

A COMPARISON OF CORPORATE SOCIAL RESPONSIBILITY (CSR) NORMS IN INDIA AND THE UNITED KINGDOM

Written by Siddharth Rawat

4th Year BA LLB Student, Institute of Law Nirma University, Ahmedabad, India

ABSTRACT

Corporate Social Responsibility (CSR) is the approach or policy adopted by organisations in order to achieve sustainable development by providing social, environmental, and technical support to members of the society. The ‘United Nations Industrial Development Organization’ has defined CSR as a concept of management where the companies combine their social and environmental concerns in their business dealings. CSR is known as the ‘Triple-Bottom-Line Approach’, as it promotes the commercial interests of an organisation and fulfils its social obligations and duties. CSR is different from charity and other philanthropic activities. India is the first nation in the world to mandate CSR spending. UK, on the other hand, is one of the first countries to introduce a ‘Triple Bottom Line Approach’ into the structure of corporations. CSR Regulations have become extremely significant for the purpose of promoting the sustainability of business as well as the environment. Although India and the UK are pioneers in this concept, they have adopted a different approach towards the same. India is the first country to mandate CSR spending in the field of corporate law. The UK, on the contrary, does not mandate any CSR spending. However, it is one of the first countries to integrate the ‘Triple Bottom Line Approach’ of people, profit, and the planet, among its firms through different regulations. This shows that India follows a ‘Mandatory’ approach to CSR spending as compared to the UK, that abides by the ‘Voluntary’ approach to CSR spending.ⁱ This article begins with a brief introduction about the concept of Corporate Social Responsibility (CSR). It talks about the evolution and the history of CSR in India and the United Kingdom (UK). It goes on to deal with the CSR Regulations in India as well as in the UK that are in place at the present. The strategies and practices adopted by some of the major and well reputed

organisations in India and the UK are also discussed. Finally, the article attempts to analyse the future of CSR strategies and practices in India and the UK.

Keywords: CSR Norms in India and the UK, CSR Regulations in India and the UK, Comparing the CSR Norms between India and the UK, CSR and its Future in India and the UK

INTRODUCTION

Corporate Social Responsibility (CSR) is not new to India. It is the formal identity of the Act in existence in India during the Vedic Period. Philosophers such as Kautilya promoted ethical principles in the performance of business activities. Ancient Indian Literature has cited instances of good deeds like helping the poor and the disadvantaged. Several religions and religious laws have also supported the same. The term CSR was coined in the 1970's, however, it was conceptualised in the 1900's. In 1990, the concept was well recognised and acknowledged by a large section of the society. This can be supported by the fact that while in 1977, less than half of the Fortune 500 firms mentioned CSR in their annual reports, by the end of 1990, approximately 90 percent Fortune 500 firms embraced CSR as an essential element in their organisational goals and actively promoted their CSR activities in the annual reports. For India specifically, culture and values have played a pivotal role in the development of the concept of CSR. Cultural involvement of corporations into CSR focuses upon the business performance by examining whether the performance has a positive impact on the community. CSR demands a combined effort from the end of both, the corporates as well as through public policies, in order to cater to the needs of the society. India with its rich cultural norms, rituals, and customs, is one of the oldest nations engaged into CSR activities. It traces its existence since the Vedic times. Several teachings and values depicted through epics like the Bhagwad Gita, Ramayana, Mahabharata, along with the Vedas, Artha Shastras, etc, focus upon the existence of the concept of ethics in the Indian value system. The concept of ethics prevalent since time immemorial, is now known by the name of 'Corporate Social Responsibility' in the era of Corporatisation and Globalisation. Several efforts have been put in for developing sensitivity as well as awareness among the corporates towards the CSR activities, and including the same as a part of their business policy.ⁱⁱ The history of CSR in India is divided into four phases that run parallel to its historical development and have resulted in different approaches

being adopted towards CSR. These phases are not static and the features of each phase may overlap the other phase/s:

A: The First Phase: During the First phase, charity and philanthropy were the contributors to CSR. Culture, religion, family values, customs, as well as rapid industrialization, had an influential effect on the growth of CSR. During the period of Pre-Industrialization, the wealthy merchants shared a part of their earnings and wealth with the society at large by constructing temples for the purposes of religion. Also, these merchants helped the society in overcoming famines and epidemics by providing food and money, and securing an integral position in the society. With the advent of the Colonial Rule in India, the approach towards CSR witnessed a transformation. The industrial families of the 19th century, such as - the Tatas, Godrej, Birla, etc, had a strong inclination towards economic and social considerations. However, their efforts towards social as well as industrial development were not only driven by selfless and religious motives, but it was also influenced and motivated to caste groups and political objectives.

