THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN DEVELOPING ECONOMIES WITH SPECIAL REFERENCE TO INDIA

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Introduction
Corporate social responsibility (CSR) is a form of corporate self-regulation integrated into a business model. It is also called as corporate conscience, citizenship, social performance, or sustainable responsible business. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of public interest into corporate decision-making that is the core business of the company or firm, and the honouring of a triple bottom line: people, planet, profit.

Objectives and Methodology
The study is based on proper methodology which comprises wide discussion with the selected retailers, industrialists, economists and academicians. The study is based on the secondary data.

The main objectives of the research work are:
1. To study the concept of CSR
2. To review the CSR initiatives in Indian

The main findings of the study are presented herewith.

Growing importance of CSR
Corporate social responsibility (CSR) is the responsibility recognized by the companies for acting in socially responsible manner. There is no single universally accepted definition of corporate social responsibility, it has generally come to mean business decision making linked to ethical values, legal compliance, and respect for people, community, and environment. CSR expects a company to go further than required by law so as to:

- Treat employees fairly and with respect
- Operate with integrity and in an ethical manner in all its business dealings with customer, suppliers, lenders, and others
- Respect human rights
- Sustain the environment for future generations
- Be a responsible neighbor in the community and a good ‘corporate citizen’.

Occupational welfare and corporate community welfare or corporate social responsibility (CSR) are of growing importance to governments and service providers as they promise to meet challenges of social problems within changing welfare environments. The modern governments have increasingly
resorted to corporate involvement in local services and have also encouraged the expansion of occupational welfare.

Over the last twenty years an increasingly large number of business houses have responded positively to the banner of CSR. This has perhaps been partly due to their aspiration to make their operations more ethical. While for the government, the role the businesses can play in the development of society is quite crucial, the activist community might like to take credit for the growing importance of CSR as a clear victory for their efforts in pressurizing the activities of companies. To put the same in other words, companies introduced CSR reports and programs as a response against damage inflicted on their sale and reputation by attacks from activist groups who aided by 24 hour news media in which corporate wrongdoing has been especially highlighted. While on the one hand this makes compelling news, it puts an ethical pressure on the companies to give back at least a part to society in return what they have gained from it. It is therefore, no longer important for companies to just make profit, the way this profit is generated is deeply investigated by the activists. A company must not be seen violating ethics or law in any of the areas like market behavior, trade policies, employment relations, sourcing of raw materials, human rights, environmental laws or the activists would put pressure on them through media or the other channels. This analysis however fails to appreciate much of the social contributions businesses have been making since long back.

The companies may either include CSR report in their annual report and accounts or may publish their separate corporate responsibility report which may be called a ‘social and environmental report’ or a ‘sustainability report’. These reports indicate a company’s commitment toward ethical behaviour and highlight their progress towards achieving their strategic CSR objectives.

Increasingly more and more companies have begun to incorporate ethics and CSR in their strategic planning and objectives. Many large companies have adopted formal environmental policies with the objectives of creating a sustainable business and being environment friendly. For instance, a company that uses large quantities of timber as raw material might adopt a policy of re-forestation to replace the trees they have cut down.

**CSR In India**

Indian companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximisation goal. Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programmes in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others.

The 2010 list of Forbes Asia’s ‘48 Heroes of Philanthropy’ contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia’s Asian Sustainability Ranking (ASR), released in October 2009.

According to a study undertaken by an industry body in June 2009, which studied the CSR activities of 300 corporate houses, corporate India has spread its CSR activities across 20 states and Union territories, with Maharashtra gaining the most from them. About 36 per cent of the CSR activities are concentrated in the state, followed by about 12 per cent in Gujarat, 10 per cent in Delhi and 9 per cent in Tamil Nadu.

