

Research Papers



CORPORATE SOCIAL RESPONSIBILITIES IN INDIA : YESTURDAY AND TODAY.

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Abstract

It is the general tendency of any type of business is to earn the pure profit by selling the goods and the service. But now days the earning of profit is not the sole objective of business, it has also to look after towards society development. Urwick says "earning of profits cannot be objective any business any more that the eating is the objective of living". Mere Money Chasing, Says Henry Ford. Every business has two types of balance Sheets. One is 'Financial Balance sheet' – where the in and out of services and goods are recorded at the end of particular time then net profit is computed for the whole year. While second is Social Balance sheet – which is also termed as Welfare balance sheet.

This balance sheet is nothing but a contribution of the business towards their society. Business cannot run without the employees similarly it cannot be separated from the society and the society cannot be separated from the business. The cooperation of the society is must for running of business. The concept 'Social Responsibilities' is widely used in sociology, anthropology, economics, politics and business management. This research paper has tried to focus on the nature of CSR- its phases, models and the approaches and the various criticisms as well as the parties or factors of beneficiaries. The author has tried to sketch out the Myths and Facts of CSR. And the various role of corporate at within Domestic and at International level has been tried to consider. This paper is concluded with expected role of Government and NGOs with the hands of Corporate Affairs Ministry.

Key Words : C.S.R, C.S.R in India, Approaches of C.S.R, C.S.R Activities



INTRODUCTION :

According to Sherlekar the term social responsibilities always refers an intelligent and objective concerns for the welfare of the society but it limits or prevents the individual and the corporate behavior form the alternative destructive activities. At present there is an awaking mid consciousness of social responsibilities of the business. In generally it has been observed that the responsibilities of the business are generally concerned with the reference to 1. Consumers : in the form of providing the right quality, right quantity of the goods and services at the right price

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to the customers. Secondly to prevent the Malpractice, exploitation of the customers. 2. Shareholders : As to disclose the financial condition or position of the business, to inform the all the facts, information to the shareholders from time to time in the annual general Meeting. 3. While toward the Government, to play the taxes for the nation development. To pay the duties, taxes from time to time. 4. Employees: As employees are the backbone of any companies it is most important oblique towards the employees to provide basic facilities, to pay the wages and salaries and to provide the recessional facilities, to provide the training and development program from time to time etc. 5. Owners : To give the good return on investment is the responsibility of the nay business organization towards the owners. 6. Towards the society: to give the donations and adopt and maintain the welfare programmed for the well being of the society.

STATEMENT OF PROBLEM:

This is the question why there is a need for a C.S.R in today's era? If the company is running in well manner what suddenly happened that the corporate feel the need of C.S.R. The answer is hidden itself in the contribution of the society towards the building of image and the reputation of the business organization. The current need, emergence of CSR and the status of CSR are the answers of these questions.

SIGNIFICANCE OF THE STUDY:

The present study focus that the effectiveness and the power of CSR are not only limited up to only doing a social work but also it is becoming an eminent place on the part of corporate sector also. As this research paper focuses the bright light on the CSR- its whole scenario and the current parts which are involved and the expected role of the govt and NGOs etc. This in brief study helps to analyze the legal framework, the critics on the CSR.

OBJECTIVES OF THE STUDY:

The objectives of the present study are as follows :

1. To study the whole scenario of CSR.
2. To study which factors or elements are involved so as such the emergence of C.S.R made an entry into the world of C.S.R.
3. To take into the various approaches and Models of CSR.
4. To analyze the criticism on CSR.
5. To study the role of various Corporatist at Domestic and at International Level.

RESEARCH METHODOLOGY:

The secondary literature is drawn in house.

