

CSR- A REAL THANKS GIVING FOR THE PEOPLE

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Abstract

Corporate social responsibility is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance within the spirit of the law, ethical standards, and international norms. CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.

Keywords: *CSR, multinational, Strategic management, stakeholder, social responsibility, industrialisation, untouchability*

Introduction

The term "corporate social responsibility" came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have an impact. It was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, *Strategic management: a stakeholder approach* in 1984. Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. Others argue CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

Objective of the Study

The primary objective of the present study is to present an overview of the corporate social responsible activities by the Indian companies, the government's enforcements and to throw light on the times of India survey on CSR.

Methodology

This study is based on secondary data which were collected from various websites and related articles. The study also covers two cases of Indian context based on the reports of the individual companies.

Evolution of Corporate Social Responsibility in India

It refers to changes over time in India of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporate should be responsible enough to address social issues. Thus companies should deal with the challenges and issues looked after to a certain extent by the states.

Among other countries India has one of the most richest traditions of CSR. It has been done in recent years to make Indian Entrepreneurs aware of social responsibility as an important segment of their business activity but CSR in India has yet to receive widespread recognition. If this goal has to be realised then the CSR approach of corporates has to be in line with their attitude towards mainstream business- companies setting clear objectives, undertaking potential investments, measuring and reporting performance publicly.

The First Phase

At the pre industrialisation period before 1850, the wealthy people of the country helped the people during epidemics and famine through their own money

The Second Phase

The second phase, was during the independence movement, According to Gandhi, Indian companies were supposed to be the "temples of modern India". Under his influence businesses established trusts for schools and colleges and also helped in setting up training and scientific institutions. The operations of the trusts were largely in line with Gandhi's reforms which sought to abolish untouchability, encourage empowerment of women and rural development.

The Third phase

This is the period which the public sector enjoyed enormous growth and the people also felt that contribution by the public sector undertaking alone is not enough for the economic and social development of the country and there is a need of private participation. In 1965 Indian academicians, 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

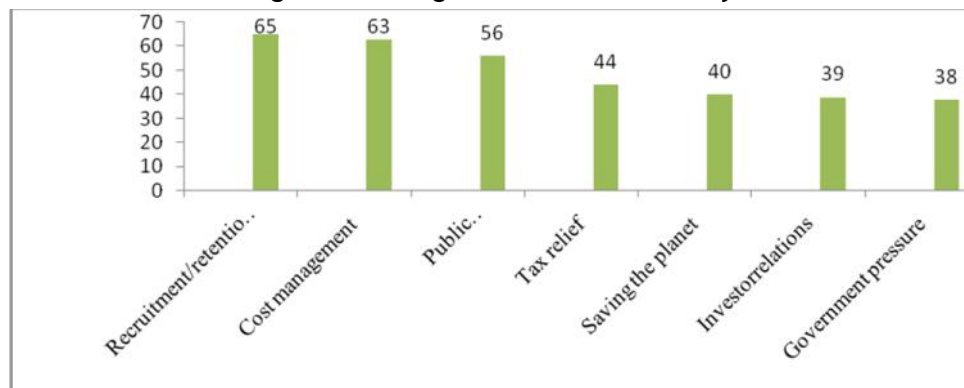
The Fourth Phase

This is the phase started from 1980 till now, where the economy faced a lot of changes like globalisation and liberalisation, because of these radical changes CSR gained momentum.

A report from global accounting and consulting firm Grant Thornton that used data collected in late 2010 and early 2011 noted that CSR activities across the world have increased dramatically in recent years as "businesses realize their value not only commercially, but also in terms of boosting employee value, attracting staff and cutting costs." Incidentally, "Saving the planet" came in sixth in the survey of drivers of CSR. The Grant Thornton International Business Report was launched in 1992 and now covers over 11,000 respondents per year in 39 economies.

Figure 1 shows the driving factors why the companies opt for CSR

Figure 1: Driving Factors for CSR Globally



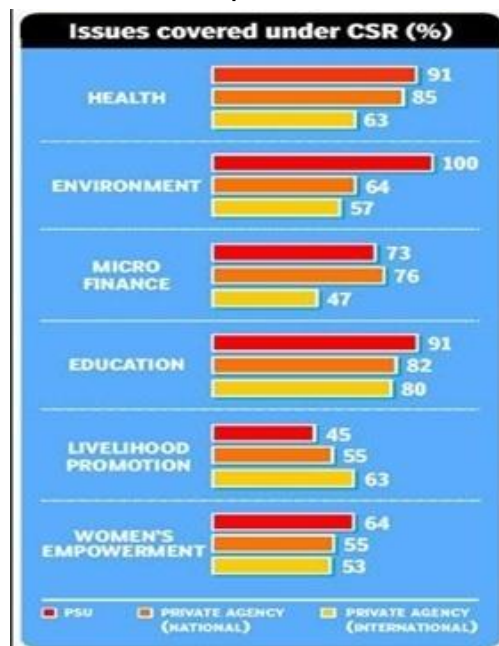
Source: Grant Thornton Report

From figure 1 it is understood that even the employees want to work in a CSR accredited firm, only 56% infer CSR as a brand building activity and 40% say that they are doing it in real environmental consciousness and very pathetic is 38% accept that they are doing it under government pressure.

