indian corporate sector spent US\$ 6.31 billion on social expenditure during 2007-08, up from US\$ 3.68 billion spent during the previous fiscal. The Steel Authority of India Ltd (SAIL), the country's largest steel company, spent US\$ 21.05 million on CSR last year; Tata Steel Ltd, (which runs a 850-bed hospital and rural projects in 800 villages around Jamshedpur), spends about US\$ 31.58 million as part of its annual revenue expenditure. Now there are plans to also introduce CSR in the small and medium enterprises (SME) sector to increase its reach in remote areas.

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