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Corporate Social Responsibility in Indian Perspective - An Analysis of Recent Trends and Key Issues Involved

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Abstract

Corporate Social Responsibility (CSR) has been an indispensable part of almost every organizational structure in India since long. Every organization extracting the resources of the society is responsible in one way or the other to make a post marked influence on the socio-economic growth and development and environmental protection. In the recent past various organizations ions which may be big or small organizations are focusing more on their social responsibility as a fundamental part of their every business scheme. The present paper is a modest attempt to give a deep insight into the conceptual framework of Corporate Social responsibility. This paper highlights the recent trends in the corporate social responsibility (CSR) in India and also the key issues involved.

Keywords: Corporate Social Responsibility, CSR, Transparency, Accountancy, Sustainability,

Introduction

Corporate social responsibility, abbreviated as "CSR," is an initiative taken by the corporate world to presume their responsibility towards the society and the environment in which they are working. It refers to s to how the companies manage their business processes in order to benefit the society as a whole. It includes in its ambit sustainability, transparency, accountability, social impact and business ethics, and philanthropy.

It involves spending huge amounts of short-term costs that in spite of not giving any immediate financial benefit to the company, but does enhance the positive, social and environmental change, which

can lead to greater benefits with respect to the maintenance of the sustainability of an organization in the long run.

Corporations can provide adverse effects on the environment. Industries involved in mining as well as the extraction industries etc. could damage environment by destroying the natural ecosystems. Climate change has been a most alarming situation for quite a long time which is majorly contributed by these corporations. Many of these corporations have profited themselves by the wrongful exploitation of the natural resources thereby deteriorating the global environment, which is against business ethics.

Although, the efforts of the organizations to meet the consumer demands cannot be undermined, responsibility and profitability should have to be balanced. Many corporate have already adopted the philosophy of balances the profit earning objective with a commitment to ethical business.

Objectives & Methodology of the paper:

The paper aims to give a clear understanding of the concept of Corporate Social responsibility and its recent trends in Indian corporate houses. The paper also touches a little on the ongoing pandemic Covid-19 outbreak and its implications for corporate social responsibility. The paper is bifurcated into two categories. Part -1 explains the theoretical framework of CSR concept whereas Part-2 explains the trends and initiatives adopted by in the Indian corporate houses to impart their social responsibilities in recent times. To achieve the objective of the paper secondary data has been solicited through various sources like NGOBOX and CSRBOX. The paper also analyzed the key issues involved in the achieving CSR objectives.

Review of literature:

Different organizations have framed different definitions - although there is considerable common ground between them. CSR “analyses economic, legal, moral, social and physical aspects of environment”. Barnard (1938). According to the EU Commission [(2002) 347 final: 5], “...CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” Carroll (1979), one of the early CSR theorists states that: “business encompasses the economic, legal, ethical and discretionary expectations that society

has of organization at a given point in time”.

According to The World Business Council for Sustainable Development, “Corporate Social Responsibility 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” By reviewing these definitions, it can be summed up that the focus of corporate social responsibility is on operating a business in a manner that meets the ethical, legal, social, commercial and public expectations of the society.

Corporate Social Responsibility (CSR) has gained significant attention in India, as businesses recognize the importance of contributing to social and environmental causes alongside their economic objectives. Several studies have explored the state of CSR in India and its impact on sustainable development. According to Jain and Bansal (2019), the Companies Act of 2013 in India mandated CSR expenditure for qualifying companies, leading to increased CSR activities. Bhattacharya et al. (2017) highlighted that CSR initiatives in India focus on areas such as education, healthcare, and environmental sustainability. Additionally, Agarwal and Malhotra (2020) emphasized the role of stakeholders in influencing CSR practices, including government policies, NGOs, and consumer demands. However, Mishra and Suar (2018) identified challenges faced by companies in implementing effective CSR strategies, such as lack of clarity on CSR goals and limited resources. Overall, the literature suggests that while CSR in India has shown positive progress, there are still areas for improvement in terms of strategy formulation, monitoring, and evaluation.

Part-1

Theoretical framework of CSR: Companies basically need to take care of two most important aspects such as: the quality of their management - both in terms of people and processes; Secondly, the nature and kind of effect on society.

