AN ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

The concept of corporate social responsibility (CSR) is gaining popularity in India. It is a fundamental part of the business practice of many multinational companies. It facilitates the alignment of the company's values and social responsibilities. The concept of corporate social responsibility is regarded as a convergence of various initiatives that are aimed at ensuring the development of the community. It is therefore important that businesses in developing countries such as India are able to adopt and implement CSR programs. This paper aims to provide an overview of the concept of CSR and its various applications in India. This paper also discusses the various policies and procedures related to CSR in India. It also provides suggestions to improve the implementation of these programs in the country. There are also various challenges that face the implementation of CSR in India.

INTRODUCTION

India's corporate social responsibility concept is gaining widespread acceptance. It is regarded as a framework that enables companies to align their values with those of the community. This concept aims to ensure that the various initiatives undertaken by the company are beneficial to the society. It is very important that companies in developing countries like India are able to adopt the corporate social responsibility (CSR) concept as a part of their activities. This paper aims to introduce the concept of corporate social responsibility in the country.

This paper also presents an overview of the various procedures and policies related to the corporate social responsibility in India. It also aims to provide recommendations to improve these procedures and increase the effectiveness of the country's initiatives. The concept of corporate social responsibility allows companies to align their values with the communities they serve. It is also regarded as a framework that enables them to live up to their social obligation. It can be a powerful tool for companies in India to compete in the global market. In India, organizations have started to realize the importance of incorporating CSR initiatives into their operations. It has become a core part of their business processes as they recognize the need to improve the relationships with the communities they serve. The relationship between the state, companies, and society has changed over time. One of the main factors that has contributed to the rapid adoption of CSR programs in India is the lack of adequate government resources to address the various social issues that are prevalent in the country.

Due to the increasing number of companies participating in CSR activities, the scope of this activity has become wider. Some of the prominent organizations that have been involved in this include Indian Oil Corporation and the Aditya Birla Group. Other companies have also been holding charity events and donating to various organizations. Most of the leading corporations in India are also involved in programs that are focused on improving the lives of the communities they serve. Although the concept of CSR has been around in Indian companies for a long time, it has caught on with the employees as it allows them to directly participate in the projects. The various advantages of participating in CSR activities are the various factors that they can bring to a company. They can help build a positive image and develop a sense of loyalty among the employees. The increasing number of companies participating in corporate social responsibility (CSR) activities can help create a loyal and dedicated workforce. They can also help improve the quality of life in the communities they serve. Most of the time, employees are motivated by the desire to make a difference in their local communities.

CSR - DEFINITION

Most definitions of CSR involve companies participating in voluntary programs and activities that involve addressing environmental and social concerns. The World Business Council for sustainable development (WBCSD) defines CSR programs as efforts that promote ethical business practices and improve the quality of life for the communities they serve.[1]

Kotler and Lee define CSR as 'CSR is a commitment that companies make to improve the well-being of their communities through their actions and contributions.' [2]These activities are usually carried out through various programs and activities, such as supporting social causes.

According to A.P.J. Abdul Kalam, CSR is a process that involves making ethical decisions and respecting the environment. However, this term does not have a set of specific criteria. Instead, it is an evolving concept that can be used to describe various activities and actions.

There is no consensus on the concept of CSR, but it can be considered as a company's efforts toward achieving sustainable business goals. This can be done through the implementation of good practices and standards.

ORIGIN OF CSR IN INDIA AND ITS DEVELOPMENT

Since the very beginning, India has been known for its corporate social responsibility. The concept of trusteeship is similar to that of Mahatma Gandhi, who believed that everyone should be involved in the welfare of the nation. Some of the prominent companies that have been active in this field include BIRLA and Tata. The concept of community welfare started in 1860s when Tata Group founder Jamshedji Tata started the company. The majority of Tata Sons' equity is held by charitable trusts. The organizations that these trusts support have created various national scientific and technological institutions.

The continuous commitment of Indian Oil Corporation to its CSR has been the company's success. In its Mission statement, the organization states that it aims to help improve the quality of life in the communities it serves.[3] Before the concept of corporate social responsibility became a part of corporate culture, it was already a part of the value systems of the Birla Group.

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[1] World business council for Sustainable Development (www.wbcsd.org/workprogram/business-role/previous-work/corporate-social-responsibility.aspx
[2] Kotler, Philip and Nancy Lee. Corporate Social Responsibility: Doing the best for your business New Jersey: John Wiley & Sons, Inc. 2005
[3] "CSR: A Cornerstone of our Enduring Success" Corporate Social Responsibility at India Oil http://iocl.com

In the 1940s, G. D Birla suggested that companies should establish trusteeship, which means that the wealth accumulated by their employees should be held in trust for their beneficiaries. This ensures that the company's profits are used for charitable activities.[4] Over the years, corporate responsibility has gained immense popularity in India due to the growing number of companies that are taking part in it. It can help boost the company's revenue and improve its operational efficiency. It can also help promote sustainable growth.