B. The Second Phase - The Second phase witnessed the Independence Movement. At that point of time, great anxiety and pressure mounted upon the Indian Industrialists to showcase their devotion and commitment towards society's growth and progress. This was the time when the idea or concept of 'Trusteeship' was introduced in the country by Mahatma Gandhi. According to the concept of 'trusteeship', the big and the wealthy industrialists were supposed to manage and use their wealth in such a way that it could provide maximum benefits to the common man. The influence and the impact left by Gandhi created pressure upon the industrialists and the businesses to build a country where the socio-economic development is given the top most priority. Gandhi believed that the Indian companies were similar to places of worship, such as temples, and thus, he called them the 'temples of modern India'. Under his leadership and guidance, businesses established trusts for schools and colleges and helped to set up several training and scientific institutions. The trusts mostly operated in alignment to the reforms brought about by Gandhi. These trusts sought to abolish untouchability, encourage empowerment of women, and promote rural development.

C. The Third Phase - The Third phase was related to the idea of 'mixed economy', emergence of Public Sector Undertakings (PSUs), and laws relating to labour and environmental standards. During this period, the private sector was forced to take a backseat. The public sector was the key driver of development. Owing to the strict and rigid legal norms for the activities

of the private sector, this period was described as an era of ‘command and control’. The policy of industrial licensing, high taxation, and the restrictions imposed upon the private sector, resulted in various corporate malpractices. This led to the enactment of a legislation dealing with corporate governance, labour, and environmental issues. PSU’s were established by the state in order to ensure that the resources such as, wealth, food, etc, are provided and distributed adequately and equally to the needy. However, the public sector was effective only to a limited extent. This led to a shift of expectation from the public to the private sector, and their active involvement in the socio-economic development of the nation became imperative. In the year 1965, Indian scholars, politicians, and businessmen, set up a national workshop on CSR aimed at reconciliation. They emphasized upon transparency, social accountability and regular stakeholder dialogues. In spite of such attempts the CSR failed to catch steam.

D. The Fourth Phase - In the fourth phase (1980 until the present) Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. In the 1990s the first initiation towards globalization and economic liberalization were undertaken. Controls and licensing system were partly done away with which gave a boost to the economy the signs of which are very evident today. Increased growth momentum of the economy helped Indian companies grow rapidly and this made them more willing. A conceptual study of CSR development in India. Globalization has transformed India into an important destination in terms of production and manufacturing bases of TNCs are concerned. As Western markets are becoming more and more concerned about and labour and environmental standards in the developing countries, Indian companies who export and produce goods for the developed world need to pay a close attention to compliance with the international standards. ⁱⁱⁱ

Evolution of CSR in the UK - In the UK, CSR has evolved by adopting a combination of American and European models of CSR. UK enjoys a privileged position with respect to awareness and implementation of the CSR concept. 90% of the top companies in the UK report on social and environmental issues; 33% of UK’s population consider the social responsibility of companies as an important factor while making their purchasing preferences, however, a large chunk of the population is confused, especially in relation to climate change issues. In the UK, the media plays a significant role in dealing with the business activities. Practices such as - employee volunteering, UK’s largest day of action for employee volunteers, etc, mobilizes

employees to volunteer for CSR activities during the normal working hours of employment. According to Fairbass, 2008, the CSR policy of the UK focuses upon three dimensions – economic, social, and environmental.

1. Environmental aspects relate to those measures that aim to reduce carbon emissions, conserve water, waste, and result in recycling and biodiversity protections.
2. Human Rights regulated by laws, corporations in association with other corporations, NGO's, and government, work in resolving issues such as low wages, child labour, etc.
3. Equal Opportunities – The Right to Equality promotes equality against age, gender, race etc. The new equality legislation requires every employer to report on the gender pay gap.
4. Sustainable Products and Services: Achieving sustainability of environment through the production and sales of green and ecological products.
5. Supply Chain ^{iv}

CSR REGULATIONS IN INDIA

From a very nascent stage, the approach towards CSR was voluntary and was adopted by corporations towards the society. CSR has been gaining legal status and momentum. India is the first country in the world to mandate CSR spending under the Companies Act, 2013. According to Section 135 of the Act, CSR is mandatory for all the companies that satisfy the following criteria:

- The Net Worth of the Company must be higher than Rs 500 crore.
- The Annual Turnover of the Company must be Rs 1000 crore or more.
- Annual net-profits of the Company must be at least Rs 5 crore or more.