The secondary data was collected through various research publications, journals – online & printed, magazines, web sites. The literature is cross checked and validated to gives the latest information

REVIEW OF LITERATURE :

R. Edward. Freeman (1984) in his book 'Strategic Management: a Stakeholder approach' has discussed the history of C.S.R : The root or history of Corporate Social Responsibilities goes to the decade of 60's as well 70's. This was in the form of 'Stakeholders' means those part of the corporate on which the impact the organization's activities. It was used for the describing the owners beyond the stakeholders. Kai Hockerts and Mette Morsing (2010) has been reviewed that how social innovation happens and how we can encourage more of it. This literature review has aimed at providing more than just an enumeration of extant publications. By suggesting a logical framework to structure the different concepts used in literature we hope to advance towards a better understanding of the corporate social innovation process. Also this literature review explores the state of the art in corporate social innovation (CSI) research. It briefly outlines the main themes in the corporate social responsibility (CSR) debate (organizational legitimacy, moral choices, stakeholder interaction, and sustainable development) and the organizational innovation literature (incremental vs. radical and sustaining vs. disruptive innovation; user-driven innovation; entrepreneurial opportunities; individual entrepreneurs, and institutional entrepreneurship). The paper then reviews the major objects of corporate social innovation singling out the base of the pyramid (BOP), social entrepreneurship, and eco-innovations as key themes. Amaeshi & Adi (2006) have opined that the precise nature of CSR is understood in different ways, with differences in understanding or representation of the concept relatable to different paradigms and concerns. Although there are several contested notions of what CSR should be and how it should work, there is some agreement upon what it broadly entails. A number of concepts and issues are subsumed under the heading of CSR, including human rights, environmental responsibility, diversity management, sustainability, and philanthropy, meaning that it is a complex area with an interdisciplinary focus. It is generally agreed that CSR involves corporations voluntarily exceeding their legal duties to take account of social, economic and environmental impacts of their

operations. This paper provides an overview of the literature about Corporate Social Responsibility, and presents some of the key debates in this area. After considering how CSR might be defined, the paper provides context for the debate by outlining social, economic and political factors driving the development and implementation of CSR. There is then a discussion of the contested nature of CSR, in particular in terms of its instrumental or normative value. Such debates are then related to notions of the role and nature of corporations. Finally, the role in CSR of the manager and issues relating to stakeholders and diversity are considered. This research has concluded by the brief overview of CSR literature towards a need for criteria to be established for judging ethical arguments, and balancing commitments to diverse stakeholders. Further, for implementers of CSR to acquire skills in defining and understanding ethical issues in business. It seems clear that the task of implementing CSR is complex, and that the contested nature of the concept raises difficult questions. Not only are businesses required to be responsive to current concerns, but they must also balance present requirements with future demands and issues, as well as balancing local and global concerns. Whereas national and international guidelines and legislation provide a potential framework for achieving this, there are also numerous difficulties associated with the implementation of these in specific contexts. It is likely that the disciplines of Philosophy and Theology & Religious Studies could usefully contribute to the debate by bringing both expertise and diverse perspectives to bear on these issues.



DEFINITION OF CORPORATE SOCIAL RESPONSIBILITIES:

According to H.R. Bowers the Corporate Social Responsibilities as 'Obligation (of Managers) to pursue those policies, to make those divisions or to follow those lines of actions which are desirable in terms of the objectives and values

of our society'. In despite the seeming clarity of definitions, a social responsibility is still a vague phrase. The corporate is obliged to make the division that e are the within the scope of social values of the nation, about which there is no consensus and whatever they do must support all the values, whether they approve of them or not. In other word the term C.S.R is also defined as the Corporate Conscience, Corporate Citizenship, Social performance, Sustainable Responsible Business or only Responsible Business. The C.S.R is nothing but a separate particular form of Self– Regulation laid down by the Corporate itself or it is integrated business model. In shortly we can define the term C.S.R as a Social Obligation – where the 'Give and Take ' Policy is adopted and it is followed by the Corporate now a days.

WHICH FACTORS ARE BACKED BY C.S.R ?

