

Trends of Corporate Social Responsibility in India

Mayuri Thakre, Research Scholar

Dhanwate National College, Nagpur (MS) India

Abstract :

CSR is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. The industries helps to make society sustainable and empower with the funds under CSR. This paper focuses on the industrial engagement for the social cause.

Keywords : CSR, organisation, responsibility.

Introduction :

Corporate Social Responsibility (CSR) is a concept whereby organizations serve Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. the interests of society by considering the impact of their activities on customers, employees, shareholders, communities and the environment in various aspects of their operations.

CSR is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. CSR is, therefore, closely linked with the practice of Sustainable Development. CSR extends beyond philanthropic activities and reaches out to the integration of social and business goals.

CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business

management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.

Promoting the uptake of CSR amongst SMEs requires approaches that fit the respective needs and capacities of these businesses, and do not adversely affect their economic viability. UNIDO based its CSR programme on the Triple Bottom Line (TBL) Approach, which has proven to be a successful tool for SMEs in the developing countries to assist them in meeting social and environmental standards without compromising their competitiveness. The TBL approach is used as a framework for measuring and reporting corporate performance against economic, social and environmental performance. It is an attempt to align private enterprises to the goal of sustainable global development by providing them with a more comprehensive set of working objectives than just profit alone. The perspective taken is that for an organization to be sustainable, it must be financially secure, minimize (or ideally eliminate) its negative environmental impacts and act in conformity with societal expectations.

Corporate social responsibility is a type of international private business self-regulation that aims to contribute to societal goals of a philanthropic, activist, or charitable nature or by engage in or support volunteering or ethically-oriented practices. While once it was possible to describe CSR as an internal organisational policy or that time has passed as various international laws have been developed and various organisations have used their authority to push it beyond individual or even industry-wide initiatives. While it has been considered a form of corporate self-regulation for some time, over the last decade or so it has moved considerably from voluntary decisions at the level of individual organisations, to mandatory schemes at regional, national and international levels.

CSR and Business Organisations

Companies need to answer to two aspects of their operations. 1. The quality of their management - both in terms of people and processes (the inner circle). 2. The nature of, and quantity of their impact on society in the various areas.

Outside stakeholders are taking an increasing interest in the activity of the company. Most look to the outer circle - what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused - as well as past financial performance - on quality of management as an indicator of likely future performance.

Other definitions

The World Business Council for Sustainable Development in its publication *Making Good Business Sense* by Lord Holme and Richard Watts, used the following definition:

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.

The same report gave some evidence of the different perceptions of what this should mean from a number of different societies across the world. Definitions as different as CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government from Ghana, through to CSR is about business giving back to society from the Phillipines.

IT Industry Conditions and sustainability:-

The success of the technology sector—the online platforms and services that have rapidly proliferated in recent years, distinct from material technology such as hardware and physical devices—is becoming increasingly conspicuous. The industry faces mounting calls to make greater societal contributions beyond those of profit. The technology field is uniquely positioned to give back to society in ways that distinguish it from other industries.

Concerns about the technology sector's social contract are particularly acute in California's San Francisco Bay Area, home to the majority of the country's technology companies and the hotbed of growing discontent toward the industry's success. Throughout the region, the technology field is blamed for gentrification and a cost of living that now ranks among the nation's highest. Resentment against the industry has bubbled over in such dramatic manifestations as the now well-known blockades of Google buses transporting San Francisco residents to their work in Mountain View, and union protestors surrounding Twitter's headquarters to decry tax breaks given to the company. At the heart of these debates lie concerns about how the technology industry interacts with the surrounding cities and communities in which it works. The sector's success contributes to divisions between the technology industry and all things non-tech. Protestors criticize the inequalities that accompany this separation and advocate for the industry to make greater returns to society.

Importantly, calls for the technology sector to give back do not exclusively come from those working in other, non-technology related, industries. Salesforce CEO Marc Benioff offers a prime example. He pioneered Salesforce's 1-1-1 community service model and championed the SF Gives campaign, an effort to get leading technology companies to donate \$500,000 each to Tipping Point, a San Francisco foundation dedicated to poverty alleviation.