The companies going beyond this threshold, are required to spend at least 2% of their average net profit for the immediately preceding three financial years on CSR activities and form a committee of Board of Directors for monitoring and regulating CSR activities in the company. The CSR Committee must ensure that the committee consists of four board of directors of the

company who meet at least twice a year to review and assess the CSR activities of the company. A quorum of at least two members is necessary to conduct the meeting. The CSR committee will suggest a formal CSR Policy and CSR activities, present a budget, tell how the project will be implemented, and establish a transparent means to monitor progress. The CSR activities had to align with Schedule 7 of the Act, that talks about promotion of health, education, etc. CSR aims to align the social obligations of a company with the government's national agenda. The Ministry of Corporate Affairs (MCA) made certain clarifications with respect to the CSR regulations. Firstly, it was clarified that, the costs incurred by a company for non-violation of other statutes does not amount to a contribution towards CSR. Secondly, it was said that the companies must engage in their CSR activities on a programme basis rather than having one-off events or one-off expenditure. Thirdly, the MCA Circular clarified that, the expenses incurred by a company in paying salaries to the CSR employees of the company would fall under the company's CSR expenditure. A Foreign Holding company for CSR activities in India will be considered as the CSR spending of the Indian subsidiary, provided, it invests through the Indian subsidiary. The expenditure made towards an NGO or a Section 8 company would be a CSR expenditure, provided, it is meant to achieve their CSR goals. The MCA has clarified that a company's CSR activities must be different from the activities that they perform in the ordinary course of their business. ^v

The Ministry of Corporate Affairs (MCA) notified the Companies (CSR Policy) Amendment Rules, 2021 ('Rules') through a notification dated 22nd January 2021. These Rules provide certain amendments to the Companies (Corporate Social Responsibility Policy) Rules, 2014. Certain definitions were amended in the Rules. These were:

Administrative overheads - Administrative overheads refer to those expenses of the company that are incurred for the administration and general management of the CSR functions. However, it does not include the direct expenses incurred for implementing, designing, evaluating, or monitoring a particular CSR activity or programme.

Corporate Social Responsibility (CSR) - CSR refers to those activities which a company performs in accordance with the statutory obligations laid down in Section 135 of the Companies Act, 2013, and in accordance with the provisions contained in the Rules, but shall not include :

Activities undertaken in the normal course of the company's business. There is, however, an exception to this. For instance, a company involved in the development and research activity of new drugs, vaccines, and medical devices, in its normal course of business, can undertake the development and research activity of a new drug, vaccine, and medical devices, relating to COVID-19 subject to the conditions that:

- The company shall carry out such development and research activities in collaboration with the organisations or institutes mentioned under Schedule VII Item XI of the Act.
- The company must separately disclose details of its activities in its Annual Report on CSR, which is included in the report of the Board of Directors.
- Activities performed by a company outside India, save for the training of Indian Sports Personnel representing India at the global level or a Union Territory and a State at the national level.
- Contribution of any amount, whatsoever and howsoever, to any political party under section 182 of the Act.
- Activities benefiting the employees of the company.
- Activities supported by a company based on sponsorship, in order to obtain market benefits for its services and products.
- Activities carried out to fulfil any other statutory obligation that is in force under any other law for the time being in India.

CSR Policy- CSR policy is a statement of directions and the approach adopted by the board of the company after taking the recommendations of the company's CSR committee into account. The CSR Policy includes the implementation as well as regulation of activities, guiding principles for selection, and formulation of the annual action plan.

Net profit - Net profit means the profit made by a company as what is reflected in its financial statement. It is prepared under the relevant provisions of the Companies Act, 2013, but does not include the following:

- Any profit arising from an overseas branch or branches of the company, whether operating as a separate company or otherwise.

- Any dividend received from another company in India that is covered under and complying with Section 135 of the Act.

Ongoing project - An ongoing project implies a multi-year project, which the company undertakes to fulfil its CSR obligations and objectives within three years, excluding the financial year in which the project got commenced. It also includes those projects that were initially not approved as multi-year projects, but whose duration is extended by the board beyond one year, based on reasonable grounds.

CSR IMPLEMENTATION AMENDMENTS

The Board must ensure that the CSR activities are either undertaken by the company itself or through:

- The Companies established under Section 8 of the Act, or a registered society or registered public trust under Section 12A and 80G respectively, of the Income Tax Act, 1961, established by these companies themselves or along with any other company.
- Companies established under Section 8 of the Act, or a registered society or registered trust established by the Central or the State Government.
- An entity established under the State Legislature or an Act of Parliament.
- Companies established under Section 8 of the Act, or a registered public society or registered trust under section 12A and 80G respectively, of the Income Tax Act, 1961, and having a history or a record in undertaking similar activities for a minimum period of three years.