Times of India Survey on CSR

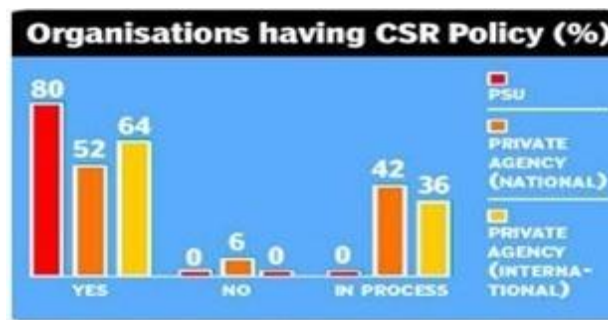
The Times Foundation joined hands with TNF Foundation, an international market research agency conducted a survey on CSR. The research activity comprised of 100 companies including the public sector, nationalized private sector and the private companies. The questionnaire was administered to chairman and CSR heads of the companies.

Figure 2: CSR spending pattern of public sector, private sector of national and multinational companies in various issues



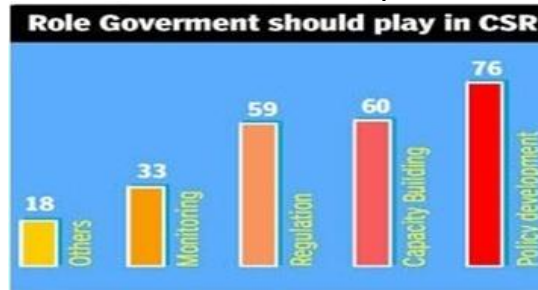
From the above figure education is given more emphasize among the other issues like health, microfinance and the least importance is given to livelihood promotion. The spending pattern of the public sector companies for the environment issues should be really appreciated. women issues also should be still focused.

Figure 3: Organizations Adapting to CSR



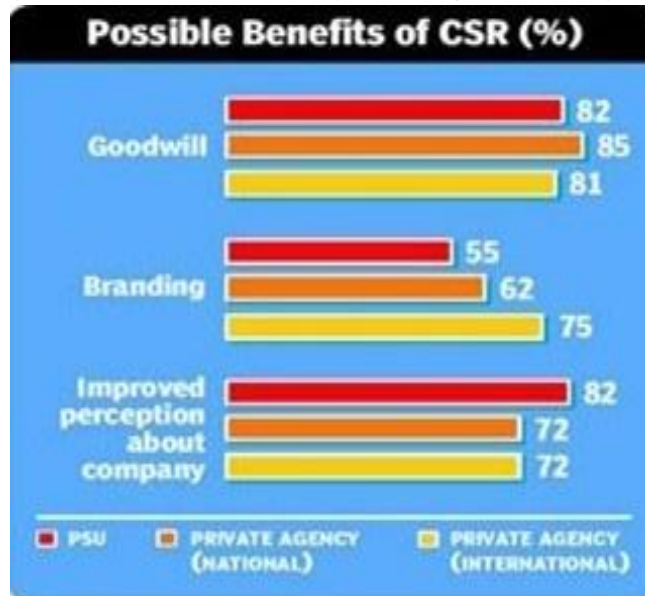
From the above figure it is inferred that the public sector’s CSR had attained a maturity level where as other private sector undertakings CSR policy is still growing.

Figure 4: Expected Role of the Government Need to be Played Regarding the CSR Issues in View Point of The Companies



Considering the above figure all the firms need strong policies to be framed by the government and other important criteria is companies want less monitoring and regulation.

Figure 5: Benefits Obtained by the Companies through CSR



The firms consider goodwill as the main boon obtained from their CSR activities. The multinational companies perceive branding as a main advantage where they differ from others.

Benefits of CSR

CSR is very beneficial to both the organization and the society. Some of them are presented below

Improved Financial Performance

An recent study has found that stake holder balanced companies showed four times the growth rate and eight times employment growth, when compared to companies that focused only on shareholders and profit maximization.

Enhanced Brand Image and Reputation

A company considered socially responsible can benefit both by its enhanced Reputation with the Public as well its reputation within the business.

