

A STUDY ON CORPORATE SOCIAL RESPONSIBILITY AND EMERGING TRENDS IN INDIA

V. Gowri Lakshmi & T. Phaninder Kumar

*Assistant Professor, Department of Finance, Gitam Institute of Management,
Visakapattinam, Andhra Pradesh, India*

ABSTRACT

Social responsibility has not been raised as a national strategy, and there is not yet a systematic promotion plan. There is no particular standard for this CSR. The government of India has not assigned any authority to coordinate the ministries and other central authorities for their work on social responsibility. In areas where the local governments have worked on social responsibility, the task of promotion and coordination is designated to various departments and organizations, such as trade unions, the efforts of different stakeholders to promote more responsible business practices. The efforts of CSR, in India, have grown steadily over the past decade. The study tries to find out the current landscape of CSR development in India, as assessed by different stakeholders and conventions help companies interpret CSR for better implementation and yielding of results.

KEYWORDS: *Efforts of Different Stakeholders, Environmental and Economic Responsibilities, Responsible Policies and Report on their Implementation*

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INTRODUCTION

Over the past few years CSR, as a concept, has been the focus of study and research. It has grown in importance both academically as well as in the business sense. It captures a range of values and criteria for measuring a company's benefaction to social development. As "CSR" is a continued process, many complimentary and overlapping concepts, such as corporate citizenship, business ethics, stakeholder management and sustainability, have emerged.

It describes CSR as "the concept that an enterprise is accountable for its impact on all relevant stakeholders. As CSR is a continuous process, the businesses have to commit themselves to behave fairly and responsibly, and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large.

In other words, CSR refers to ensuring the success of the business by the inclusion of social and environmental considerations into a company's operations. It means satisfying your

Shareholders' and customers' demands while also managing the expectation of other stakeholders such as employees, suppliers and the community at large. It also means contributing

Positively to society and managing your organization's environmental impact.

In the last decade, CSR has been a focus of all stakeholders including the government, corporate sector, media, customers, suppliers, employees, and communities. The Government of India's initiative has set the wheels in motion for increased contribution and more socially responsible behavior to lead to inclusive growth in the public sector CSR. Moreover, the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of business by the Ministry of Corporate Affairs signifies the government emphasis on CSR, engaging public and private companies and enhancing their contribution toward reducing the gap between economic and social progress. Companies Bill, 2012 and CSR with a good outlook, provided a framework for companies (private and public) to implement need-based CSR activities, the Government of India has included CSR-related provisions in the Companies Bill, 2012.

Companies have a lot of queries and concerns related to the applicability, implementation and likely impact of the Clause 135 of the proposed Companies Bill, 2012. The Ministry of Corporate Affairs and the Indian Institute of Corporate Affairs have undertaken a series of discussions with companies in order to understand their concerns and draft rules for the effective implementation of Clause 135. In anticipation of the change, companies now need to put in place some conformance procedures and introduce an adequate governance framework. To start with, companies have to identify capable implementation partners based on a sound due diligence process and determine accountability of an organization before engaging with them. Companies also should monitor projects and evaluate the effectiveness and measure the impact created. The actions taken in the process of change will be required to be documented, reported and disclosed formally to all stakeholders.

The Relevance of CSR within an Organization

CSR is not only relevant because of a changing policy environment but also because of its ability to meet business objectives. CSR initiatives and being socially responsible have a lot of benefits for the enterprises, in the following ways:

- Strengthening relationships with stakeholders
- Enabling continuous improvement and encouraging innovation
- Attracting the best industry talent as a socially responsible company
- Additional motivation to employees
- Risk mitigation because of an effective corporate governance framework.

OBJECTIVES AND METHODOLOGY OF THE STUDY

The study tries to map out the current landscape of CSR development in India, as assessed by different stakeholders; simultaneously it aims to provide an overview of major CSR concerns and challenges, CSR performance among businesses in India, the driving forces of CSR development, and future CSR Trends. The above study results are based on both qualitative and quantitative research, carried out during from December 2016 to October 2017. The data is collected from questionnaires, published journals, secondary data, the review also included CSR related policies, legislation, regulations, and guidelines issued by the Central Government, Local Government, and domestic industries. Total population 2,850 people that include CSR professionals, and other individuals who are knowledgeable of and are involved in CSR initiatives in India. During a survey period, 375 responses were received.