The above entities which intend to indulge into CSR activities, must register themselves with the Central Government by filing the Form CSR-1 with the Registrar, effective from 1st April, 2021. The entities must sign and submit the Form CSR-1 electronically. It should be digitally verified by a Company Secretary, a Chartered Accountant, or Cost Accountant in practice. Having submitted Form CSR-1 on the MCA portal, the system will automatically generate a unique CSR Registration Number. A company can involve or seek the assistance of an international organisation for the purposes of regulating, designing, and assessing the CSR

activities, as per its CSR policy and for capacity building of its personnel for CSR. The Board must satisfy itself that the funds disbursed are utilised for the purposes and in the manner as approved by them. The person in charge of the financial management or the Chief Financial Officer (CFO) must certify to this effect. During any ongoing project, the board will monitor the implementation of the project in the prescribed timelines and year-wise allocation. It can make any modifications for the smooth implementation of the project within the permissible time. The CSR Committee should recommend and formulate to the Board, an annual action plan in pursuance of its CSR policy, including the following:

- List of the approved CSR activities to be undertaken in the areas or fields specified under Schedule VII of the Act.
- The manner of execution of CSR programmes and the projects specified in these Rules.
- Modalities of implementation schedules and utilisation of funds for the activities and programmes.
- Reporting and monitoring mechanisms for the projects and activities.
- Details of the impact and any needful assessment for the projects undertaken by the company.

CSR EXPENDITURE AMENDMENTS

The Board of a company must ensure that the administrative overheads do not exceed 5% of the company's total CSR expenditure for the respective financial year. The surplus arising out of the CSR activities will not form part of the business profit of a company, and shall be transferred to the Unspent CSR Account or be invested back into the same project. The company must spend the unspent CSR amount in pursuance of the Annual Action Plan. The CSR policy of the company must be transferred to a Fund specified in Schedule VII of the Act within six months from the date of expiry of the financial year. Where a company spends an amount above the requirement provided under Section 135(5) of the Act, the company can set off such excess amount up to the immediate succeeding three financial years. However, the excess amount available for set-off should not include the surplus arising out of the CSR

activities in pursuance of these Rules, and the Board should pass a resolution to that effect. A company can spend the CSR amount for the acquisition or creation of a capital asset held by :

- Companies established under section 8 of the Act, or a Registered Society Or Registered Public Trust having charitable objects and CSR Registration Number.
- Beneficiaries of the CSR project, in the form of collectives, self-help groups, and entities.
- Public authority.

CSR REPORTING AMENDMENTS

Every company that has an average CSR obligation of Rs 10 crore or more, must carry out an impact assessment through an independent agency, for CSR projects having an outlay of Rs.1 crore or more and that have been completed within one year of undertaking the impact study. The impact assessment reports must be kept before the board and annexed to the annual report on CSR. A company undertaking an impact assessment can book the expenditure towards CSR for that given financial year, and it should not exceed 5% of the total CSR expenditure for that respective financial year or Rs 50 lakh, whichever is less.

Display of CSR activities on Websites

The Board of Directors must mandatorily disclose the CSR policies and objectives that have been approved by the Board, as well as the composition of the CSR Committee, on their website, if any, for public access.

Amendment in Transfer of Unspent CSR Amount

The unspent CSR amount, if any, must be transferred by the company to any fund included under schedule VII of the Act until, a fund is specified under Schedule VII in furtherance to Sections 135(5) and 135(6) of the Act. ^{vi}

CSR is often debated with the concept of 'Public Relations' (PR). In India, the concept of CSR and Public Relations has been a mere confusion of status quo. Many companies perform PR activities, but claim it to be CSR. With CSR practices having been made mandatory, companies are seeking the assistance of PR agencies for coming up with such a CSR programme that does

everything needed, keeping in mind and fulfilling all the pre-conditions. Consumers expect corporations to become involved in community service and engagement, that is much more than contributing financially. The time has come for the government and the public to realise that without appropriate controls and measures, organizations will continue to profit at the cost of others. Besides the promotion of the product and the brand, the Public Relations firms must launch campaigns to focus upon transparency, authenticity, and ethical behaviour. Recognition of a cause or support for any CSR responsibility must focus upon such issues that are related to the business the company is engaged into. Indian companies must be straightforward in their commitment towards CSR, about how they consider their efforts, and the way they achieve against their goals.^{vii}

