

# A CONCEPTUAL STUDY- AN ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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## ABSTRACT

Corporate Social Responsibility (CSR), a relatively new term in India, has gained traction in recent years. CSR has become a standard business procedure that has gotten a lot of attention from CEOs of major multinational corporations. It makes it easier for businesses to align their activities with social standards. CSR is seen as a nexus of numerous programs aimed at ensuring the community's socio-economic growth. Recognizing that mainstreaming CSR into businesses can help businesses deliver societal value, especially in developing countries like India. This paper aims to provide an understanding of the idea of CSR as well as an analysis of CSR's growth in India. It discusses the policies that regulate CSR in India and case studies of CSR initiatives in Indian businesses, including the role of SMEs in CSR. Many problems are facing CSR in India, and the paper offers recommendations for overcoming these obstacles and accelerating CSR initiatives in India.

**Keywords:** CSR programs, CSR challenges, and corporate social responsibility

## 1. INTRODUCTION

*“A company's DNA should include a desire to contribute to the community's well-being. Individual senses of social responsibility are expanded by CSR. A company's active engagement in CSR ventures is critical.”*

Ratan Tata is a businessman and philanthropist

The idea of corporate social responsibility is gaining traction around the board. Companies' current societal messaging concept is increasingly changing, giving rise to a new concept known as Corporate Social Responsibility. Many of the world's most powerful companies have understood the value of associating themselves with socially important causes as a way of marketing their brands. It comes from a desire to succeed and gain self-satisfaction, as well as a social duty to do so. CSR catalyses social change by assisting businesses in fulfilling their obligations as global citizens and local neighbors in an ever-changing environment<sup>1</sup>. CSR can be a source of opportunity, creativity, and competitive advantage for Indian businesses while also allowing them to actively contribute to the country's long-term growth. In India, businesses have been very wise in embracing CSR initiatives and incorporating them into their operations. It has been increasingly projected in the Indian corporate setting as companies have realized that, in addition to growing their businesses, it is also critical to build responsible and supportive relationships with the general public.

## **2. OBJECTIVES OF THE STUDY**

- a) To gain a better understanding of the principle of CSR.
- b) To examine the evolution of CSR in India, as well as its emerging patterns.
- c) To be aware of the policies that regulate CSR.
- d) To examine CSR initiatives in India, including those involving SMEs.
- e) To study the problems that CSR faces in India.
- f) Make recommendations for accelerating CSR initiatives.

## **3. RESEARCH METHODOLOGY**

The research paper is an exploratory study focused on secondary data gathered from journals, magazines, blogs, newspapers, and news accounts.

### **DEFINED BY CSR**

Most definitions define CSR as a voluntary concept in which businesses incorporate social and environmental issues into their business activities and interactions with their stakeholders.

Corporate social responsibility (CSR) is described by the World Business Council for Sustainable Development (WBCSD) as "a business's ongoing commitment to act ethically and contribute to economic development while improving the quality of life of employees and their families, as well as the local community and society at large."

"Corporate social responsibility" is described by Kotler and Lee as "a commitment to enhancing community well-being through discretionary business practices and contributions of corporate capital." Corporate social programs are large efforts carried out by a company to promote social causes and meet corporate social responsibility commitments."

Corporate social initiatives are large programs carried out by a company to promote social causes and meet corporate social responsibility obligations<sup>2</sup>. The result will be that there is no consensus on the concept of corporate social responsibility (CSR). However, CSR is a term that is often used to describe a company's attempts to produce long-term results by adhering to ethical corporate practices and standards.

#### **4. INDIA'S ORIGIN AND CREATION OF CSR**

From the beginning, the idea of corporate social responsibility (CSR) has been ingrained in Indian culture. Gandhi's trusteeship concept is similar to modern-day CSR; businesses like TATA and BIRLA have been incorporating the case for social good into their activities for decades, long before CSR became a common cause. The Tata Group has had a strong commitment to community welfare since its founding in the 1860s by Jamshedji Tata. This explains why philanthropic trusts own nearly two-thirds of Tata Sons' equity, the Tata Group's promoter firm, which has produced a slew of national institutions in science and technology, medical research, social studies, and the performing arts.