SCOPE OF CSR

CSR (Corporate social responsibility) refers to the continuous commitment of companies to improve the quality of life in their communities. It has been a prominent topic of discussion in India since the country's independence. During the country's independence movement, Mahatma Gandhi emphasized the importance of industrial wealth to the nation's development. He believed that large businesses should be held in trust for the benefit of the common people. In the early days of the country's independence, the government had encouraged private enterprises to play a significant role in the development of the country's backward regions. [5]At the same time, it established a massive public sector to serve the larger interests of the society.

During the 1980s, as the radical policies of the Indira Gandhi government started to affect the country's economic development, industrial groups started implementing large-scale corporate welfare programs. These programs were designed to demonstrate the positive impact of private wealth on the country's socio-economic development. After the country's independence, the governments of India implemented various economic reforms to address the country's economic problems. [6]These reforms marked the beginning of the free market economy in the country. The various reforms that were carried out in India during the past few years have led to the establishment of many multinational companies operating in the country. The proponents of the reforms have shifted their focus to the private sector's social role.

CHANGES IN TRENDS

During the 1990s, the concept of corporate social responsibility was mainly focused on philanthropy. Due to this, many businesses did not commit their resources to supporting

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[4] http://www.adityabirla.com/social_projects/overview, (Corporate Social Responsibility Activities by the Aditya Birla Group)
[5] J.Gosh, 'Strategy for development', volume.20, 2003,India,
[6] Ibid

programs and projects that were socially responsible. Also, they did not keep the stakeholder in mind when planning their initiatives. This lack of focus on the stakeholder has significantly decreased the effectiveness of CSR initiatives. In terms of the concept of corporate social responsibility, it is also becoming more apparent that the organizations are shifting away from being dependent on donations and charity. They are also starting to build stronger relationships with the communities they serve. The private sector is also starting to realize the importance of corporate social responsibility. [7]It has started supporting the government's efforts to provide more economic opportunities to the underprivileged.

THE NEW PARADIGM OF CSR

Before the 1990s, the concept of corporate social responsibility was mainly focused on philanthropy or charity. Instead of being a duty or a responsibility, welfare programs or initiatives were conceptualized as ways of showing the company's good deeds. Many industrial groups, such as the Tatas and the Birlas, established charitable trusts that provide financial grants to various worthy causes. Although the company usually took up more active roles in these projects, such as the establishment of a university or a primary school for the children of their workers, the approach was still philanthropy.

The concept of philanthropy is not ideal as it limits the company's involvement in the project and often limits its financial grants. Also, the corporation doesn't commit its full resources to the project. Since it's an act of charity, the company doesn't feel the need to involve the community in the development and management of its charitable initiatives. Doing so limits the effectiveness of the company's social responsibility programs. Unfortunately, due to the lack of involvement from the corporate social responsibility's primary resource, such as the corporation, the level of transparency and accountability has been relatively low. During the post-liberalization era, the concept of corporate social responsibility has undergone a major change. Instead of focusing on philanthropy, the corporate social responsibility approach now involves stakeholder participation.

The statements made by leading industrial groups, such as the Tatas, about their company's social responsibility initiatives have changed the nature of their involvement with the

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[7] "Corporate Social Responsibility: Towards a Sustainable Future", A white paper by KPMG & Associated Chambers of Commerce and Industry of India (ASSOCHAM) in.kpmg.com/pdf/CSR_Whitepaper.pdf

community. According to them, their involvement has gradually evolved from being dependent on philanthropy to becoming more involved in the development of projects and programs.

The concept of a stakeholder is similar to the one that a company has when it comes to its customers, employees, and shareholders. As a stakeholder, the community has a certain responsibilities and duties related to the company. This concept also involves the company's activities in non-financial arenas such as environmental and human rights. They should be held accountable for their performance in these areas. This can be done through the establishment of a comprehensive corporate social responsibility framework.[8]