One good thing about the CSR policy and expenditure is that it takes within its ambit, various social activities including, but not limited to, river cleanliness, rural development, sports and resource conservation. Around 60% of the total CSR expenditure goes into the health and education sector, leaving no scope for other schemes or activities. Geography is another major hurdle that India has to address. Maharashtra (the state with the highest GDP among all Indian states) receives around 16% of the total CSR funds and the top ten Indian states receive close to 60% of the total funding. The bottom five states account for merely 3.5% of the total CSR funds, leading to a huge disparity between the rich and the poor states. The CSR regulations include companies having an annual net profit of Rs 5 crores or more, and therefore, the small and medium enterprises (SME'S) are very well within the reach of CSR. The SME'S identify themselves with the geographical location they are based out of, or with the issues affecting their business. This is the time when the SME'S indulge in CSR activities. In a lot of cases, the SME'S remain stubborn and keen to seek publicity and therefore, they are faced with a big conundrum while sharing their CSR expenditure in case of any public interest. Further, these SME'S are unwilling to expose themselves to complicated sets of rules and regulations for CSR, in contrast to well-established companies. While large companies adapt quickly to the CSR mandate, SME'S often fail to meet the 'two-percent' target in a lot of situations due to their 'inability to find the right project.'^{viii}

EXISTING CSR ACTIVITIES OF SOME MAJOR COMPANIES IN INDIA

TATA Group - Numerous CSR projects have been and are carried out by the Tata group conglomerate in India, most of which are directed towards poverty alleviation and community improvement. Through the means of self-help groups, it has also been involved in the promotion of women empowerment, rural community development, as well as income generation along with other social welfare programs. As far as the area of Education is concerned, the Tata group provides endowments and scholarships to various institutions. It also indulges into healthcare projects such as spreading awareness about AIDS, along with the facilitation of child education and immunization. It makes an immense contribution in providing economic empowerment through environment protection programs, agricultural programs, providing sports scholarships, infrastructure development such as research centres, hospitals, educational institutions, cultural centres, etc.

Ultratech Cement – It is India’s biggest Cement Company which is involved in social activities across 407 villages in the nation, with the objective to invoke self-reliance and sustainability. The CSR activities of the Company primarily revolve around family welfare programs, healthcare, infrastructure, environment, education, social welfare, sustainable livelihood, etc. To date, it has organized several medical camps, sanitation programs, plantation drives, school enrolment, immunization programs, industrial training, water conservation programmes, as well as organic farming programmes.

Mahindra & Mahindra – It is an Indian Automobile Manufacturing Company that established the K.C Mahindra Education Trust in 1954, followed by the Mahindra Foundation in 1969, the aim of which was to promote education. The major focus area for the company is the education sector. People belonging to socially and economically disadvantaged communities are assisted and provided education. It runs programs such as Nanhi Kali (that focuses upon education for girls), Mahindra Private Schools (that incorporates industrial training), Mahindra Hariyali (under which over 1 million trees have been planted across the country eventually increasing the country’s green cover and Lifeline Express for healthcare services in the remote areas). The Company has also come up with a special type of Employee Stock Option Plans (ESOP’S) that

makes it possible for its employees to be a part of the socially responsible activities, subject to their choice.

ITC Group - The ITC Group's business is spread across the FMCG sector, hotels, agriculture, etc. The ITC largely focusses upon organizing environment and livelihood protection programmes. The company has generated sustainable livelihood opportunities for around 6 Million people through its CSR activities. Their e-Choupal programme that aims to connect rural farmers with the intranet for procuring agricultural products, covers around 4 million farmers and 40,000 villages. Its farm and social forestry programmes enable the farmers to convert wastelands into pulpwood plantations. Various social empowerment programs, by way of micro-enterprises or loans, have resulted in providing sustainable livelihoods for more than 40,000 rural women.

Reliance Industries Initiated – The Company launched “Project Drishti” with the objective to make visually challenged Indians belonging to economically weaker sections of the society, to recover their lost eyesight. So far, this project has helped in giving a new life to over 5000 people, and also made us aware about the created awareness about the compelling need for eye donation.

Infosys – As a leading software company, it aims to impart language and computer education. The Company has launched special programmes by means of which, it teaches several skills as well as it aims to change the outlook of the students belonging to the weaker sections of the society. The Company makes a lot of donations to the needy. The CSR activities of the company include organizing blood donation camps, environment preservation, social rehabilitation, etc. It has also been working in the sectors of education and healthcare.