Outside stakeholders are take keen interest in knowing about the activities of the company as how the company is discharging its obligations in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. So CSR is based on the three fundamental principles as follows:

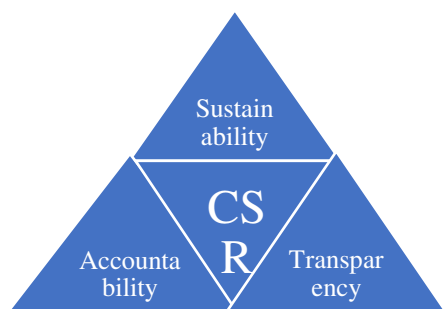


Fig1. Principles of CSR

❖ Sustainability:

A business should have sustainable development strategy to take care of the internal as well as external environment of the organization. The organization consumes various resources from the society some being non-renewable that may further lead to shortage of resources in near future. Moreover, continuous extraction of natural raw material results in permanent damage to the landscape destroying the very ecosystem of the local land. To assume the responsibility of the ones' efforts the organizations must do something positive to offset the disadvantage caused to the society and environment. It can adopt alternative business strategies such as:

- Economic value generated
- Plantation and re-plantation of more trees
- progress against resource efficiency targets
- Minimization of waste and recycling of waste material
- Reductions in greenhouse gas emissions
- Water use minimization
- Regenerate the renewable resources to the extent possible
- Training provisions for employees to utilize the natural resources optimally
- Career development programs

❖ Accountability

Corporate accountability has been increasingly making its mark in the corporate world due to increased concern for business ethics and social responsibility movements in the recent years. This is concerned with taking responsibility of one's actions. In other words, the organizations recognize the impact, positive or negative of all its activities on the internal and external environment. This corporate accountability is practiced through reporting to the all concerned stakeholders about the impact of an organizations programs and the strategies it developed to offset the negative impacts on the society and environment.

Therefore, accountability insists the corporate to make some alternate strategies and programs to protect the environment and social health. This may add some cost to the organization but it would also amount to effective use of the resources and manpower which will further bring some gain to the organization.

Reporting, to be effective should be:

1. Clear, precise and understandability to all the stakeholders;
2. Relevant to the parties concerned;
3. Reliable
4. Accurate and free from bias
5. Comparable over years and amongst organizations.

❖ Transparency

Without transparency, there cannot be any sustainability and accountability. Transparency means that whatever effect an organization has on the internal or external environment, it should be known to all the stakeholders through reporting instruments. Transparency is of much importance to external users, especially those who don't have much access to the details available as compared to the internal users. This way, it helps in transferring some powers in the hands of external stakeholders also that is much needed to ensure accountability in true sense.

Corporate Social Responsibility and Stakeholders for Strategy development:

There are a number of external and internal stakeholders who all are in one way or the other interested in organizations programs. Organizations are responsible to all these stakeholders concerned.

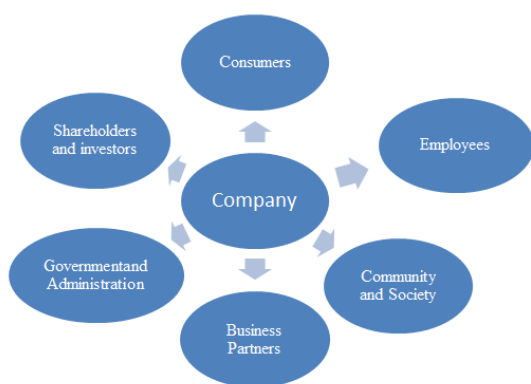


Fig. 2 Stakeholders of a Company

Stakeholders of a company

Following are some of the major ethical and social considerations; an organization must adhere to ensure sustainability and accountability towards these stakeholders:

1. Consumer

- Constant efforts should be made to provide safe and durable products to the customers and to solve their grievances at the earliest.
- Organization should always believe in fair and free competition.
- It should provide appropriate information to customers before indulging in purchasing or selling of products and services.

2. Employees

- Each person having requisite qualification should be given equal opportunity of employment without discrimination on the basis of race, skin color, gender, religion, political view, nationality, geographical and social origin.
- It should always respect the fundamental human rights of all the employees.
- The employees should be given an environment conducive to personal and professional growth which in turn will benefit corporate growth.
- Employees should be given healthy work culture where they always feel motivated and belongingness to the organization.
- Proper code of ethics should be followed from the top level management to the bottom. Proper training and development programs should be designed for continuous up gradation of working methods.

3. Business Partners

- Each organization should respect its business partners. There should be a relationship of mutual trust, confidence and understandability.