It is very necessary to find out the reasons why as well which factors or determinants are influencing the Corporate Social Responsibilities? Which factors or elements are involved so as such the emergence of C.S.R made an entry into the world of C.S.R. The answer for this question is as follows : 1. Nature of Business. 2. The Motives. 3. Ethical Consumerism. 4. Globalization and Market Force. 5. Social Awareness and Education. Now it is very important to look after why there is an emergence of C.S.R among the companies or corporate. ? The answer for this question is a follows :

1. Increased public regulations.
2. Threat of public ownership to prevent the public exploitation and evils of monopoly,
3. Growing pressure from organized labor Unions.
4. Human Relations Approach of Management has enhanced the importance of labor.
5. Professionalized corporate management in which the managers are treated as the trustees and not as the owners.
6. Self interest of businessman to give general stability to their operations.
7. Changes in lifestyle and social values.

The C.S.R is not new in India. However it is the shifting of focus from profit maximization to profit optimization. Now days employees are additively participating in the social activities even on holidays. This is because the employees feel a sense of pride when they are involved in such activities. Even it has been studied that recently many companies have been formed their own

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C.S.R department. The meaning of C.S.R has a two side fold. One it exhibits the ethical behavior that an organization exhibits towards of internal and external stakeholders (These cover the customers as well as employees) while on the other hand it reflects the responsibilities of an organization towards the environment and the society in which they operates. Therefore the World Business Council says C.S.R is the continuing commitment by the businessman and the business to behave ethically and contribute to economic development while improving the quality of work life of the work force and their families as well as of the local community and the society at large. In India the C.S.R has evolved to encompass the employees, customers, stakeholders and the sustainable development or corporate citizenship. The main spectrum of C.S.R included the areas just like as human right, safety at work place, consumer protection, climate protection and caring for the environment, and proper management for the available resources. From the angle of employees, the C.S.R activities include the health and safety programs, preserving the employees rights and discouraging discrimination at workplace. Such activities always help fostering a social welfare and the healthy environment within the company. The history of C.S.R in India is termed as the changes over time in India of the cultural norms of the corporation engagement of the corporate social responsibilities (CSR). The term or concept of C.S.R came in the decade of 70's in India. Of course the journey of C.S.R has changed his route as the changes in the concept of industrialization and the incrementing level of awareness. The journey of C.S.R is divided into 4 phases which is generally called or termed as “The 4 Phases of C.S.R Development in India”. However the phases are not static and the features of each phrase may overlap other phases.

1ST PHASE : Here in this regard the Charity and the Philanthropy were the main objects and the key drivers of the C.S.R. The term just like Culture, family, Religion, Family values and the tradition industrialization was influenced on C.S.R effect. The period of pre- industrialization which is called or referred as the period of '1860', the wealthy merchants shared their part of their wealth by building the temples for a religion caste. In addition to this these merchants helped the society in getting over their phase of famine and epidemics by providing the food from their godowns and the money and in this way securing the internal

position in the society. While with the entrance of colonial system by the British in India from 1850's onwards the approach towards the C.S.R changed. At that period of time the eminent Industrialist families were paying the attention for the C.S.R in the form of economical and the social considerations.

2ND PHASE : The second phase is termed as 'independence Movement' where the stress or pressure was an increased on the industrialist to show or demonstrate their dedications towards the progress of the society. The concept of 'Trusteeship' was an introduced by the Mahatma Gandhi – where the industrialist had to manage the wealth from the angle of availability of the core benefits to the common man. Of course, this concept was influenced in the form of 'Pressure' on various industrialist to be act toward the building the nation and the development of the nation. The Mahatma Gandhi was of opinion that the industries should be the “Temples of the Modern India”. Under his influence the various industrialist established the trust for the schools and the colleges and also gave the valuable efforts, time towards the setting up the training and the scientific institutions. Of course, the operation of trust was as per the instructions of the Mahatma Gandhi where the more stress was on the women empowerment and the Rural Development.