Gail Ltd. – It is one of the largest state-owned natural gas distribution and processing companies. It strongly contributes to the corpus of GAIL charitable and education trust, SC/ST minority's population, and natural disaster or calamities.^{ix}

CSR REGULATIONS IN THE UK

The concept of CSR evolved and emerged in the British Isles in the 1800's. Although no such thing like CSR was in existence at that time, there were certain employers who provided for basic living conditions and social security schemes to their employees in order to keep the employees satisfied and contented, leading to their better efficiency in work. This was seen to be as revolutionary, and it gave birth to the modern concept of CSR that exists today. Under the laws of UK, CSR is not a mandatory activity for companies, unlike India, where CSR is mandatory. In the UK, CSR is a mere voluntary activity with no legislation made for regulating and governing it. A company that follows the triple bottom line approach, has to fulfil the requirements provided under the Companies Act, 2006. This act has made it a duty for the directors of the companies to deal with the environmental and the social impacts of their companies. Currently, there are other laws in the UK that deal with CSR. These are – Accounts Modernisation Directive, which requires that large Public Limited Companies must publicly report the issues significant to the environment, The Working Time Regulations (2001), The Health and Safety at Work Act (1974). These legislations only act as guiding forces for the companies to invest in CSR activities, without imposing any mandate on them to do the same. A lack of legislation mandating CSR has resulted in the companies adopting a voluntary approach towards CSR activities. The Confederation of Business Industry stated that, UK has a voluntary CSR expenditure and the companies invest in CSR depending upon their competency and capability. It is believed that the standardisation of CSR standards will not necessarily raise the standards of CSR expenditure, but will instead, impose a heavy burden upon the small and medium level enterprises. Under the Tony Blair government, UK was the first country to have a minister for 'CSR' under the Trade and Industry Department, to promote CSR activities in governmental departments. This led to a more stringent regulation of CSR by the government. The Companies Act of 2006, has resulted in a major transformation by reducing the scope of the voluntary managerial board led CSR expenditure from actions carried out by the companies purely voluntarily, to the actions performed by the companies to address their effects on the society. CSR has become an advertising or a precautionary exercise. Internalisation of the effects of the company has further narrowed down the scope of CSR. It has reduced the effectiveness of CSR due to lack of core competencies to reduce their harmful effects. Hence, although there is no statute or legislation in the UK that mandates CSR

expenditure, the guidelines laid down have narrowed down the scope of CSR in the UK. The Judiciary has not mandated CSR expenditure, but has recognised that the directors of a company are not only accountable or liable to their shareholders, but also to all other stakeholders. In the case of ‘Smith vs Barlow’, it has been held that the companies should acknowledge and fulfil both their social as well as private responsibilities.^x

In the UK, CSR is the approach adopted by the companies in order to contribute to the development of society. This approach is based on humanitarian grounds and is imposed as an obligation upon the companies to undertake CSR activities. A report called ‘**Corporate Social Responsibility: Call For Views**’, taken from the government of UK and published on 27th July, 2013, stated that, “There is no escaping the fact that corporate responsibility has become much more prominent and sophisticated in the last couple of years. High on the list of the UK Government’s priorities is to achieve a sustainable and a balanced economic growth across the country, as well as to establish a stronger and a fairer society”. Most companies in the UK aim to implement the internationally recognized principles and guidelines while determining their own corporate responsibility policy. CSR is seen as an aspect of responsible supply chain management, where there is a voluntary commitment made by the companies to manage their relationship with the suppliers in a responsible way. Corporate responsibility is not just applicable on big business, but it is something that every business can and must adopt. In the UK, the society expects businesses to contribute towards social investments through local economic development initiatives. In the UK, Public Relations and CSR go hand in hand. The government and the public have realised that, without appropriate measures and regulations, organizations will profit and prosper at the expense of others. This has resulted in several regulatory and voluntary standards to ensure that the corporations take up and fulfil their duties and responsibilities towards the society. Talking about values and virtues, the ethics of an organization in the UK often go beyond the legal requirements and decisions. Business ethics is the application of ethical values to business behaviour. Most organizations in the UK focus upon the aspects of business conduct, from boardroom strategies and how companies treat their employees and suppliers, to sales techniques and community practices. CSR is all about an organization’s approach as to what it is responsible for and to whom it is responsible, and this will be underpinned by its ethical values and the policies and programmes in place to make those values operational. If business ethics is about the application of ethical values, CSR is the expression of those values, both within the core business strategies as well as a set of

commitments and obligations made to its stakeholders. According to a MORI research conducted in September 2006, a majority (83%) of the British public stated that a company's social responsibility is the most important factor while deciding any product or service for its use or purchase. The research also revealed that companies require what is often called 'a license to operate'. They need the approval of society for continuous operation of their business. Ethical values are a high priority and are relevant in providing guidance to the staff in situations where it is not known as to what has to be done.^{xi}