VISAKHAPATNAM PROFILE

Visakhapatnam is one of the 100 fastest growing cities in the world, which has a GDP of \$43.5 billion. For the FY 2015–16, the per capita income estimates of the city stood at ₹283816 and it tops among other cities in the state. The fishing harbor is one of the oldest and largest in the city, which was established in 1926, provides a livelihood for approximately 50,000 people. The usual seafood exporting capacity of the harbor is 115,000 t (127,000 tons) and during the FY 2015, it topped seafood exports in terms of value among other ports. Visakhapatnam and Gangavaram Port are the two ports of the city and the former one topped charts which handled 60,000,000 t (66,000,000 tons) of cargo during the financial year 2016–17. The Hindustan Shipyard undertakes building and repairing of the fleet and has future orders of ₹2,000 crore (US\$310 million).

The growth in the IT sector in the recent times boosting the local economy. In 2016–17, the IT industry in Visakhapatnam witnessed an increase in its turnover which recorded as ₹5,400cr with 34,000 employees working in 350 firms, in contrast to 2016-17 figures of ₹1,950 crores . *Sunrise Startup Village*, an incubation center; *Fintech Valley Tower* for Technology were also established. There are many national and International IT/ITes and banking firms such as Mahindra, Wipro, Kenexa, Cyient, IBM, Sutherland, and HSBC etc. Few more investments are in line like ConduentInc, Lalith Ahuja's ANSR Consulting 1000 crore fintech facility in the city. The *Brandix India Apparel City* is the largest textile park in the country and holds the record for employing more than 15,500 women employers at a single location. Jawaharlal Nehru Pharma City (JNPC) developed at Parawada near Visakhapatnam in 2,400 acres has major pharma companies like Hospira, Mylan, Eisai, Reddy's Lab, Aurobindo Pharma, Torrent pharma etc. Andhra Pradesh Medtech Zone Limited, is the India's first Ultra-Modern Medical Equipment Manufacturing & Testing Facility, open to Manufacturers & Innovators.

CSR IMPLEMENTATION BY CORPORATIONS IN INDIA

This study provides you an insight into the implementation platform used by companies to implement CSR activities. It also highlights the type of partnerships in practice for implementing CSR activities. Several platforms have been used by the companies to manage CSR. Out of the 50 companies reviewed, approximately 40% have initiative and the remaining 60% companies are managing CSR initiatives from within the organization — either by establishing a dedicated CSR department or giving the responsibility to the human resources function or to the Corporate Communication department. The companies may need to review the advantages and disadvantages and arrive at an implementation strategy for their CSR activities. Partnerships are important for effective implementation of CSR activities, for reach and long-term sustainability and to achieve measurable change brought about by social initiatives. Partnerships with other companies could assist in supporting cost-intensive social initiatives and increasing the reach of CSR projects.

In this study, it is observed that only 28% of the companies have established partnerships with other companies for CSR initiatives. This is one area where strategic deliberations are required in order to evolve mechanisms and platforms where companies can collaborate to support important social initiatives in a focused and comprehensive manner.

Partnership with local and state governments is another important factor that will help in better utilization of resources. Establishing partnerships and supporting the government will strengthen the ongoing social programs and ensuring long-term sustainability. The research indicates that 46% of companies have established partnerships and are found to be supporting programs or schemes of local or state government through CSR. Mostly, the support is in terms of improving infrastructure, providing equipment, learning aids, and other supplies to government programs. Strategic

thinking and efforts are needed in this area, so that they can complement government's efforts by supporting government-run programs and welfare schemes.

Most of the companies implement CSR activities through NGOs. This study shows that nearly 70% have partnerships with the NGOs for implementation of CSR activities. The remaining companies are implementing CSR activities directly; and there is a possibility that these companies don't disclose their partnership in the public domain. This research focused on understanding broad thematic areas such as education, healthcare, environment, livelihood, rural development and disaster relief as a focus of CSR initiatives and other areas covered are the environment and rural development. Of these thematic areas, education is the most common and research indicates that 100% of the companies included in the research were found to have some initiatives on education followed by livelihoods and environment and then health care and rural development.

