

SIGNIFICANT OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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Abstract

Over the last twenty years, the essence of the triangular relationship between corporations, the economy, and society has been shifting at sea. Companies will no longer continue to function as autonomous companies independently of the general public interest. The evolution of the corporate-society relationship was one of a gradual transition from a philanthropic coexistence to one where the shared interest of all stakeholders is gaining supreme importance. Organizations are starting to understand that corporate strategies may have to be transformed from the usual practice of concentrating solely on revenues to factor in public trust and responsible company branding in order to achieve strategic initiative and ensure continued survival. An analysis of some of the factors that contributed to the adoption of the Corporate Social Responsibility (CSR) concept would be an excellent starting point for the strategic adoption of effective corporate business practices for emerging markets. In this study researcher focus on to study the willingness of Indian companies towards social responsibility and gaining goodwill.

Keywords : *Economy, Corporate Social Responsibility, India,*

INTRODUCTION

Over the last twenty years, the essence of the triangular relationship between corporations, the economy, and society has been shifting at sea. Companies will no longer continue to function as autonomous companies independently of the general public interest. The evolution of the corporate-society relationship was one of a gradual transition from a philanthropic coexistence to one where the shared interest of all stakeholders is gaining supreme importance. Organizations are starting to understand that corporate strategies may have to be transformed from the usual practice of concentrating solely on revenues to factor in public trust and responsible company branding in order to achieve strategic initiative and ensure continued survival. An analysis of some of the factors that contributed to the adoption of the Corporate Social Responsibility (CSR) concept would be an excellent starting point for the strategic adoption of effective corporate business practices for emerging markets.

Corporate social responsibility is characterized as "the ethical conduct of a corporation towards society," manifesting itself in the form of these noble initiatives undertaken by lucrative organisations. CSR has become increasingly prevalent in the Indian Corporate Scenario as companies have realized that it is also important to create trustworthy and sustainable relationships in addition to growing their business. It is one of CSR programs' main drivers.

Another explanation that drives this rapid adoption of CSR in the state of Indian society, while India is one of the fastest growing economies, socio-economic issues such as deprivation, illiteracy, lack of health care, etc., are still omnipresent, and the government has limited resources to address these challenges. This scenario has opened up many business areas to contribute to the social growth of the Aditya Birla Group and the Indian Oil Corporation, to name a few, since their inception. Many other organizations have been doing their part for the society through donations and charity events. Nearly all leading corporations in India are involved in corporate social responsibility (CSR) initiatives in areas such as education, health, the creation of livelihoods, skill growth, and empowerment of weaker sections of society.

The corporate social responsibility (CSR) concept is not new to Indian companies. That is different, however, is the way it has caught up with Indian company and the employees' direct participation in the execution of these ventures. In most organisations, dedicated teams are looking for far more than just financing or participating in

one-time ventures. There are advantages for the CSR activities. The advantages are in terms of building a positive image and encouraging employee social involvement, which in turn develops a sense of loyalty for the organization. CSR programs help bind workers as a team, and with the company, which in effect helps to build a loyal workforce that is proud of its employer.

The trend is particularly strong in IT businesses with a young workforce who are increasingly feeling they want to contribute to the cause of creating a better society. Many of these companies focus on children's and education issues. To them volunteering means bringing technology to the grassroots level and bridging the digital divide.

OBJECTIVES OF THE RESEARCH

- To study the willingness of Indian companies towards social responsibility and gaining goodwill
- To describe the numerous ethical problems faced by Indian companies in their non-compliance with CSR while marketing.

RESEARCH METHODOLOGY

The researcher recommends using qualitative research methods to empirically support this paper's claim that effective Indian businesses value social responsibility and marketing ethics. The researcher would basically adopt the doctrinal method to study the development of CSR in the Indian context and further adopt empirical research to ascertain whether successful Indian companies value social responsibility and marketing ethical standards.

TOOLS OF DATA COLLECTION

Primary data collected from questionnaires which has been circulated among the, public and also to those who are the stake holders in company affairs. And further data collected from personal interviews and observation. Secondary data collected from primary and secondary authorities such as books, the various companies' websites, commentaries and journals and including the primary data as well.

SIGNIFICANCE OF THE RESEARCH

The present research paper allows corporate houses to consider the public's viewpoint and their tendency toward individual businesses. It also allows these corporate houses to understand that to achieve strategic initiative and ensure continued survival, business strategies that need to be formed from the usual practice of concentrating solely on revenues as a factor in public trust and responsible company marks. This paper focuses on what are the policies of businesses that must be moulded according to the demands of the public.

The paper further helps the public to better understand what their model companies are doing in the market and their commitment to the community. Overall, the paper helps the reader understand the newly established public relationship between business and public, and tries to better understand how effective businesses in India value social responsibility and marketing ethics, which in turn helps to examine corporate India's current scenario and future needs.

LIMITATIONS

- As the subject is very vast the present paper will be subjected to the following limitations.
- The research paper is subjected to only few successful companies like Infosys, Wipro and Tata as studying the observance of CSR by all the Indian companies would be beyond the researcher's capacity.
- Non availability all company's data.
- Time constrain.