In the post-liberalization era, the concept of corporate social responsibility has undergone a paradigm shift. According to John Samuel and Anil Sari, the three main factors that led to this change were recognition of the importance of investing in the market, increasing transparency, and the need for more accountability. CSR is a strategy that companies can use to reduce their risk and maximize their profits. It also aims to establish a framework that will allow them to participate in the development of sustainable communities. The growing importance of environmental and social stability is also a vital part of the free-market economy. The importance of transparency, social and environmental investment, and accountability are some of the key factors that have emerged as the key issues in corporate governance during the post-liberalization era. According to S. Sailaja, the concept of corporate social responsibility has undergone a paradigm shift due to the emergence of a more effective and efficient stakeholder model. This new approach is being recognized by companies as it allows them to improve their financial performance and attract and retain the best possible employees. It also helps them avoid costly environmental and legal issues. Other benefits of this strategy include the reduction of risk and improving the quality of their operations.[9]

Due to the increasing number of multinational companies operating in India, the country's CSR framework has also been developed. These companies are known to adopt a participatory model for implementing their social responsibility programs. As companies started to compete in developed markets such as the US, Europe, and the Far Eastern, they had to comply with various entry-level standards. These were then followed by various international guidelines and codes. Due to the emergence of a new stakeholder model, the corporate social

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[8] S.K.Goyal, Political Economy of India's economic reforms , 1996
[9] K. Sandeep, std www.iimahd.ernet.in/-sandeepk/CSR.pdf, 'corporate social responsibility'

responsibility concept has undergone a major change. This has led to a shift in the planning and management of programs.

CSR ACTIVITIES - INDIA

1. WELSPUN ENERGY LTD (WEL)

Welspun is a socially responsible company that focuses on providing ethical and sustainable business practices. It has been recognized by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) for its achievements in this field. Welspun Energy is part of the Welspun group, which is one of the fastest-growing companies in the country. It operates in various areas, such as power generation, textiles, and steel pipes.

Through its various initiatives, Welspun Energy was able to transform the lives of the communities it serves. For instance, through its training programs, the company was able to improve the skills of its employees and provide them with the necessary tools to improve their lives. Aside from being recognized by various organizations, Welspun Energy is a member of various international groups that are focused on sustainable business practices. Some of these include the B20 and the World Economic Forum.[10]

2. HUL (RURAL MARKETING) HUL's

The company's corporate social responsibility philosophy is focused on providing ethical and socially responsible business practices. The company's corporate social responsibility philosophy is focused on providing ethical and socially responsible business practices. It also aims to reduce its environmental impact.

3. GUJARAT COOPERATIVE MILK MARKETING FEDERATION LTD (GCMMF)

The company's key suppliers are its retailers and distributors. Through surveys conducted by the company, it has been discovered that many of these individuals do not have the necessary exposure to the latest management practices. As a corporate social responsibility, the company has taken the initiative to provide these individuals with training and resources to improve their core business processes.

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[10] Welspun Energy Bags ASSOCHAM Global CSR Excellence Award 2012 http://www.indiacsr.in

Through its various programs, such as Value-Mission-Strategy workshops and competency building, the company has been able to develop and train its distributors. These programs are designed to enhance their sales skills and knowledge of various products. The competency building modules of the company are designed to help the sales representatives develop their sales strategies and improve their knowledge of the latest sales management techniques.

ELIN APPLIANCES PVT. LTD

Elin Appliances, a manufacturer of domestic home appliances, was recently recognized for its achievements in the field of corporate social responsibility by the ASSOCHAM. The company was able to receive this award due to its continuous efforts and commitment to improving the quality of its operations. As part of its corporate social responsibility program, Elin has always been committed to improving the lives of its employees and the local community.

Through its corporate social responsibility program, Elin has been able to contribute 2% of its profit after tax to various charitable organizations. This amount is mainly used to benefit the underprivileged sections of society. The company also provides its employees with training related to social responsibility. In addition, the company encourages its employees to participate in its decision-making processes. It also launched a tree plantation program and aims to plant 10,000 trees by 2012. Aside from these, the company also provides tree saplings to its employees and local communities during its environment week celebrations.

PUBLIC SECTOR ENTERPRISES, CORPORATE SOCIAL RESPONSIBILITY AND LIBERALIZATION

In terms of the corporate social responsibility of the private sector, India has a large public sector that includes various companies. Some of these include railways, mining, and oil and gas.

Over the years, the public sector has shown its commitment to corporate social responsibility by contributing to the development of backward regions. Some of the prominent companies that have been instrumental in this process include the Oil and Natural gas Corporation of India Limited and the Steel Authority of India Limited. Some of the companies that have been recognized for their social responsibility include Indian Airlines and Bharat Heavy Electronics. Due to the privatization of public sector entities, many companies have become free market

players. However, questions have been raised about the level of involvement of the public sector in the community.