Technology professionals and their critics are wrestling with what it means to give back and what it looks like. Although we do not have full and clear answers to these questions, promising practices are emerging, and they deserve greater attention.

Hackathons—events that bring together computer programmers to intensively work on a new product or challenge for a concentrated amount of time—are a common technique to spur innovation in the technology field. Some are applying this approach to address social concerns. For instance, earlier this year, Cloudera, a leading developer of big-data solutions, hosted a hackathon to support AtrocityWatch, a nonprofit working to prevent crimes against humanity through crowd sourcing and data analysis.

Projectification and IT Industries

The interest for the rising importance of flexible organisational structures is not new. Researchers paid attention to this development already in the 1970s and 1980s. This research did not focus the nature of project-based structures per se, but rather identified the emergence of more flexible and temporary organisational forms in terms of, for instance, matrix structures.

Many of the researchers who analyse the general organisational development refer to a need to face the challenges of a higher degree of globalisation, uncertainty and complexity, and a fast technological advancement. The historical overview of the literature that deals with organisational change, by Mary Jo Hatch (1997), for example, refers to these changes. It puts forward the organisational responses; increased organisational flexibility and increased employee commitment and responsibility. According to Hatch, this development leads to the creation of 'postindustrial organisations' where the organisational borders are indistinct, or have disappeared, and where employees to an increasing extent work in provisional teams where they represent a certain area of expertise. The development described by Hatch has also been discussed by, for example, the sociologist and organisational theorist Wolf Heydebrand (1989). Heydebrand put projects at the centre for the analysis of modern firms and societal structures and

argued that project-based structures were a prominent feature of many modern organisational forms. He stated that modern organisations “are staffed by specialists, professionals, and experts who work in an organic, decentralised structure of project teams, task forces, and relatively autonomous groups” (p. 337). Similarly, Sydow et al. (2004) argue that the I.T. Industry is an organisational form that has gained ground for its ability to integrate specialised competencies and expertise. According to the researcher, “recent interest in the emerging knowledge economy has reinforced the view that project organizations in their many varieties are a fast and flexible mode of organizing knowledge resources” (p. 1475).

There are also broader experiential studies that have given evidence to a general projectification trend over the past 15-20 years. For instance, the survey by the researcher shows that a wider use of project-based structures was one of the most evident changes in large European firms during the 1990s. It is therefore not surprising that a important number of researchers have focused on studies of projectification processes, project-based forms of organisation, and individual project operations, in order to expore the knowledge about these types of organisational forms.

The project field of research can broadly be divided into three streams depending on the level of analysis. One stream can be described as research into the project-based culture. This stream analyses projectification on a macro-level, that is to say the general trend in modern industry to increasingly use various forms of project-based structures and the general implications of this on an industry-standard, employee contracts and working life.

Corporate Social Responsibility in India

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance.

The amendment notified in the Companies Act, 2013 requires companies with a net worth of INR 500 corer (US \$70 million) or more, or an annual turnover of INR 1000 corer (US \$140 million) or more, or net profit of INR 5 corer (US \$699,125) or more, to spend 2 percent of their average net profits of three years on CSR.

Prior to that, the CSR clause was voluntary for companies, though it was mandatory to disclose their CSR spending to shareholders. CSR includes but is not limited to the following:

- Projects related to activities specified in the Companies Act; or
- Projects related to activities taken by the company board as recommended by the CSR Committee, provided those activities cover items listed in the Companies Act.

Businesses must note that the expenses towards CSR are not eligible for deduction in the computation of taxable income. The government, however, is considering a re-evaluation of this provision, as well as other CSR provisions recently introduced under the Companies (Amendment) Act, 2019 (“the Act”).

It has been quite an eventful year in the corporate social responsibility domain. So active was this field that a High Level Committee on CSR 2018 has been re-constituted under the chairmanship of Injeti Srinivas, Secretary, MCA to review the existing framework and guide and formulate the roadmap for a coherent policy on CSR.

The scope of the committee includes reviewing existing CSR framework as per Act, Rules and Circulars issued from time to time, recommend guidelines for enforcement of CSR provisions, suggesting measures for adequate monitoring and evaluation of CSR by companies, examining and recommending audit (financial, social and performance) for CSR, etc. Corporations can expect major upheavals once the report is out in early 2019.