As per the research 88% (44 out of a total of 50 companies focusing on education thematic area) of the companies provided infrastructure support in the most important domain of education. For this study, we have included equipment, furniture, books, teaching supplies, construction of libraries and renovation work for school buildings as a part of providing infrastructure support. Providing some scholarships to disadvantaged students is another common activity with 62% of all companies offering scholarships. The research also indicates that approximately 74% of companies were also running projects to improve quality of education by offering coaching classes for underserved children, training primary and secondary school teachers in new and improved teaching methodologies and providing innovative teaching and learning aids. Around 34% of companies included in the research were found to be running their own schools.

In the healthcare domain, organizing health camps to offer curative services and raising awareness on health issues is the most common activity being implemented by nearly 74% of the companies. 68% of the companies are providing infrastructural and equipment support is another common activity in the healthcare domain. The infrastructure and equipment support includes medical equipment and ambulances to hospitals and health centers as well as renovation of hospital buildings and construction of new health centers. Water, sanitation, maternal and child health are other chosen areas of intervention in the health domain.

Of the 50 companies taken into consideration approximately 88% support skill development through vocational training and career counseling to improve the skills and employability of candidates and subsequently their earning capacities. To improving the knowledge of the people in their own fieldwork such as such as sensitizing farmers about new and improved farming techniques are other activities undertaken by the companies. Approximately 78% of the companies were found to be supporting income generation activities for people and especially for women in rural areas.

Rural Development

In rural development, 68% of all researched companies have been working toward the betterment of rural areas by providing infrastructure support such as the building of check dams, revamping of water pumps and laying down of roads to improve connectivity. Among other initiatives companies are organizing for the development of rural areas includes awareness generation camps on female feticide, the importance of education and issues of domestic violence.

CSR initiatives aimed toward the betterment of the environment include green initiatives such as tree plantation drives to promote forestation, efforts to conserve water and manage and dispose of waste responsibly. Analysis indicates that out of the total 50 companies included in the research, 84% undertake CSR activities near their area of operation and

about 46% have expanded their CSR activities to other areas. The study also emphasized on understanding how many companies are focusing on major EAG states including Bihar, Maharashtra, Rajasthan, Odisha and Uttar Pradesh. Being one of the highly industrialized states, Maharashtra emerged as one where nearly 50% of the companies included in this study were implementing CSR initiatives. Around 26 % of the companies have made a contribution toward relief funds such as PM National relief fund, and CM State relief fund for various social initiatives.

A government of India had constituted Empowered Action Group (EAG) under the Ministry of The Health and Family Welfare following 2001 census to combat socio-economic concerns in eight states, which are called the EAG states. One of the key focus areas of research was to determine whether companies disclose their CSR initiatives in the public domain either through a sustainability report or a specialized CSR Report.

Out of the 50 researched companies, 40% is a signatory to UN Global Compact, that shows the companies are committed to aligning their business operations and strategies to the ten universally acceptable principles in the domain of human rights, labor, environment, and anti-corruption. UN global initiative encourages businesses worldwide to adopt sustainable and socially responsible policies and report on their implementation.

Approximately 66% of all the considered companies had arranged a report regarding their CSR activities. Among these, 19 publish a sustainability report and 5 publish a business responsibility report whereas 9 report their CSR activities under other titles such as CSR Activity report, CSR Brochure. Analysis from the report indicates that companies in India need to revisit their CSR policies and strategies in order to adequately adjust their activities to the requirements of the Companies Bill, 2012. The information related to companies terms of the permissibility of the expenses that will be counted as CSR and possible thematic areas and activities that could be considered for CSR. However, the Clause 135 of the Companies Bill, 2012 is very clear on the requirement of reporting of the CSR activities and expenses. This is one area where many companies have to focus and evolve mechanisms to regularly document, collate and analyze data regarding CSR activities and prepare a CSR report to share in the public domain for all stakeholders.

CONCLUSIONS

There are various methods to make possible effective CSR, beginning with a thorough assessment of the existing processes and approaches employed in managing CSR expectations. These include clearly identifying the CSR strategy and aligning it to the existing policy framework and the vision and mission of an organization. The CSR strategy needs to include transparent systems and risk mitigation tools, that need to be communicated adequately within the organization and all those involved in implementation.

The actions described above will make sure that maximum utilization occurs and that interventions yield results. Currently, CSR in India is headed in a positive direction as there exist various organizations and regulatory bodies such as the DPE, MCA, and IICA that has already set the wheels in motion and are playing an important role in making CSR a widespread practice and ensuring success in reducing inequalities without risking business growth.

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