

Growth of Corporate Social Responsibility (CSR) with reference to Indian Market scenario

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Abstract: *The term "corporate social responsibility" (CSR) is popular everywhere. Integration of CSR in business is one of the major issues that businesses confront in the modern, globalised world. Stakeholders expect a great deal more from businesses than just growth and profitability. In India and other developing nations, CSR has made significant progress. Corporates have amply demonstrated their capacity to significantly impact society and raise standard of living through responsive actions and sustainable initiatives. This essay focuses on the idea of CSR, its characteristics, and its applicability in developing economies, particularly India. Corporate Social Responsibility (CSR) is not a brand-new idea in India. It came about during the 'Vedic period,' when India had no written history. Kings had a responsibility to the community, and merchants demonstrated their own corporate responsibility by erecting temples, schools, lodgings, and wells. Throughout the past four centuries, Corporate Social Responsibility has been defined and conceptualised in a variety of ways as a result of study, discussion, and scholarly conflict surrounding the subject. The term "Corporate Social Responsibility" (CSR) refers to "soft" self-regulation practises adopted by businesses to enhance certain areas of the business. These practises can relate to labour, environmental, and human rights concerns.*

Keywords: Corporate Social Responsibility (CSR), strategy, sustainability, and stakeholders.

I. INTRODUCTION

As one of the important shloka (quote) from the Rigveda says,

"A businessman should benefit from business like a honey-bee which suckles honey from the flower without affecting its charm and beauty".

Corporate social responsibility refers to businesses having commitments and undertaking actions above and beyond their statutory duties and commercial objectives. These broader obligations include a variety of domains, but they are typically summed up as social and environmental, where social here refers to society more generally than just social policy concerns. The triple bottom line approach—economic, social, and environmental—can be used to summarise this.

Corporate social responsibility (CSR), also known as corporate responsibility, corporate citizenship, responsible business, and corporate social opportunity, is a concept in which organisations take into account the interests of society by taking accountability for the effects of their activities on clients, suppliers, staff, shareholders, communities, and other stakeholders, as well as the environment.

The World Business Council for Sustainable Development states that corporate social responsibility is the on-going commitment made by businesses to act morally, promote economic growth, and enhance the lives of their employees, their families, the local community, and society as a whole.

Business ethics gave birth to CSR. Business ethics, on the other hand, is primarily concerned with moral principles, whereas CSR places a greater emphasis on social, environmental, and sustainability issues than on morality. Corporate decision-making and policy-making are linked to moral principles, adherence to legal obligations, and respect for people, communities, and the environment globally, according to A.P.J. Abdul Kalam. Corporate social responsibility is a concept that is constantly changing and does not yet have a widely accepted definition or set of precise requirements.

1.1 CSR in Indian Perspective

The four phases of CSR's development in India parallel the country's historical progression and have led to various CSR strategies.

A. The Initial Phase

The primary forces behind CSR during the initial phase were philanthropy and charity. CSR was influenced by culture, religion, family values, custom, and industrialization. Up to 1850, during the pre-industrial era, affluent merchants distributed a portion of their income to the general populace by building temples dedicated to a particular religion. Additionally, by giving food from their godowns and money, these merchants helped the society overcome periods of famine and epidemics, gaining a position of importance in the community. In India, colonial rule began in the 1850s, and this affected how CSR was approached. The industrial families of the 19th century, including Tata, Godrej, Bajaj, Modi, Birla, and Singhanian, were very focused on both social and economic factors. However, it has been noted that their efforts toward social as well as industrial growth were affected by caste groupings and political goals in addition to altruistic and religious causes.

B. Second Phase

Indian industrialists were put under more pressure to show their commitment to the advancement of society during the second phase of the independence movement. At this time, Mahatma Gandhi popularised the idea of "trusteeship," which required business titans to handle their riches in a way that benefited the average person. "I want to abolish capitalism almost as much as the most accomplished socialist, if not exactly. However, our approaches are different. My trusteeship theory is neither improvised nor disguised. I'm sure it will outlive all competing hypotheses." Gandhi used these terms to emphasise his case for his concept of "trusteeship." Gandhi's influence forced numerous industrialists to take steps for the nation's construction and socioeconomic development. Gandhi claimed that Indian businesses should serve as the "temples of new India." Businesses created trusts for universities and colleges under his influence, and they also assisted in establishing training and research institutes. The trusts' operations primarily followed Gandhi's reforms, which aimed to end untouchability, support women's emancipation, and promote rural development.