SCOPE FOR FURTHER RESEARCH

While the present paper will concentrate only on few companies and their ethical principles, there is still plenty of room left to concentrate on international companies and newly formed companies compliant with the CSR. The present paper further unfolds different areas such as climate, human rights and labor law in which a detailed empirical analysis can be undertaken taking into account the topics discussed in this research paper.

CORPORATE SOCIAL RESPONSIBILITY IN INDIA- ITS SCOPE

Corporate Social Responsibility (CSR) can be defined as the company's continuous contribution to the economic and social growth of the communities in which it operates. Since the period of pre-independence in India, the idea of corporate social responsibility of major industrial companies has held a prominent position in the greater national discourse on economic issues. Gandhi described big business as 'trusts' of the 'people's wealth' and thus stressed the broader social role that industrial wealth would serve in independent India. The Indian state, under the strong influence of Nehruvian nationalism, allowed private industry to play an active role in the economic and social growth of backward sections of society in the early days of the post-independence period, while at the same time setting up a gigantic public sector to serve broader societal interest. As Nehru's gentle socialism gave way to the more radical nationalization policies and extensive state regulation of the Indira Gandhi era, industrial groups desperately resorted to large-scale corporate welfare programs to avoid draconian state policies and regulations in economic affairs to demonstrate that private wealth also played an important role in poverty alleviation and socio-economic development of the nation and was not anti-people.

An impending crisis in the Indian economy led the governments of Rajiv Gandhi and Narashima Rao to abolish the 'license raj' and enact much-needed economic reforms in the country, which marked the beginning of India's economic liberalization and free market economy. The major impact of these economic reforms was the increased involvement of transnational corporations in the region, as well as the transformation of Indian firms into large global companies. In this case, both the proponents and opponents of liberalization in India¹ put increased focus on the social position of these private enterprises. On the ground floor, there has been a shift in adopting corporate social responsibility initiatives.

CORPORATE SOCIAL RESPONSIBILITY - A NEED

Although the interests of shareholders and the activities of managers of any business organization must be regulated by the laws of economics, requiring an acceptable financial return on investments made, in fact an organization's operations must be guided by a much larger set of objectives that are described today under the term CSR. The specific justification for a new set of ethics for corporate decision-making, which explicitly defines and upholds the social obligation of an company, stems from the assumption that a business enterprise receives many benefits from society, and would therefore demand that the enterprise also have social returns. A business cannot succeed in a society which fails. Hence, this specifically defines an organization's interest in the good health and well-being of a society of which it is a member. More importantly, in this age of widespread communication and increasing emphasis on transparency, customers of any product or service are unlikely to feel satisfied with buying from an organization that is seen to violate the expectations of what is considered to be ethically and socially responsible behaviour. It is becoming increasingly evident that organizations which pay sincere attention to the principles of socially responsible conduct often find favor with the public and are the preferred choice for their goods and services.

HISTORICAL ASPECTS OF CSR IN INDIA

Unlike western capitalism, businesses in Asia are part of a social welfare philosophy embedded in corporate philanthropy. Some families from traditional merchant communities pioneered indigenous industrialization in India in late 19th century and participated not only in freedom struggle but in the nation-building process thereafter. Preceding the independence of India, in 1944, a set of concerned industrialists came out with a development plan for India called the Bombay Plan. During 1950s/1960s, Narayan (cited in IIC, 1966) stated, influenced by Gandhian philosophy of „trusteeship – an ancient idea revived and reinterpreted by Mahatma Gandhi – most of the businessmen in India saw their business empires as a trust held in the interest of community at large. Businesses made significant contributions to support schools, colleges and hospitals, and emphasis later shifted to supporting technical training, public health and rural development (Mohan, 2001). Also, post-independence, with a mixed economy framework, India experienced the elements of state sponsored CSR activities through large public sector companies.

As the Indian economy moved from agrarian to industrial, concerns were raised about the consequences of economic growth with an innate tendency to be imbalanced. The importance of business social responsibility to multi stakeholders was emphasized at a high-profile seminar in Delhi, and a declaration adopted stated that social responsibility of an enterprise is to itself, customers, workers, shareholders and the community. The emergence of non-family-owned businesses in 1960s and 1970s also saw an increase in numbers of trust setup by businesses. Changes in India's economic paradigm in 1990s significantly affected the corporate sector, bringing freedom from controls and increased roles. Shrivastava and Venkateswaran (2000) state that most corporations agree that this newfound freedom carries with it social responsibilities.