Amul-led by Dr. Kurien Operation Flood had paved the way for inclusive growth by working with dairy farmers at the grass-roots level, transforming lives, increasing income, empowering women, and reaping business benefits.

Since its inception in 1964, Indian Oil has made corporate social responsibility (CSR) a pillar of its growth. In this main performance environment, the Corporation's goals are spelled out in its Mission statement: "...to contribute to the community's quality of life by preserving ecological harmony and heritage through a clear environmental conscience<sup>3</sup>."

The Birla Group's belief structures were already textured with Corporate Social Responsibility before it became a part of the corporate lexicon. G.D Birla, the company's founder, espoused the trusteeship management idea as early as the 1940s. Simply put, this means that the capital that one creates and retains is kept in trust for our various stakeholders. In terms of CSR, this entails spending a portion of our earnings outside of our company for the greater benefit of society<sup>4</sup>.

CSR has grown in importance in India over the years as businesses recognise the value of investing in CSR to achieve benefits such as increased shareholder value, strategic branding, operational performance, better access to resources, human and intellectual capital, and lower business risk. CSR has emerged as a powerful mechanism for combining the efforts of the private and public sectors to achieve long-term growth and development of societal goals.

## **5. CSR TRENDS CHANGE: FROM CHARITY TO RESPONSIBILITY**

A look back at the past of CSR shows that it was dominated by the notion of philanthropy until the 1990s. Businesses that saw CSR as a philanthropic act mostly limited themselves to one-time financial donations and did not devote their money to such ventures. Furthermore, companies never considered the stakeholder when organising such programs, decreasing the effectiveness and productivity of CSR efforts. The definition of CSR, on the other hand, has evolved in recent years. Giving has shifted from being viewed as a duty or a charitable act to being viewed as a policy or a liability<sup>5</sup>. According to a review of case studies and CSR work performed by Indian firms, CSR is gradually moving away from charity and dependency and toward empowerment and collaboration.

## **6. CSR INITIATIVES IN INDIAN COMPANIES MAKE A DIFFERENCE**

The business sector has only recently begun to recognise the ability to assist in the resolution of the issues that CSR tackles. The private sector has endorsed social responsibility and expressed its support for the government's commitment to providing more economic opportunities to the poor.

## 7. INITIATIVES IN POLICY

Realizing the importance of the private sector in resolving some of India's most pressing issues, the ministry of corporate affairs (MCA) anticipates a fund flow of more than Rs 10,000 crore per year from private companies for social welfare initiatives as part of their corporate social responsibility (CSR) after Parliament passes the Companies Bill. India will become the first nation to mandate CSR via a constitutional provision once the law is ratified by Parliament. Private companies would be required to set aside 2% of their annual net profit for CSR projects, according to the plan. Instead of engaging in individual philanthropy, the government requires corporations to invest the money in social sectors such as education and health<sup>6</sup>. MCA's proposed voluntary CSR recommendations are based on global values such as ethics and openness, employee well-being, human rights, health and safety, use of environmentally sustainable raw materials, adherence to regulatory structures, and broader stakeholder participation.

## 8. SOME EXAMPLES OF CSR ACTIVITIES IN INDIAN COMPANIES

**WELSPUN ENERGY LTD (WEL):** Welspun's corporate philosophy is based on socially responsible and ethical business practices. Welspun Energy has earned the ASSOCHAM CSR Excellence Award 2012. Welspun Energy Ltd is a subsidiary of the \$3.5 billion Welspun Group, one of India's fastest-growing conglomerates with interests in power generation, infrastructure, oil and gas exploration and development, steel pipes, and textiles.

**CSR Programs:** Welspun Energy has partnered with local communities to bring about meaningful change in their lives by launching initiatives such as "Training the Trainer," "Enrolling Children in Schools," "Healthy Baby Competition," and "Skill Development for Women." In Madhya Pradesh, Gujarat, and Rajasthan, the social inclusion programs are starting to yield transformative results.

Welspun Energy's leadership is also active in several global forums devoted to sustainable growth, including the B20's Green Growth Action Alliance and the World Economic Forum's (WEF) Steering Committee on Sustainable Infrastructure and Urban Development.