CSR STRATEGIES ADOPTED AND FOLLOWED BY SUCCESSFUL COMPANIES IN THE UK

1. *Establishment of a Healthy, Inclusive as well as a Robust Corporate Atmosphere* - The way employees look at their work life is transforming to a great extent. The employees want to align their personal values and principles with those of the organisation or establishment they work for, and hunt for jobs that have clearly laid down norms, ethics, and the support to the employees at the time of their joining the business. This includes a range of issues, from diversity and inclusion, to well-being at the workplace, payment of fair wages, as well as a good work-life balance. The organisation's culture must begin from the Board level and be clearly visible to all those who form a part of that organisation. One of the companies in the UK that has adopted CSR strategies, is the Communications Agency named Battenhall, which recognised the importance of flexible and remote working as well as the establishment of an Employee Trust from its foundation in 2013. The staff is encouraged to work in the manner that is best suitable to them and they're given a generous technology allowance so they can choose the gadgets that make them the most productive even if that means they buy a PlayStation! In a core expression of trust, Battenhall employees are also offered unlimited holiday. They are encouraged to spend 20% of their time experimenting and innovating, and supporting pro bono projects as part of their core hours. The set-up also includes an in-house health coach, mentoring and wellbeing training for all staff, plus a wellbeing allowance to spend on something that makes them feel good. Battenhall founder Drew Benvie is clear that the company's strong

culture underpins the success of this approach, and the agency recently won the “Best large agency to work for” at the Company Culture Awards.

2. ***Choose Relevant and Appropriate CSR Strategies that are attuned to Community Needs-*** Society is vigilant to activities that are inauthentic or “tone deaf” to the needs of communities. As such, CSR strategies should play to the strengths and expertise of the business while being relevant to problems being addressed. This has a dual benefit of capitalising on existing skills within the organisation and aligning with its core purpose while benefiting society. UK bakery Greggs is leading its CSR strategy with its “Greggs Pledge” to do good “for people and planet” with a programme of ten pledges that align with the UN’s sustainable development goals. In the 1960s, the company offered free pie “n” peas suppers to elderly residents in its hometown of Gateshead. This has evolved to become a nationwide free breakfast club for schoolchildren, providing 70,000 free meals per day. Importantly, as a fast-food business, Greggs also acknowledges its role in tackling obesity and food waste, showing that it is responsive to the needs of society and is not ducking its duty on health and environmental issues.
3. ***Celebrate Success of CSR Strategies At All Levels*** - While the starting point of CSR is philanthropy, it would be disingenuous for a company not to be alert to the positive effects it delivers in other areas. Being transparent about these benefits encourages other businesses to adopt similar measures and builds a rising tide of recognition that doing good initiates a virtuous circle. A UK organisation successfully combining CSR with commercial benefit is Timpson Group. The company’s CEO realised that the nation’s marginalised community of ten million people who have a criminal conviction should not be thrown “on the employment scrapheap”. Timpson’s policy of employing ex-offenders now sees around 10% of its workforce making lives that move past their criminal convictions. The company says: “The vast majority of ex-offenders we recruit are extremely loyal, productive, hardworking and make excellent colleagues. Many have been promoted and fully grasp the second chance they have been given. To put it simply, recruiting ex-offenders has been great for our business.”
4. ***Publish Clear and Measurable Targets and Report on the Progress Transparently*** - As the famous saying goes, you can’t improve what you can’t measure. However, some aspects of CSR are more challenging than others to put a figure on. While these intangible benefits

are important, it is also essential that organisations develop metrics around the majority of targets they set and report on them as accurately and transparently as possible. Retailer Marks and Spencer set the bar high for CSR strategy and reporting with the high-profile launch of “Plan A” in January 2007. The plan cost £200million to implement and centred around 100 commitments the company would meet in the following five years. By the first deadline, in 2012, the company reported achieving those initial 100 commitments plus 38 further commitments made in the interim period. Plan A has continued to evolve to reflect changing times, shifting from its initial focus on the supply chain into a broader customer education and engagement initiative. Reporting remains central to Marks and Spencer’s CSR strategy, and the business is transparent over the targets it hasn’t yet succeeded in meeting or where progress has slowed.

5. ***Keep CSR Strategies Current and Seek Stakeholder Feedback*** - Businesses do not exist in a vacuum. Just as the challenges facing society and the environment are constantly changing, so must a company’s CSR strategy. Monitoring emerging trends and issues and developing an appropriate response is crucial, and so is actively seeking feedback from the stakeholders the programme is designed to impact. Doing so avoids the risk that the company might adopt tone-deaf initiatives or persist in activities that are no longer having the desired effect. Fortunately, today’s social media-rich world makes it easier for organisations to monitor consumer sentiment around their CSR efforts and gather feedback. Individuals have more opportunities than ever to make their views known and are not reticent about doing so. Employees should also be consulted about the impact and evolution of CSR strategies. They are both a recipient group and the engine that enables the programme to operate, making their views doubly important. Regular engagement on the topic can help identify new initiatives and flag issues before they become problems. Investors are another core stakeholder group and are growing increasingly interested in a company’s CSR performance, as well as its more metric-focused relation, ESG.
6. ***Technological Support*** - Devising and implementing an effective CSR strategy requires a combination of insight, creativity and action, backed up by rigorous monitoring and reporting. It is a whole-business undertaking, from the setting of “tone from the top” at board level to the boots on the ground that ensure the programme is operating as it should and achieving its goals. Organisations looking to build on the effectiveness of their CSR