3RD PHASE : This phase was of the decade of 60's to 80's (1960-1980) where the elements of 'Mixed Economy' was an emerged. And the wind of Public Sector Undertaking (PSUs) was blowing with the laws labors and environmental standards were taking place. This was the period where the Public Sector was forced to take a backseat. The full concentration was given on the Public Sector as a prime mover of the development. The policy of Industrial licensing, high taxes and the restrictions on the private sector led to corporate malpractices. This situation tends to enactment of the legislation regarding cooperative governance, labors as well as environmental issues. PSUs were set up by the respective states so as to ensure suitable distribution of wealth and the resources which are already available to the needy people. However, there were certain limitations on the part of public sector. This situation put the force on PSUs towards the expectations of involvement of private sector for the socio – economic development of the country. By catching this thread in 1965v the national work shop on CSR was being conducted by the academicians, industrialist and the politicians with the main aim

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to reconciliation. The total result of the workshop was the preference on Transference, social accountability and regular stakeholder dialogues. But unfortunately the CSR failed to catch the stream.

4TH PHASE : This is the last phase of the CSR. From 1980 until the present Indian companies started to work towards the CSR and integrated it into a sustainable business strategy. In 1990 the Globalization, Privatization, Liberalization policy was being adopted. As western market were becoming more and more concerned about the labor and environmental standards in the developing countries, Indian companies whole export and produce goods for the developed world need to pay a close attention to compliance with the international standards.

MODELS OF CORPORATE SOCIAL RESPONSIBILITY:

The Indian system of CSR is always based upon the following models namely ;

1. Mahatma Gandhi Model : It is based on the voluntary agreement by the donor and the society based on its commitment to the public welfare base on ethical awareness of broad social needs.
2. Pandit Jawaharlal Nehru Model : It is the state driven policy as it takes over the industry and imposes strict regulations on them.
3. Milton Friedman Model : The interaction is limited to investor's objectives opposed to company's overall image and direct and indirect stakeholders interest.

APPROACHES OF CORPORATE SOCIAL RESPONSIBILITY:

In practical manner the concept of CSR is also based upon some approaches. The term approach means the certain grounds, principles. In regard CSR there are various approaches. Approaches to the CSR are becoming more widely accepted and some of the corporate are duly engaged in implementing it also. They are discussed as follows :

1. COMMUNITY DEVELOPMENT APPROACH : This is the community development based approach. Here the business organization works with local communities for the better themselves.

2. PHILANTHROPY APPROACH : This approach concentrates on the monetary or financial donations and aids given to the local organization and tries to improve the communities in developing countries. But on the contrarily there are the some organizations those who do not like this approach as it do not help in building the skills

of the local people, whereas community based development always leads towards more sustainable development.

3. INCORPORATE THE CSR TO BUSINESS STRATEGY : This approach denotes to incorporate the CSR directly in the Business Strategy. It means the CSR should be the inseparable part of Business organization and it should be considered at the time of chalking out the business strategy.

4. CREATING SHARE VALUE APPROACH : This is the important approach in CSR. This approach concentrates on the governing the CSR interest. This is also termed as "CSV". This CSV model based on the ideas that corporate success and social welfare is interrelated. A business organization always needs the healthy, well educated work force, the sustainable resources and adept government to compete effectively. For the society, to thrive, profitable and competitive businesses must be developed and also supported to create the income, wealth, tax revenues and opportunities for the philanthropy. Even this model received global attention in the Harvard Business Review article Strategy and Society : The link between Competitive advantage and Corporate Social Responsibility by Micheael. E. Proter, a leading authority on competitive strategy and head of the institute for strategy and Competitiveness at Harvard Business School, and Mr. Mark. R. Kramer, Senior fellow at the Kennedy School at the Harvard University.