- Maintaining fair business practices with the business partners should be given priorities over reaping undue profits out of the partnership.
- 4. Shareholders and investors**
- Shareholders are the owners of the organization; they are always interested in increasing return to their investment. The organization should aim at achieving stable and sure corporate growth to provide returns to our shareholders and to be socially responsible at the same time.
 - The shareholders and the investors should be informed of all relevant details timely and appropriately.
- 5. Communities and Society**
- Continuous efforts should be made to protect the natural environment by reducing environmental burden from business operation, thereby by providing good quality products and services to customers.
 - Strategies should be designed to prevent and mitigate the impact of natural disaster damages by not spoiling the ecosystem through raw material extraction. Instead alternative resources should be discovered and developed.
 - The organization can contribute toward various community development programs. It can also make its employees a part of its community services.
 - Communal harmony and peace can be strengthened by maintaining good relationship with the local people and by restraining the anti social elements.
 - It is very necessary for an organization to be sustainable that it should respect history, cultures, and customs of the places where it is operating.

6. Government and administration

The organization should always respect and obey the law of the land. It should refrain from corrupt practices like bribery directly or indirectly.

Thus, it is clear that there are a number of social activities apart from simply giving a cheque of charity and donation to the selected organizations. Companies are influential to pressurize governments and other companies to treat people and resources more reasonably and responsibly.

Part-II

With the amendments in companies Act 2013 and increased concern for social responsibilities, the more corporate are now participating in CSR Governance. Latest economic reforms have also led to greater transparency and accountability. Following are some of the recent initiatives being taken by the corporate sector as a part of their social responsibility.

1. Environment protection:

Campaigns such as Swachh Bharat Abhiyaan have brought the discourse on cleanliness to the mainstream. Many big corporations are taking interest in allocating more funds to this campaign by building toilets cleaning up of public spaces, burning garbage etc, Public awareness for cleanliness and air and water pollution has also increased. This has further led the corporate to produce clean and environment friendly products and services. Mostly, the companies are moving towards creating sustainable growth such as interlinking supply chains so that wastage can be minimized.

2. **Integration of business strategy with corporate social responsibilities:**

Corporate are now making CSR a part of their strategic management. They develop the strategies in alignment to both Business aims and social requirement. They have realized the fact that mere writing a cheque in the name of charity or donation to some selected organization is not sufficient at all. Companies are now viewing CSR as an investment that adds to their brand value even if it affects their business indirectly.

3. **Greater transparency and accountability:**

The recent years have witnessed a paradigm shift in the mindset of companies towards CSR. According to data compiled by Prime Database, there is a huge jump in investment made by Indian companies in CSR activities over the years. Further Companies Act 2013 made it a mandatory requirement to create a Board level Committee for CSR that has made reporting of CSR initiatives to government and other stakeholders more important.

4. **Save Water:**

Due to droughts and water shortages in some areas and floods in the other, water is now viewed as a significant risk factor according to the ninth edition of the Global Risk Report, released in early 2014 by the World Economic Forum.

5. **Energy conservation:**

Companies now focus more on renewable energy resources such as solar, befool and wind. Energy storage is also gaining importance. Corporate, policy makers and

Government together can develop better strategies for energy conservation and energy renewable methods in near future.

6. **Women empowerment and gender equality:**

Various corporate houses are now developing programs that are related to creating general awareness among women, particularly the rural women to make them aware of their safety, health and hygiene. They also arrange for some projects that give entrepreneurial guidance and support to the women to make them financially independent and bring gender equality in society.

7. **Education and Skill Development:**

Many big companies are also indulged in imparting tech based education through smart-classrooms. They offer special scholarships and fellowships to the needy and bright students.

8. **Healthcare:**

Healthcare is another most emerging sector that has caught the attention of the corporate to make it a part of their CSR initiatives in the recent times. The corporate are initiating and funding various healthcare projects. They are also creating awareness about public health and safety with special focus on the nutrition of mother and children.

The following table shows the CSR funding by the big 500 companies in the year 2014-15 and 2017-18 on the various themes. It also shows the rising trend in the funding by the big 500 corporate in their CSR initiatives over the years.

Theme	Year 2014-15 (Amounts in Cr.)	Year 2017-18 (Amount in Cr.)	Percentage increase in fund flow in CSR
Education and skill development	2224	3406	52.76%
Health care and wash projects	1588	3130	97.1%
Women empowerment and gender equality	109	479	339.48%
Environment protection	595	1075	80.67%

Source: A report by NGOBOX and CSRBOX on CSR In India- An Analysis of CSR Fund Flow in India from FY 2014-15 to FY 2017-18.

The maximum rise can be seen in the area of women empowerment and gender equality followed by Healthcare and wash projects. Environment protection and education is another thrust area when it comes to corporate social responsibility projects.

The Following table no. 2 shows the top 10 companies in India who are fulfilling their corporate social responsibility according to the ranking given by the study of responsible Business rankings. The ranking is based upon four parameters namely, Governance, Stakeholders, Disclosure practices and sustainability.