strategy should explore the technology solutions available to support goal identification, tracking and reporting. Tools such as Diligent's ESG solutions add value at all levels, from educating leadership on frameworks and evolving regulations to monitoring stakeholder sentiment. So the company's corporate social responsibility strategy can continue to deliver good results for everyone. ^{xii}

WHAT THE FUTURE HOLDS FOR CSR IN INDIA AND UK

India

The future of CSR needs to pay heed to the evolving technological progress and development, as well as their contribution as novel strategies and mechanisms for business. The switch towards new technological procedures and the inclusion of Artificial Intelligence into the business sphere, pose serious challenges not only to discussions about CSR, but also to the entire organisation. This will make the businesses adapt and evolve themselves for dealing with the new tools and technology. However, the businesses will have to come up with a holistic framework that is based on the notion of social responsibility and which is sustainable, generates shared value, and believes that the companies can bring their activities in alignment with that which is good for everyone in the society. It is only time that can tell whether the institutionalization of CSR will go on to expand, or it will shift towards other concepts. ^{xiii}

UK

The corporate entities that are passionate about Corporate Social Responsibility issues need to formulate better strategies to implement the idea. The government also needs to embed equitable protocols to serve the needy citizens in a better way. At the same time, the non-profits need to set-up better initiatives and find ways to represent the needs of the local communities. The organizations need to be open to new cross-sector collaborations and keen to find ways of directing the expertise alongside the capabilities and resources of the private sector. It is also necessary to invest purposefully and contextualize the issues related to Corporate Social Responsibility in the United Kingdom. Once understood properly, Corporate Social Responsibility can help in identifying the solutions and raising the standards of a social setup. However, the main necessity is to focus on the proper implementation of the idea and its

appreciation in every social attire. Only then it can be helpful in making UK a better market for the world as well as the society in and out of the companies in the UK. ^{xiv}

CONCLUSION

As CSR continues to grow as an emerging legal reality, the focus must be to view it from a practical lens and beyond a theoretical debate. Most importantly, is CSR a venture that should be ‘promoted’ or ‘imposed?’ This is largely the dilemma stakeholders around the world continue to face. However, from a practical standpoint, what yields the best results to the society and contributes to overall growth of the people, should be the way to go forward, acknowledging the political and economic factors which each country might face in their pursuit.^{xv}

ENDNOTES

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ⁱⁱⁱ Sawati Nagwan, *Evolution of Corporate Social Responsibility in India*, 3 IJLTEMAS 164, 164-165 (2014).

^{iv} Verma, *supra* note 2, at 79-80.

^v Reddy, *supra* note 1.

^{vi} *CSR Amendment Rules 2021*, CLEAR TAX (Apr. 14, 2022, 03:10 PM), <https://cleartax.in/s/csr-amendment-rules-2021>.

^{vii} CLAYTON FONCECA „&“ A. UMESH SAMUEL JEBASEELAN, *CSR IN UK AND IN INDIA – AN OVERVIEW*, 1 AARJSH 336, 339 (2013).

^{viii} Mayank Barman, *To Impose or Not? Comparing CSR Framework in India & UK*, THE COMPETITION & COMMERCIAL LAW REVIEW (May 4, 2021), <https://www.tcclr.com/post/to-impose-or-not-comparing-csr-framework-in-india-uk>.

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^x Reddy, *supra* note 1.

^{xi} FONCECA „&“ JEBASEELAN, *supra* note 7, at 337-339.

^{xii} Helen Hopper, *5 CSR Strategies Successful Companies Are Using in the UK*, DILIGENT (May 7, 2021), <https://www.diligent.com/en-gb/blog/csr-strategies/>.

^{xiii} Mauricio Andrés Latapí Agudelo “et al”, *A Literature Review of the History and Evolution of Corporate Social Responsibility*, JCSR Jan. 22, 2019, at 1, 20.

^{xiv} *Corporate Social Responsibility in United Kingdom*, TRANSPARENT HANDS (Sept. 22, 2017), <https://www.transparenthands.org/corporate-social-responsibility-in-united-kingdom/>

^{xv} Barman, *supra* note 8.