**HUL (RURAL MARKETING):** HUL's CSR ideology is rooted in the company's dedication to all stakeholders, including customers and staff, as well as the community and the culture in

which it works. The business relies on renewable raw material sources and is dedicated to reducing environmental effects and enhancing sustainability across the supply chain.

## 8.1 LINKING CORPORATE SOCIAL RESPONSIBILITY TO BUSINESS STRATEGIES

Product Development	Water-conserving products
Human Resource	Investing in and hiring local talent (merit-based through employment exchanges)
Manufacturing	Environmental Health and Safety
Sourcing	Code of Business Conduct
Sales	Trigger marketing, Shakti
Investment	Creation of small businesses in the area

## 8.2 GUJARAT COOPERATIVE MILK MARKETING FEDERATION LTD GUJARAT COOPER (GCMMF)

### **Distributors and retailers should be more aware of CSR.**

Distributors and retailers have been described as critical links in the GCMMF's vendor supply chain. The GCMMF discovered through surveys that 90 percent of distributors do not have access to the most up-to-date management practices. The GCMMF realized that strengthening its distributors' core business processes was a corporate social obligation to keep them in mainstream business and compete with others with formal management training. Via Value-Mission-Strategy Workshops, competence building, Amul Yatra, Amul Quality Circle meetings, computerization, and electronic commerce activities, the GCMMF has established and trained all of its distributors. Developing Competencies The GCMMF module is designed to in still professional selling skills by making distributors and their salespeople aware of the most up-to-date sales management tools and techniques, as well as improve their understanding of product positioning and segmentation strategies for a variety of products.

## 8.3 CSR IN SMES

SME growth in India has been tremendous in recent years, and they now account for a large portion of the country's industrial production and exports. They employ over 80% of the

country's workforce, especially in textiles, engineering, jute, auto ancillary, handicrafts, and other industries. A flourishing SME sector is critical as a stand-alone industry and as a support industry for large corporations and multinational corporations. While SMEs have a low level of awareness about CSR, many of them do carry out activities and introduce CSR programs without focusing on the term<sup>7</sup>. Not external pressure, but an intrinsic desire to 'do the right thing,' 'give back,' or demonstrate 'entrepreneurial spirit,' is the most powerful motivator for SMEs to participate in CSR. Working with and involving SMEs in fostering responsible business conduct that reflects on key stakeholders such as vendors, consumers, workers, society, and the environment is critical in today's evolving business environment. According to a 2007 report (CSR and SME Competitiveness SMEs' Good Practice) by the European Commission. Improved products and/or production processes, as a result of CSR, may improve SMEs' competitiveness, resulting in higher customer satisfaction and loyalty. Employee motivation and commitment are higher, resulting in increased creativity and innovation. Better exposure as a result of awards and/or increased word-of-mouth, a better job market position, and better networking with business partners and government agencies, including better access to public funding as a result of a better company image. To stay competitive, SMEs in India, such as Elin Appliances Pvt. Ltd has realized the importance of adapting to societal changes and focusing on CSR to gain a competitive edge.

ELIN APPLIANCES PVT. LTD, an ISO 9001:2008 and ISO 14001:2004 accredited company established in May 2004 in Baddi, Himachal Pradesh, has been recognized by Philips Electronics Ltd CLS Division with a CSR award in the category of SME Sector for manufacturing Domestic Home Appliances. Elin's corporate agenda has always included Corporate by ASSOCHAM Social Responsibility (CSR). The organization is committed to improving the quality of life of its employees, their families, and the surrounding community.

## **8.4 CSR PROGRAMS**

Elin Appliances Pvt. Ltd. has promised a yearly sum equal to 2% of profit after tax (PAT) for the Company's CSR programs, primarily to support the socially and economically vulnerable. The company invests in the academic development of its workers by providing work-related and social cause instruction. The organization promotes constructive worker involvement in decision-making processes as part of its employee relations. Good performers are properly

rewarded and acknowledged. Elin Appliances places a strong emphasis on natural resource management and environmental preservation. The organization also launched a "Go Green Initiative," a tree-planting campaign, with the aim of planting and maintaining 10,000 trees by 2012. During the company's environmental week festivities, the company also distributes tree saplings to workers and surrounding villages.