In India several companies have started realizing that it is a rational move to take up CSR activities and integrate it with their business process. Corporations are becoming increasingly aware of their role towards the society. They are responsible bodies that feel a sense of duty towards the common welfare and the environment. This comes with a growing realization that they, as an integral part of this society themselves, can contribute to its upliftment and empower the entire country in turn. Thus Companies now are setting up specific departments and teams that develop policies, strategies and goals which are for their CSR programs and allocate separate budgets to support them. In the modern era, the new generation of corporate leaders considers optimization of profits as the key, rather than the maximization of profit. Companies conduct events like health camps, population control measures, support a few sick persons, give some scholarships, organize a few SHGs, a few sports events, impart trainings for some livelihood practices without linking them to further growth in the process of conducting CSR. Some corporate found to work on disability, some on elderly issues, some work on street children. All these are either time bound projects or institution run activities or supports to some NGOs. They also meet the deficiencies of Government run schemes or programs with an aim to enhance the quality of the programmed. Short term activities are mostly eye washing efforts by corporate where sustainable development approaches are usually missed. Government authorities and people's representatives are mostly invited in such programs to grace the occasions and their visibility in the public are taken care in such a way that the corporate get continuous illegal and quick legal favors and ultimately the profit multiplies.

CSR trends in India

Since the applicability of mandatory CSR provision in 2014, CSR spending by corporate India has increased significantly. In 2018, companies spent 47 percent higher as compared to the amount in 2014-15, contributing INR 7,536 corers (US \$1 billion) to CSR initiatives, according to a survey.

Listed companies in India spent INR 10,000 corer (US\$1.4 billion) in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation, while the Prime Minister's Relief Fund saw an increase of 139 percent in CSR contribution over last one year.

The education sector received the maximum funding (38 percent of the total) followed by hunger, poverty, and healthcare (25 percent), environmental sustainability (12 percent), rural development (11 percent). Programs such as technology incubators, sports, armed forces, reducing inequalities saw negligible spends.

CSR is now a very common term and most of the corporate houses are trying to give something to help less privileged human beings in India and abroad. Organizations in India have been quite sensible in taking up CSR initiatives and integrating them in their business processes. It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large. Companies now have specific departments and teams that develop specific policies, strategies and goals for their CSR programs and set separate budgets to support them. Most of the time, these programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain.

Conclusion :

India is the first country which make corporate social responsibility (CSR) mandatory, under Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance. Corporate Social Responsibility (CSR) is a concept whereby organizations serve the interests of society by considering the impact of their activities on customers, employees, shareholders, communities and the environment in various aspects of their operations. With the CSR organisations are

helping society in various fronts including forestry, poverty elevation, education, employment generation, etc.. CSR helps in empowering rural as well as urban society.

References :

- Bembenek, B. (2015). The Sustainable Development of an Industrial Cluster in the Context of Corporate Social Responsibility – A New Challenge for Cluster Management. European Scientific Journal, February 2015
- Carroll, A.B. & Buchholtz, A. K. (2003). Business and Society: Ethics and Stakeholder Management. 5th ed. Australia: Thomson South-Western, 2003. "Corporate Social Responsibility." Encyclopedia of Management. 2009.
- Du, S., Swaen, V., Lindgreen, A. & Sen, S. (2012). The Roles of Leadership Styles in Corporate Social Responsibility. Journal of Business Ethics 114(1) April 2013.
- Khan, A.F. and Atkinson, A. "Managerial attitudes to social responsibility: A comparative study in India and Britain", Vol.6, Journal of Business Ethics, 419-431(1987)
- KPMG in India, "Corporate Social Responsibility – Towards a Sustainable Future : A White Paper" (2008)
- Rangan, V. K., Chase, L. & Karim, S. (2015). 'The Truth About CSR'. Harvard Business Review, January–February 2015
- Varottil, Umakanth. "A Cautionary Tale of the Transplant Effect on Indian Corporate Governance", 21(1), NAT. L. SCH. IND. REV. 1, 6 (2009)