CHALLENGES OF CSR

CSR implementation faces a variety of challenges. Below, they are listed:

- **Lack of general public knowledge of CSR activities**
There is a lack of general public involvement in engaging and contributing to corporations' CSR programs. That is because there is little or no information about CSR. The problem is further compounded by a lack of contact at the grassroots between the organizations engaged in CSR and the general public.
- **Need local capacity building**
Regional nongovernmental organizations need capacity building because there is a severe shortage of skilled and productive organizations that can contribute effectively to the ongoing CSR activities initiated by companies. It severely affects the scaling up of CSR programs and consequently restricts the scale of these activities.
- **Opening up issues**
Lack of transparency is one of the corporate challenges, as there is a lack of transparency on the part of small businesses as they do not make adequate efforts to disclose information about their programs, audit issues, impact assessment and use of funds. This negatively impacts the process of building trust between the companies which, in effect, is crucial to any CSR initiative 's success.
- **Non-accessibility to coordinated non-governmental organizations**
There is no availability in remote and rural areas of well-organized non-governmental organizations that can evaluate and recognize specific community needs and collaborate with businesses to ensure effective implementation of CSR activities.
- **Impact on visibility**
Media's role in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the public about various ongoing companies' CSR initiatives. This apparent influence of gaining visibility and branding exercise often leads many NGOs to get involved in event-based programs; in the process, they often miss out on meaningful grassroots interventions.
- **Slimming view of CSR programs**
Non-governmental organizations and government agencies typically have a limited viewpoint on corporate CSR programs, frequently describing CSR initiatives more as donor-driven initiatives. As a result , companies find it difficult to determine whether to take part in these programs in the short and long term at all.
- **Failure to have specific CSR guidelines**
There are no clear cut-off regulatory requirements or policy guidance to give firm's CSR programs a concrete path. The scale of the corporations' CSR initiatives will depend on the size and profile of their company. In other words, the bigger the company, the bigger the CSR programme.
- **Lack of consensus on the application of CSR questions**
There is a lack of consensus among implementing agencies on projects involving CSR. This lack of consensus often results in the duplication of corporate houses' activities in areas where they intervene. This results in a competitive atmosphere between the organizations that introduce rather than developing collaborative solutions to issues. This factor limits the ability of the business to undertake from time to time an impact assessment of its initiatives.

DATA ANALYSIS

1. Which sector do you consider is most active in the area of Corporate Social Responsibility activities?

PARTICULAR	FREQUENCY	%
Private Sector	100	100%
Public/ Government Sector	0	0%
TOTAL	100	100%

2. Do you think that Multinational Companies exploring new markets in India resist more stringent environmental legislations in India which they follow silently in their West home countries?

PARTICULAR	FREQUENCY	%
Yes	88	88%
No	12	12%
TOTAL	100	100%

3. Corporate Social Responsibility does not seem to be a globally practiced work ethic.

PARTICULAR	FREQUENCY	%
Yes	30	30%
No	70	70%
TOTAL	100	100%

4. What in your opinion is Corporate Social Responsibility?

PARTICULAR	FREQUENCY	%
Forced	18	18%
Voluntary	82	82%
TOTAL	100	100%

5. Does Corporate Social Responsibility help in enhancing reputation and brands?

PARTICULAR	FREQUENCY	%
Yes	90	90%
No	10	10%
TOTAL	100	100%

6. Does Corporate Social Responsibility increase sales and consumer loyalty?

PARTICULAR	FREQUENCY	%
Yes	80	80%
No	20	20%
TOTAL	100	100%

7. Does Corporate Social Responsibility increase the ability to attract and retain quality employees?

PARTICULAR	FREQUENCY	%
Yes	82	82%
No	18	18%
TOTAL	100	100%

CONCLUSION

Therefore, it can be concluded from the data collected, codified and tabulated above that successful businesses in India respect social responsibility and marketing ethics and that it is a viable choice for businesses to become social entrepreneurs in the future as the majority of the corporate population agrees that corporate social responsibility is a fact that is voluntary and helps to strengthen the reputation and brand name of the corporations, increases its sales and consumer loyalty, attracts and retains the equality employees and also builds political capital too. Therefore, the charity offered by the companies undoubtedly changes its way of doing business. At the same time, however, there is a minority group that thinks that corporate social responsibility is unfairly imposed on the companies and their pure "website" message on the website of each organization and that it does not seem to be a global work ethic.

Having regard to the majority opinion, it can be concluded that, as the situation in the private sector seems satisfactory, there is a fierce debate on the social role of the Indian public sector in the post-liberalization phase, particularly in the light of the twin privatization processes and the dismantling of monopoly / quota regimes. Particularly in the form of empirical studies, extensive research is required to answer the questions relating to this topic.

While businesses are making significant efforts toward sustainable growth, some critics are still challenging the CSR principle. There are those who believe that Corporate Social Responsibility underlies those ulterior motives while others view it as a fallacy. The truth is that CSR is not a brand building tactic; it does establish an internal identity among its employees, however. To engage in activities which benefit society in one way or another only adds to a company's goodwill. Corporate Social Responsibility is the responsibility of all, i.e. business companies, states, individuals because of the reasons: money is gained only from society and should therefore be returned; therefore wealth is intended for self-use and public use; the basic purpose behind all forms of business is to quench the appetite of humanity as a whole; the central goal of all businesses; CSR can

not be an extra-it must be at the core of all company practices and the handling of employees and customers. CSR thus becomes a fast-developing and increasingly competitive sector. The case for demonstrating corporate responsibility is getting stronger as perceptions are rising among key opinion formers, consumers and the public. Being a good corporate citizen is increasingly crucial to commercial success, and the key is to align public expectations and priorities and to broadly and effectively communicate engagement and achievements

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