Increased Sales and Customer Loyalty

A number of studies have suggested a large and growing market for the products and services of companies to be socially responsible.

Increased Ability to Attract and Retain Employees

Companies perceived to have strong CSR commitments often found it easier to recruit employees particularly in tight labour markets. Retention levels are higher too.

Reduced Regulatory Oversight

Companies that demonstrate that they are engaging in practices that satisfy and go beyond regulatory compliance requirements are given less scrutiny and more free reign by both National and Local Government Entities.

Easier Access to Capital

It is clear that companies addressing ethical, social and environmental responsibilities have rapidly growing access to capital that might not otherwise have been available.

New Legislations Regarding CSR

Companies will have to necessarily spend two per cent of their average net profits in previous three preceding financial years towards corporate social responsibility (CSR). The Government moved amendments to the Companies Bill 2011 to make CSR spend mandatory for most profit-making companies. Also, companies will have to give preference to local area and areas around which they operate for spending the amount earmarked for CSR activities, according to an amendment moved by the Government. The Bill in the

original form had provided that CSR spend would be optional, but specified that companies should make every endeavour to undertake such expenditure. The Companies Bill 2011 was passed by the Lok Sabha through voice vote. The CSR spend would be mandatory for companies that have a net worth of Rs 500 crore or more, or turnover of Rs.1,000 crore or more or a net profit of Rs 5 crore or more in a financial year. The proposed legislation will replace the existing Companies Act 1956. The Bill also seeks to make independent directors more accountable and brought in certain steps to improve corporate governance practices

Case Studies of CSR in India

The corporate social responsibility of Indian companies is illustrated with the following cases

CANON India

As a responsible business, Canon India takes pride in being socially inclined and focuses on sustained and effective CSR projects. The three core areas that Canon India supports are Eye Care, Education and Environment. The CSR policy aligns with the corporate philosophy of Kyosei, which means living and working together for common good. Our employees are encouraged to volunteer their time and skills and enjoy the experience of giving back to the communities in which their work. To make a long term and sustainable impact in the core areas supported by iCare, CSR at Canon India has adopted a village to develop and strengthen Eye Care facilities and Education in the community. Ferozpur Namak village is situated in Mewat district, Haryana. The implementing partner for the project is CAF India with direct support in the village from NGO SARD and ICARE Hospital in Noida.

The three core projects that will be undertaken in the village are:

- (i). Set up of a Vision Center
- (ii). Supporting the local Government School

Today's buzzword, Corporate Social Responsibility or CSR has been part of the Tata Group ever since the days of Jamshetji Tata. Even while he was busy setting up textile ventures, he always thought of his workers' welfare and requirements of the country. From granting scholarships for further studies abroad in 1892 to supporting Gandhiji's campaign for racial equality in South Africa to giving the country its first science centre, hospital and atomic research centre to providing relief and rehabilitation to natural disaster affected places - they have done it all.

TATA Group of Companies

Jamshed Irani, Director, Tata Sons Ltd, says, "The Tata credo is that 'give back to the people what you have earned from them'. So from the very inception, Jamshetji Tata and his family have been following this principle." Moreover 'he says that for any business to

sustain in the long run they have to look beyond business. Ages ago when Corporate Social Responsibility was either the government, or charitable organisations headache, the Tatas aggressively worked for the upliftment of the community.

Tata initiated various labour welfare laws, like the establishment of Welfare Department was introduced in 1917 and enforced by law in 1948 or Maternity Benefit was introduced in 1928 and enforced by law in 1946.

Over the years, the Tata philosophy to 'Give back what you get' has been followed by all their enterprises across India. Be it relief measures, rural development, health care, education and art and culture, they have been very forthcoming. As result every year, the Tata Group's contribution to society has been phenomenal. In the fiscal year 2004 Tata Steel alone spent Rs 45 crore on social services.

Different Tata companies have been actively involved in various social work. Like Tata Consultancy Services runs an adult literacy programme, Titan has employed 169 disabled people in blue collar workforce at Hosur, Telco is fighting against Leprosy at Jamshedpur, Tata Chemicals runs a rural development programme at Okhamandal and Babrala, Tata Tea's education programme and Tata Relief Committee (TRC) which works to provide relief at disaster affected areas.

Conclusion

CSR is so important to both the country and the company. In any society there is one section that makes huge profits and richer than the rest which leads to disparity. Over a period of time it has been witnessed that corporations die out if they do not support the masses. Compared to western world our rural masses are still suffering without even the essential needs like education and health. It is a high time for the corporate to join hands with our government in rendering their services to the people of our country, then only we can achieve "Inclusive growth".

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