The privatization debate has been characterized by various questions. One of these is the role of the public sector in the country's development. Proponents of privatization argue that the public sector has a vital role to play in the country's development. However, the opponents of privatization argue that this should not be the case. Unfortunately, there is a lack of empirical data on the social involvement of the public sector. This makes it difficult to conduct an objective analysis.

CHALLENGES OF CSR

Despite the increasing emphasis on corporate social responsibility (CSR) in India, there are still various issues that prevent its effective implementation. One of these is the lack of proper information about its activities and policies. The lack of training and skilled staff members are some of the factors that negatively affect the implementation of corporate social responsibility (CSR) initiatives. A survey conducted by the Times Group revealed that various organizations face various challenges when it comes to carrying out CSR activities.[11]

- Lack of community participation in CSR activities: The lack of involvement of the local community in CSR activities is also one of the factors that prevents organizations from effectively carrying out their activities. This issue is mainly due to the lack of knowledge about CSR among the local communities.

- Need to build local capacities: non-governmental organizations also need to build their capacities to effectively contribute to the activities of their organizations. This is because there is a shortage of trained and efficient individuals and groups that can help the companies carry out their CSR activities. This can seriously affect the scope and sustainability of their initiatives

- Issues of transparency: One of the most common issues that the survey participants mentioned was the lack of transparency. According to the companies, there is a lack of transparency in the operations of the local implementing agencies. This is because they do not have the necessary information about their programs and activities. The lack of transparency can also negatively affect the trust building process between the local

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[11] Srinivasan and S.D.Tendulkar,'Reinteragating India with the world economy',2003,institute for international economics,Washington D.C.p.745-749

communities and the companies. This issue can also prevent the successful implementation of CSR initiatives.

- Lack of non-governmental organizations: non-governmental organizations are also not able to effectively carry out their activities due to the lack of resources and the availability of qualified and experienced individuals and groups. This issue highlights the need for investing in the local communities by building their capacity to carry out effective social projects.

- Visibility factor: The media's role in spreading good stories about successful CSR initiatives is also beneficial for the organizations as it allows them to interact with the local population and raise awareness about their programs. This can also help non-governmental organizations expand their reach. Unfortunately, this can lead to them missing out on the opportunity to participate in various grassroots programs.

SUGGESTIONS

To ensure that corporate social responsibility (CSR) is being effectively implemented, the following suggestions are made to make it more effective.

- ➢ Through CSR, small and medium-sized enterprises can improve their sales and retain their customers.

- ➢ It is also noted that many of the partnerships between various groups such as the private sector, government, and society are not effective at the grassroots level. It is therefore important that the various stakeholders are engaged in developing effective bridges to improve the implementation of CSR initiatives. A long-term sustainable perspective is also needed on the activities of CSR organizations. This can be achieved through the development of strategies and procedures that are geared toward addressing the various stakeholder groups involved in the project.

- ➢ The role of the small and medium enterprises (SMEs) in India has to be acknowledged to increase their contribution to the country's corporate social responsibility initiatives. While they are still relatively small, they can still play a significant role in the development of the society.

- ➢ To effectively implement CSR initiatives, it is important that the funds allocated for the project are used for treating the organization as an investment. Also, monitoring the activities of the program and ensuring that the goals are met are also important.

➢ A long-term perspective of the organization is also important to ensure that its CSR strategy is successful. This can help ensure that the company's goals are met and that it can deliver on its commitment.

CONCLUSION

In India, corporate social responsibility has become a vital part of the business environment. It has successfully integrated the various elements of sustainability into the company's operations. From conducting programs that promote social inclusion to implementing sustainable initiatives, corporate India has shown its ability to make a significant contribution to the country's development. Due to the immense scale of the social problems in India, it is difficult for one organization to make a significant impact on the country's development. However, through effective partnerships between various groups, such as the government and the private sector, it can be possible to make a difference.

Despite the various initiatives being undertaken by various companies in India, some critics still question the concept of corporate social responsibility. They believe that it is a waste of money and that it is not a strategy for brand building. However, according to experts, CSR is a vital part of an organization's operations and can help create an internal brand. Being able to contribute to the development of a society through activities that help the underprivileged is a company's way of giving back to the community. Corporate social responsibility is the duty of every organization, government, and individual. The objective of all businesses is to help the needy and quench the thirst of the mankind as a whole.

Due to the increasing number of organizations and the expectations of the public, the concept of corporate social responsibility is becoming more prevalent. This is why it is becoming a fast-growing field. It can be argued that it is important for companies to demonstrate their commitment to the principles of business ethics. Being a good corporate citizen is very important for a company to be successful. It can be achieved through matching the expectations of the public and communicating the achievements of the organization.