CURRENT STATUS OF CSR IN INDIA:

Now we have been discussed the various phases where the CSR has been passed in above paragraph. Here we are going to discuss and to focus the light on the current status of the CSR in the context to India. As the CSR refers to the obligation of the business towards the various government and social institutions there are many corporate who are playing the role towards the society directly and indirectly even some of the corporate personalities and the industrialist playing role for CSR by remaining behind the curtain and are very far away from the media – publicity. Now let us see the role of various corporate and the various form of 'Helping Hands' for the society and the development of Nation as the basic motto of any corporate in these days so as to maximize the company's overall impact on the society and the stakeholders. The CSR Policies and the practices and programmes are being fully integrated by an increasing no. of companies

through their business operations and the process. Now a days the existing and upcoming corporate are of opinion that the activity of CSR is not just form of unproductive expenditure but it is very much important and essential for the protecting the goodwill and the reputation and tool of the defending attacks and increasing the business competitiveness.

EMERGENCES OF CSR IN INDIA :

The concept of CSR started to gain the important place from the independence era. Till 1990 the scope of CSR was limited up to only charity. And this programme was adopted as well as being executed by the Tata, Birla only. But after the economic reforms after the decade of 90 i.e. 1991 the boundary of CSR had changed its pattern. The most burning issues like environment protection, green concept, social rehabilitation, global warming, rural development, social discrimination, hospitals, roads, water facilities, schools such like programs are considered.

THE MAIN AIM OF CSR :

The motto or main aim of this whole process is to create the guidelines for responsible societal behavior.

THE ADVANTAGES OF CSR

The Corporate Social Responsibility always offers the two way fold benefits i.e. internally and as well as externally to the company's involved in various projects. Externally it creates a positive image among the people for its company and earns a special respect among its peers. Also it plays vital role in creating the short term employment opportunities by taking various works and the projects like construction of Parks, schools, hospitals, roads etc. Working with the keeping in view the keen interest of the community always brings the wide range of business benefits. The businesses have also an impact on the environmentally issues also. The project of Tree Plantation and cultivation activities are always taken up by the Intel India are a step towards the same. The recycling used products also act as a step towards the minimizing the wastage. Internally the CSR cultivate the sense of loyalty and the trust among the employees in the organizational ethics. It improves operational efficiency of the company and it is often accompanied by increasing in quality and productivity. Employees feel more motivated and in this way are more productive. Apart from this, CSR helps ensure that the organization comply with regulatory requirements. For Corporate world : The use of CSR as a tool for company's

strategy and public relations brings an economical success. Moreover the CSR is an efficient instrument of how to bid your workers and to your companies. Last but not least the customers have also a big say, in international survey brought the results that the 70 % of the customers always make their decisions toward the product – i.e. whether to buy or to postpone the purchase the goods and the services. This reflects the societal responsibility and the societal marketing concept. More advantages are : an advantages in the personnel market, to get the best qualitative workers so as to improve the relationship to your customers and also more security to the shareholders and the owners.

THE ADVANTAGES OF CSR TO THE PUBLIC :

The economic progress brought the prosperity to a lot of people and due to this they have the opportunities to create their ways on their own. To feel the good in job is a very important fact in order to employ the best and most creative workers. CSR helps the companies to include the needs of society in their company's strategy.

THE EXAMPLES OF CORPORATE SOCIAL RESPONSIBILITIES :

Here are the some examples of corporate social Responsibilities which are based upon the various approaches which are being discussed above. These are the examples of CSR in India by many Corporate. As the fundamentals of CSR are lay on the fact that not only public policy but even the corporate should be responsible enough to address social issues. In this way the companies should deal with the challenges and issues looked after to a certain extent by the states also. As compared to another countries it has been studied and observed that the India country is very much rich and richest tradition in adopting and maintaining the CSR activities. The Bharat Petroleum Corporation Limited (BPCL), Maruti Suzuki India Limited (MUL), Hindustan Unilever India ltd (HUL) are duly involved in provision of improved medical and sanitation facilities, constructing the schools and houses and empowering the villagers and in process making them more self – reliant by providing the vocational training and a knowledge of business operations that there corporation area are focus on. On the other side, the CSR programmes adopted by the GlaxoSmithKline Pharmaceuticals focus on the health related aspects and the issues for the community. They have been set up the health camp in such tribal area or villages which offers