C. Third Phase

The "mixed economy" component, the growth of public sector undertakings (PSUs), and legislation relating to labour and environmental standards were all factors in the third phase of CSR (1960–1980). The private sector was compelled to take a back seat during this time. Development was viewed as being driven mostly by the public sector. The time was referred to as a "age of command and control" because of the strict legislative restrictions placed on private sector activity. Corporate malpractices were caused by the policy of industrial licencing, hefty taxes, and restrictions on the private sector. As a result, laws addressing labour, corporate governance, and environmental issues were passed. The state established PSUs to make sure that resources (money, food, etc.) were distributed to the needy in a proper manner. However, the public sector's effectiveness was somewhat constrained. The private sector's active participation in the socioeconomic growth of the nation became absolutely important as a result of the shift in expectations from the public to the private sector. Indian academics, legislators, and businesspeople organised a national workshop on CSR with the goal of fostering reconciliation in 1965. Transparency, social responsibility, and ongoing stakeholder conversations were prioritised. Despite such efforts, the CSR was unable to gain traction.

D. Forth Phase

In the fourth phase (1980–2015), Indian businesses began to move away from their long-standing CSR involvement and incorporate it into a sustainable business plan. The first steps toward economic liberalisation and globalisation were taken in the 1990s. The economy benefited from the partial elimination of controls and licencing requirements, the effects of which are still clearly visible today. Indian businesses were able to expand quickly due to the economy's increased economic pace, which increased their willingness and capacity to support social causes. India is now a significant location for production and manufacturing bases of TNCs as a result of globalisation. Indian businesses who

export and make items for the developed world must pay particular attention to compliance with international standards as Western markets grow increasingly worried about labour and environmental standards in underdeveloped countries.

II. REVIEW OF LITERATURE - EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY

The history of CSR is extensive and diverse. It is important to look back on historical evidence of the business community's concern for society. To determine the current state of research on the subject, a review of the literature on studies specifically related to Concept Evolution and Understanding, Awareness, Motivation, Perception and Behaviour, and Reporting Practices toward Corporate Social Responsibility Practices in Small and Medium Enterprises was conducted. The following are the summaries of these studies:

Anupam Singh and Pryanka Verma (2016)

Building stakeholder trust is a result of authentic and sincere corporate communication, according to the study "Fostering Stakeholders Trust via CSR Reporting: An Analytical Focus". Additionally, it evaluated the quantity and type of CSR reporting by Indian businesses. According to the findings, there is no connection between a company's profitability and its corporate social disclosure (CSD). However, CSD procedures are influenced by a firm's ownership (private or public sector). The results also point to a favourable relationship between business size and CSD within the community development theme. This suggests that well-known, major corporations support neighbourhood development. The study concludes with a finding that has important managerial ramifications: open, truthful social reporting can improve relationships with all stakeholders.

Ghosh, Sumona (2015)

The study uses absolute profit as the criterion to investigate the development of a pattern of participation in corporate social responsibility (CSR) activities across private sector enterprises as evidenced in the relevant company records in the public domain. The study found that the three CSR initiatives that people favoured the most were environment, health, and education. The least favourite activities were getting clean water to drink, improving urban living conditions, and sanitation. Regarding the many CSR initiatives that the corporations responded to, a strong link was found. The most receptive businesses to such initiatives have been those in the industrial and diversified sectors. The following CSR initiatives have received the highest priority from companies (Level 1): education, environment, health, rural upliftment, and others.

Sen. Shubhashis Gangopadhyay (2014)

Theoretical research and empirical studies on CSR have consistently demonstrated that it is an essential component of a company's competitive strategy. Companies can compete by cutting prices without compromising product quality or by raising quality without significantly raising pricing. Businesses utilise their social media presence as a signal to attract both staff and customers who will remain loyal to them. However, such signalling only functions as a competitive tactic when participation is voluntarily chosen.

Dr. M. Ramana Kumar (2013) attempted to analyse the CSR activities carried out by Indian private (Reliance Industries Ltd.) and public sector companies (ONGC) as well as study the Indian government policies and programmes of CSR in his study on CSR (Analysis of select Indian Private and Public sector companies). The survey found that even though Indian public and private businesses are working to improve their corporate social responsibility programmes, more needs to be done. The analysis discovered a considerable disparity between RIL's and ONGC's CSR practises, with ONGC spending more on CSR in 2009–2010, 2010–11, and 2011–12 than RIL, and ONGC scoring higher on average for CSR from 2009 to 2013 than RIL.