## 8.5 CHALLENGES OF CSR

Even though CSR has gained popularity in India, several issues limit its effectiveness and scope. CSR programs face a variety of obstacles, including a lack of awareness of the definition of CSR, the lack of authentic data and detailed knowledge on the types of CSR operations, coverage, regulation, and so on. Reduced CSR programs are exacerbated by a lack of preparation and underdeveloped workers. A Times Group survey elicited responses from participating organizations about the various challenges that CSR initiatives face in various parts of the world.

**Lack of community involvement in CSR activities:** The local community is uninterested in engaging in and contributing to corporations' CSR activities. This is partly because local communities have little or no knowledge of CSR, and no substantial attempts have been made to raise awareness of CSR and instill trust in the local community. A lack of contact between the business and the group at the grassroots exacerbates the problem.

**Need to strengthen local capacities:** There is a critical need to strengthen local non-governmental organizations' capacity because there is a severe shortage of skilled and productive organizations that can efficiently contribute to corporations' ongoing CSR initiatives. This jeopardizes the expansion of CSR programs and, as a result, restricts the reach of such activities.

**Transparency issues:** One of the main issues raised by the survey is a lack of transparency. Companies claim that there is a lack of accountability on the part of local implementation authorities, who do not make sufficient efforts to report information on their programs, audit problems, impact assessments, and fund use. This documented lack of accountability harms the process of building trust between businesses and local communities, which is critical to the success of any local CSR initiative.

**Non-availability of well-organized non-governmental organizations:** It is also stated that in remote and rural areas, there is a lack of well-organized non-governmental organizations that can evaluate and recognise specific community needs and collaborate with businesses to ensure effective CSR implementation. This also strengthens the case for engaging in local communities by enhancing their capacity to carry out local development projects.

**Visibility factor:** The media's position in highlighting active CSR initiatives is encouraged because it spreads positive news and educates the local public about various corporations' current CSR initiatives. This obvious power of gaining recognition and branding leads many non-governmental organizations to become involved in event-based programs, missing out on effective grassroots interventions in the process.

## 9. RECOMMENDATIONS

The following recommendations are made to make CSR programs more successful to ensure that CSR is gradually contributing and benefiting:

- a) It is discovered that raising public awareness about CSR is essential in order for CSR programs to be more successful.
- b) It has been noted that at the grassroots level in the CSR domain, partnerships between all stakeholders, including the private sector, workers, local communities, the government, and society in general, are either ineffective or ineffectively operational.
- c) For the successful implementation of CSR initiatives, it is recommended that appropriate steps be taken to address the issue of building effective bridges among all important stakeholders. As a result, all stakeholders involved in CSR initiatives should incorporate a long-term and sustainable perspective on CSR activities into their current and future strategies.
- d) To increase their contribution to CS initiatives, the position of SMEs and their contribution to CSR in India must be emphasized. SME's play a minor role in CSR as opposed to a large company. Small and medium-sized businesses (SMEs) must be supported to positively participate and enjoy the benefits of CSR.
- e) Allocating fund to treat CSR as an investment with planned return.
- f) Monitoring CSR activities and collaborating closely with implementation partners including NGOs to ensure that initiatives achieve their goals.

- g) The effectiveness of CSR and companies' ability to execute on the objectives of their CSR plan will be determined by their long-term outlook, which includes their dedication to both internal and external stakeholders.

## 10. CONCLUSION

CSR in India has come a long way in terms of ensuring the company's long-term viability while also ensuring fairness to all stakeholders. It has successfully woven industry, social inclusion, and environmental sustainability together. Corporate actions, ranging from responsive practices to environmental programs, have shown their ability to make a positive difference in society and enhance the overall quality of life. Given the enormity of the current social condition in India, it is difficult for a single person to effect reform. Corporate entities have the knowledge, strategic thinking, personnel, and financial resources to promote large-scale social change. India's social development will be accelerated by effective collaborations between corporations, non-governmental organizations, and the government.

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