The companies have on an aggregate, identified 26 different themes for their CSR initiatives. Of these 26 schemes, community welfare tops the list, followed by education, the environment, health, as well as rural development. Further, according to a study by financial paper, The Economic Times, donations by listed companies grew 8 per cent during the fiscal ended March 2009. The study of disclosures made by companies showed that 760 companies donated US$ 170 million in FY09, up from US$ 156 million in the year-ago period. As many as 108 companies donated over US $2,16,199, up 20 per cent over the previous year.
Although corporate India is involved in CSR activities, the central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. According to Minister for Corporate Affairs, Mr Salman Khurshid, one of the ways to attract companies towards CSR work is to develop a system of CSR credits, similar to the system of carbon credits which are given to companies for green initiatives. Moreover, in 2009, the government made it mandatory for all public sector oil companies to spend 2 per cent of their net profits on corporate social responsibility.

Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be funded by 2-5 per cent of the company’s net profits.

As per the guidelines, companies with net profit of less than US$ 22.5 million will earmark 3-5 per cent of profit for CSR, companies with net profit of between US$ 22.5 million - US$ 112.5 million, will utilise 2-3 per cent for CSR activities and companies with net profit of over US$ 112.5 million will spend 0.5-2 per cent of net profits for CSR.

India Inc has joined hands to fine-tune all its activities falling under CSR. For this, it has set up a global platform to showcase all the work done by Indian firms. Confederation of Indian Industry (CII) and the TVS Group collaborated to form the CII-TVS Centre of Excellence for Responsive Corporate Citizenship in 2007. It provides consultancy services and technical assistance on social development and CSR.

According to a National Geographic survey which studied 17,000 consumers in 17 countries, Indians are the most eco-friendly consumers in the world. India topped the Consumer Greendex, where consumers were asked about energy use and conservation, transportation choices, food sources, the relative use of green products versus traditional products, attitudes towards the environment and sustainability and knowledge of environmental issues.

- Reliance Industries and two Tata Group firms—Tata Motors and Tata Steel—are the country’s most admired companies for their corporate social responsibility initiatives, according to a Nielsen survey released in May 2009.
- As part of its Corporate Service Corps (CSC) programme, IBM has joined hands with the Tribal Development Department of Gujarat for a development project aimed at upliftment of tribals in the Sasan area of Gir forest.
- The financial services sector is going green in a steady manner. With an eye on preserving energy, companies have started easing the carbon footprint in their offices. The year 2009 witnessed initiatives including application of renewable energy technologies, moving to paperless operations and recognition of environmental standards. Efforts by companies such as HSBC India, Max New York Life and Standard Chartered Bank have ensured that the green movement has kept its momentum by asking their customers to shift to e-statements and e-receipts.
- State-owned Navratna company, Coal India Ltd (CIL) will invest US$ 67.5 million in 2010-11 on social and environmental causes.
- Public sector aluminium company NALCO has contributed US$ 3.23 million for development work in Orissa’s Koraput district as part of its Corporate Social Responsibility (CSR).

**Benefits of CSR**

1. Win new business.
2. Increase customer retention.
3. Develop and enhance relationships with customers, suppliers and networks.
4. Attract, retain and maintain a happy workforce and be an employer of choice.
5. Save money on energy and operating costs and managing risk.
6. Differentiate yourself from your competitors.
7. General innovation and learning and enhance your influence.
8. Improve your business reputation and standing.
9. Provide access to investment and funding opportunities.
10. Generate positive publicity and media opportunities due to media interest in ethical business activities.

**Recommendation and suggestions**

- There is a need to develop a strategic approach to CSR based on understanding of the impacts and the tipping points in resource shortage or price rises
- There is need to enhance the initiatives through CSR by Indian companies especially in the Education and Environment Protection
- CSR initiatives will help in enhancing brand image
- Through CSR it is possible to presents an opportunity to demonstrate corporate values, distinctiveness, and employee brand as well as deliver governance.

**Conclusion**

The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept-Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. It stems from the desire to do good and get self satisfaction in return as well as societal obligation of business. CSR can play a valuable role in ensuring that the invisible hand acts, as intended, to produce the social good. In addition, it seems clear that a CSR program can be a profitable element of corporate strategy, contributing to risk management and to the maintenance of relationships that are important to long-term profitability.

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