Table 2. Top 10 Companies as per CSR ranking

Name of the Company	Ranking
Tata Chemicals Ltd.	1
Infosys	2
Bharat Petroleum corporation Ltd.	3
Mahindra & Mahindra Ltd.	4
ITC Ltd.	5
Ambuja cement	6
Tata Motors	7
Vedanta Ltd.	8
Hindalco	9

Toyota Kirloskar Motors	10
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CSR initiatives by Indian companies

Indian companies have undertaken various Corporate Social Responsibility (CSR) initiatives to contribute to society and address pressing social and environmental challenges. Here are some examples of CSR initiatives by Indian companies:

Tata Group: The Tata Group is known for its extensive CSR initiatives across multiple sectors. They focus on education, healthcare, livelihood generation, environmental conservation, and rural development. One prominent initiative is the Tata Trusts, which work on issues like rural development, education, healthcare, and skill development.

Reliance Industries Limited: Reliance Industries has been actively involved in several CSR initiatives. Their initiatives include supporting education through the Dhirubhai Ambani Foundation, healthcare projects, and rural development programs. They also contribute to environmental sustainability through initiatives like the Reliance Foundation's "Green Initiative."

Infosys: Infosys has implemented various CSR programs to support education, rural development, healthcare, and environmental sustainability. They have established the Infosys Foundation, which focuses on education, healthcare, rural development, and arts and culture. Their initiatives include building schools, providing scholarships, and supporting social entrepreneurship.

Mahindra Group: The Mahindra Group has a strong focus on sustainable business practices and social responsibility. Their CSR initiatives include the Mahindra Foundation, which supports education, healthcare, and skill development

programs. They also promote renewable energy and environmental conservation through initiatives like Mahindra Susten.

ITC Limited: ITC Limited is committed to sustainable development and has undertaken various CSR initiatives. They focus on areas such as rural development, environmental conservation, education, and healthcare. Their initiatives include e-Choupal, a rural digital empowerment program, and the ITC-WelcomEnviron initiative for environmental sustainability.

Wipro Limited: Wipro has a comprehensive CSR program called "Wipro Applying Thought in Schools" (WATIS). It aims to improve the quality of education in government schools. They also focus on social causes like healthcare, environment, and community development. Wipro's initiatives include the Wipro Cares program and the Wipro Earthian sustainability education initiative. These are just a few examples of the CSR initiatives undertaken by Indian companies. Many other companies in India have their own CSR programs focused on various social, environmental, and economic issues to make a positive impact on society.

Key issues involved in actual implementation of CSR initiatives:

- **Collaborative approaches:** The corporate often face lack of participation by the local agencies as well as the beneficiary communities, for the proper execution of the CSR projects initiated by them. The major reason behind this may be the lack of awareness among people and they take it as a regulatory measure imposed upon them not as a voluntary objective.
- **Feedback and follow-up:** most of the times CSR programs are just executed without proper feedback and follow up plan without which the efficiency and effectiveness of such programs may not serve the very purpose of CSR.
- **Involvement of NGOs:** Involving NGOs which are well versed with the local needs and problems of the community has been a big challenge for the corporate, especially in the rural and backward areas. The NGOs and any such local not for profit organizations can play a crucial role in proper execution of the CSR projects at the grassroots level.
- **Size of the company matters:** The size of the company is another factor that measure the size of the budget allocated for the CSR projects. The bigger the size of the company higher will be the range of CSR budget.
- **Customers' perception is crucial:** Customers' perception has a strong relationship with the corporate social responsibility performed by any business house. They take company in a positive way if the company is fulfilling its responsibility towards society. Image of the company improves and customers' loyalty is won if the company is social, ethically and legally very sound. Customers purchasing behavior tends to change on the perception towards companies social performance.
- **Employees' expectations:** Employees are one of the most dominant stakeholders to play an important role in the fulfillment of CSR. Often they seek something in addition to wages and remunerations. Along with financial incentives, non-financial incentives play a big role in making the employees satisfied. The companies have to look for the welfare of the

employees as an ongoing program under CSR umbrella.

Conclusion:

Though the CSR funding is on rising path over the years, it has to be a willful choice to make a change in the society rather than just being a number recorded in black and white. Government can make laws, companies can make policies but the efforts will be fruitless if it is not done in true spirit to bring about positive impact on all the stakeholders. CSR initiatives should cater to the future needs and challenges of the new generations. One thing that should be taken care off is that CSR is not a charity it is the responsibility to be fulfilled irrespective of the varied priorities of different sectors. The growth of any organization is going to depend upon the fact how far and to what extent it has been achieving the agenda of CSR in the times to come.

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