



Corporate Social Responsibility in India: A Lens through Sustainable Community Development

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In recent years the business strategy field has experienced the renaissance of corporate social responsibility (CSR) as a major topic of interest. The concept has not surfaced for the first time. In brief, the concept of CSR has first emerged in the 1950s. CSR is that the business has a responsibility towards its stakeholders and society at large that extends beyond its legal and enforceable obligations. There are many companies in India (Tata, Birla, SAIL, BHEL etc), which are engaged in doing such activities that benefit the community at large. These companies play an important role in nation building and socio-economic development and have also taken up a number of initiatives for the development of society. The process of developing a community with different social actors working together and sharing a common purpose in collective action of community development has been conceived as both an outcome and a process of social interactions.

Introduction

Sustainable community development will depend on job creation, education, poverty alleviation, and careful environmental management. Government, civil society organizations, and academic institutions should all be involved in this effort. Companies have a particularly important role to play. They must be involved and contribute to the betterment of the societies in which they operate. They can do this through corporate social responsibility (CSR) initiatives that line up with national development objectives in areas like employment generation, infrastructure development, poverty alleviation, educating women, soil and water conservation etc. There have been increasing demands on multinational enterprises (MNEs) to provide community development programs and assistance to the communities where they operate, in particular in developing countries (LDCs), in other words, meeting locally defined social and economic goals. This is mainly because developmental projects and other social infrastructures are lacking in most of the countries. The research evidence also proved that, Clark (2000) identified that the corporate social responsibility (CSR) literature had largely ignored the role of public relations and offered a communication management approach to maximize the relationships between organizations and stakeholders. Fundamental societal changes during the 1960s and 1970s saw the practice of public relations

evolve from its information dissemination origins into a discipline that was more about issue response, accountability and social responsibility as central to organization-public relationships. It was at this point that Clark (2000) stated that CSR and public relations were most similar, highlighting the fact that both public relations and CSR aim to understand their stakeholder environments in order to respond to society's demands.

The core elements of corporate social responsibility are follows

1. Care for all Stakeholders
2. Ethical functioning
3. Respect for Workers' Rights and Welfare
4. Respect for Human Rights
5. Respect for Environment
6. Activities for Social and Inclusive Development.

Need for Sustainable Development

A sustainable community is one that is economically, environmentally, and socially healthy and resilient. It meets challenges through integrated solutions rather than through fragmented approaches that meet one of those goals at the expense of the others. As a result, a sustainable community manages its human, natural, and financial resources to meet current needs while ensuring that adequate resources are equitably available for future generations. It seeks a better quality of life for the whole community without compromising the wellbeing of other communities, healthy ecosystems and effective economic security.

General Principles of Corporate Social Responsibility

- Corporations are economic institutions run for profit.
- All firms must follow multiple bodies of law.
- Managers must act ethically
- Corporations have a duty to correct the adverse social impacts they cause.
- Social responsibility varies with company characteristics.
- Managers should try to meet legitimate needs of stakeholders.
- Corporate behavior must comply with norms in an underlying social contract.
- Corporations should also accept a measure of accountability toward society.

Corporate Social Responsibility in Indian Context

CSR is not a new concept in India. Ever since their inception, corporates like the Tata Group, the Aditya Birla Group and Indian Oil Corporation, to name a few, have been involved in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders.

Companies have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the mainstream business. The programs are put into practice by the employees who are crucial to this process.

CSR programs ranges from community development to development in education, environment and healthcare etc. As found by Dutta and Durgamohan (2008) of Institute for International Management and Technology, in the Indian context it has been observed that out of the 26 firms surveyed, 3 firms did not indicate any CSR initiative being taken, and two firms

expressed the need to take CSR initiatives. This works out to 11% of the firms surveyed, which are apparently not taking CSR initiatives. The table below shows the number of companies and their relative percentage in taking a particular CSR initiative. Totally 26 companies surveyed under the study.