medical checkup and the treatment and undertake the health awareness programs. In the year 1945 TATA implemented social welfare provisions for its employees that have become legislative norms. It provides the desks, benches, chairs, tables, cupboards, electrical fittings and the educational and sports materials to various primary schools in Singur. Even the company has also planned in the future similar programmes to upgrade school infrastructure and is planning to set up a computer laboratory in one of the High Schools. Similarly, TVS Electronics was involved in CSR during the period of TSUNAMI so as to provide relief measures to the victims. Also they hold the hands of the Indian Government to improve the sanitation in Thiruvudenthai village. Satyam Foundations of Satyam Computers Services, Infosys Foundation of Infosys Technologies Ltd, GE Foundation of General Electronic Company are the examples of philanthropic commitment of the corporate sector of the India. The Mahindra Foundations privileged 'Girls Child programme while Larsen & Tubro's (L& T) HIV Programme, the Energy Conservation programme by the Reliance Company are the some major initiatives which are worth mentioning. Beyond the profit making these foundations are aiming at uplifting of the poor and enhancing the standard of living of the life in the rural sector. The Shell Foundation's involvement in Flower Valley in South Africa. Here they have been set up Learning Centre to help, to educate the community's children as well as develop and inject the new skills for the adults. While Marks and Spencer is also duly active in the community by building the trade network with the community. This company also active in participating towards the education for the adults and the HIV/ AIDS education programme. The area of operation of this company is in South Africa.

THE CRITICISM OF CORPORATE SOCIAL RESPONSIBILITY :

Even the CSR is being and adopted by the many corporate still there are many critics and even it is not freed from it. As CSR in recent years in increasingly becoming a part of a large no. of companies it is becoming a part and as well as inseparable part for the any businesses throughout the global. Basically, CSR means the company's business model should be responsible through socially and the environmentally sustainable. By referring the socially sustainable means that the company's activities should benefit the society while environmentally sustainable refers it means

that the activities of the company should not harm the environment. Whatever it may be as the concept of CSR serves the purpose of serve the society through socially and environmentally and many corporate have shown and are still showing the keen interest this concept is not yet free from the arguments and the criticism. Critics of CSR as well as proponents debate a numbers of concerns related to it. These include the CSR relationship to the fundamental purpose and nature of business and questionable motives for engaging in CSR, including concerns about insincerity and hypocrisy. These criticism are considered on the basis of ; Nature of business, Motives, globalization market and Forces, Ethical Consumerism, the level of Social Awareness and the Education etc.

CONCLUSION :

This Research paper can sum up by concluding that "Business of Business is the Business". This phrase reflects corporate social responsibility of the maximization of profits, where as society would be the indirect beneficiary of the market capitalism. An organization in present world cannot be successful without taking into consideration the importance of CSR. It is the important component for each and every corporate so as to have perpetual success and to create an image and the brand. There are the 3 main pillars of CSR on which it is based. They are namely ; Environment, Society and Commerce. If these 3 elements comes together then there is no doubt it will create a long term sustainable development. At the same time the accountability and measurability is also an essential. The CSR is becoming a preview of "Doing Social Good" and it fastly becoming a 'Business Necessity'. By taking into account the same theme now a day many NGOs are also showing very keen interest in CSR activities. India at the global level has emerged as a global leader regarding the knowledge and in creating a intellectually high and socially sound society. This development can be mainly attributed to high qualified research foundations and their deep commitment for the problem solving systems. It has been said that the income is and may be earned only from the society and therefore again it should be go to it only. In this way the wealth is meant for used for self and the public ; the basis motivated behind all the types of business is to quench the hunger of the mankind as a whole: the fundamental objective of all the business is to help the people. At the same time the performance should be measured and also

calculated on the basis of its accountability, sociability. Even the periodic audit should be carried out in effective manner. And there should be an orientation, coordination and motivation, legitimation. However CSR is still voluntary and it is not mandatory therefore it is very important that the government should make CSR activities mandatory through the means of Law of Enforceability with sound, efficient and effective implementation.

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