In Indonesia, state-owned companies prefer to focus on expanding the economies of small and medium-sized enterprises (SMEs) through cooperation programmes in accordance with regulatory frameworks, according to research by Frisko and Arisandi (2011). The investigation involved looking at the program's history, determining its influence on stakeholders, and determining how well the state-owned company's social initiative worked. The study's ultimate goal was to enlighten business and government on how to analyse the efficacy of CSR initiatives in order to achieve sustainable development for a better future.

The literature review on CSR and CSRD (Corporate Social Disclosure) presents a complex and sometimes contradicting picture of both India and the worldwide CSR and CSRD landscape. Even while there are some studies in India, they are undoubtedly insufficient in comparison to research conducted on a global scale. Most research have

reached the general conclusion that CSR disclosures are minimal, do not consistently disclose social information, and social audit reporting in formalised accounting patterns are not followed. Despite the fact that size, profitability, and industry have been identified as the determinants of CSD, the link appears to be patchy and erratic. Therefore, a thorough examination of CSD trends in India and their correlation with other business traits is necessary. Furthermore, previous studies did not look into the perceptions of different stakeholder groups. As a result, it has been chosen as a fascinating topic for the ongoing investigation.

III. CSR'S LEGAL FRAMEWORK

The Ministry of Corporate Affairs released the Corporate Social Responsibility Voluntary Guidelines in 2009 as the Government of India's first official effort to bring up the CSR issue (MCA, 2009). Prior to this, the significance of CSR was highlighted in relation to corporate governance changes, such as in the Ministry of Corporate Affairs' Report of the Task Force on Corporate Excellence (MCA, 2000). The fundamental components of a CSR policy were outlined in the Voluntary Guidelines of 2009, which included consideration for all stakeholders, moral behaviour, respect for the rights and welfare of employees, respect for human rights, respect for the environment, and initiatives to advance social and inclusive development.

3.1 Application

According to Section 135 of the Companies Act, a firm must meet certain criteria in order for the CSR to apply to it, including (a) having a net worth of at least Rs. 500 crore, (b) having a turnover of at least Rs. 1000 crore, and (c) having a net profit of at least Rs. 5 crore. Furthermore, in accordance with the CSR Rules, a foreign company's branch and project offices in India are also subject to the CSR provisions.

CSR activities include eradicating extreme hunger and poverty, advancing education, advancing gender equality and the empowerment of women, lowering infant mortality and improving maternal health, battling the HI virus, immune deficiency syndrome, malaria, and other diseases, ensuring environmental sustainability, enhancing vocational skills in the workplace, and participating in social business projects. The addition of a CSR provision to the Companies Act is a positive development, and all businesses that meet the CSR requirements must engage in CSR initiatives during the current fiscal year in accordance with the new CSR regime. This action will support critically important social projects with some competent private sector management. India is the first nation to include CSR provisions in company law and to require corporates to spend money on CSR if certain conditions are met. CSR is still a voluntary activity throughout the rest of the globe, up to the corporates' decision. The only thing that is truly required is the mandatory reporting of CSR actions carried out by corporations in an increasing number of nations, though not in every nation.

IV. CONCLUSION

Corporate social responsibility has become more popular across the board. Organizations must understand that the government cannot successfully raise the underprivileged in society on its own. The current corporate social responsibility (CSR) marketing strategy is continuously changing and has given rise to a new idea. Although the idea of corporate governance could seem novel in the context of Indian business and may be associated with the liberalisation era, it is important to remember that the true forebears of effective corporate governance are ancient Indian literature. A corporation should be managed well in order to preserve the interests of its shareholders while also making sure that the needs of all other stakeholders are met to the greatest extent possible. India's economy is expanding quickly, and both domestic and foreign businesses are thriving there. Additionally, the Indian land is confronted with socioeconomic issues including poverty, population increase, and illiteracy, to name a few. Therefore, it is even more crucial that Indian businesses are made aware of CSR from the appropriate angle in order to promote and foster an atmosphere that is supportive of an equitable collaboration between civil society and industry.

The ideal CSR policy would serve as an integrated, self-policing process whereby company would monitor and guarantee that it complied with the law, moral principles, and global conventions. Therefore, business should accept accountability for how its operations affect the environment, consumers, employees, communities, stakeholders, and all other members of the public domain. Businesses with a CSR focus should actively advance the public interest by

fostering community growth and development and voluntarily ending actions that negatively impact the public, regardless of whether they are legal.

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