Table 1: Number of Companies and Initiatives Taken as Corporate Social Responsibility

No	Initiative	Number of companies taking this initiative	Percentage of companies taking this initiative
1.	Rural development	15	55.50
2.	Health	17	63.00
3.	Education	18	66.66
4.	Environment	13	48.00
5.	Social status	17	63.00

Source: Dutta and Durgamohan, M (2008). Institute for International Management and Technology.

It is evident from the above table that education takes the first place with 66.66% of the firms surveyed, followed by health and social causes with 63% of the firms, rural development with 55.50% and environment with 48%. It is very interesting to note that even though the central government as well as state governments have separate departments for education, and health, they figure as the most often taken initiatives by corporate sector in India.

Table 2. Details of Various Corporate Sector Initiatives

S. No.	Company	Corporate social responsibility initiatives				
		Rural Development	Health	Education	Environment	Social cause
1.	Hindustan Unilever Ltd	Shakti - empowering rural women	Lifebuoy Swastya Chetna, health and hygiene education	Special education and rehabilitation of children	Water conservation	Economic empowerment of women, rebuilding lives of earth quake victims.
2.	Aditya Birla Nuvo	Infrastructure, livelihood, agriculture and watershed development	Health & Family Welfare	Education	Sustainable Development	Widow and dowry-less marriages, Women empowerment
3.	Bharat Petroleum	Provision of drinking water, Sanitation, vocational training, agricultural Innovation	HIV/AIDS care and prevention	--	--	Counseling of its employees, Women Empowerment

4.	Samsung	--	Health and safety at the work place	reeducation and job training	--	Open to all opportunities and human rights
5.	Tata Steel	Employment generation	Health Care	--	--	Women empowerment, Sports

Corporate Social Responsibility Policies in India

The Companies Act, 2013 was enacted on 29 August 2013. The new law will replace the nearly 57-year-old Companies Act, 1956. The 2013 Act provides an opportunity to catch up and make our corporate regulations more contemporary, as also potentially to make our corporate regulatory framework a model to emulate for other economies with similar characteristics.

The 2013 Act has introduced several provisions which would change the way Indian corporates do business and one such provision is spending on Corporate Social Responsibility (CSR) activities. CSR, which has largely been voluntary contribution, by corporates has now been included in law.

Activities of Corporate Social Responsibility for Sustainable Development

- Eradicating extreme hunger and poverty
- Promotion of education
- Promoting gender equality and empowering women
- Reducing child mortality and improving maternal health
- Combating human immunodeficiency virus, acquired
- Immune deficiency syndrome, malaria and other diseases
- Ensuring environmental sustainability
- Employment enhancing vocational skills
- Social business projects

Applicability and Establishment of a Corporate Social Responsibility Committee

1. Section 135 of the 2013 Act states that every company having,
 - i) Net worth of Rs 500 crore or more, or
 - ii) Turnover of Rs 1000 crore or more, or
 - iii) Net profit of Rs 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board
2. The committee would comprise of three or more Directors, out of which at least one Director shall be an independent Director
3. The mandate of the said CSR committee shall be:
 - i) To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company,
 - ii) To recommend the amount of expenditure to be incurred on the activities referred to above,
 - iii) To monitor the Corporate Social Responsibility Policy of the company from time to time and
 - iv) To provide corrective measures to the company.

Conclusion

Historically, corporations have been focused primarily on profits. Introduction of the Companies Act 2013 is one of the best inventiveness in strengthening the social initiatives taken by the companies for sustainable development of the society. Problems are community specific or region specific. The set of problems faced by people living in different area may differ. Some people might need drinking water and other need health care facility. For sustainable and effective CSR initiatives, the company needs to formulate participatory method to identification and prioritization of the problem faced by the community so that we can effectively accommodate Sustainable Community Development with the Corporate Social Responsibility (CSR) in Indian context.

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