

Corporate Social Responsibility (A Literature Review)

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Abstract

Corporate Social Responsibility (CSR) is not a fresh term. Previously only a few companies use to do something for the betterment of society. As they feel all the stakeholders are an integral part of any business organisation. If they were served in a better way. It will help the organisation to sustain. This paper tries to understand the importance of CSR for the economic development of society.

Keywords: CSR, sustain, economic development

Introduction

“A company should have in its DNA, a sense to work for the welfare of the community. CSR is an expansion of a personal sense of social responsibility. Active participation in CSR projects is important for a company”

- Ratan Tata

Digitalisation plays an essential role in current scenario be it be a Business Organisation or Non-Business Organisation. B because of the Internet many of the activities of the business has become much more comfortable right from the virtual display, promotion, distribution, production system and so on. It is helping the company in many ways, but we also cannot deny the fact that there is some challenging role also. Corporate Social Responsibility, as the term clearly states about Society betterment with the help of corporations. C corporations are accountable towards upliftment and development of the society, as the business exists in the community. Every organisation must ethically go for CSR so that it can benefit society at large. Internet helps in promoting economically and develop positivity amongst the people. Due to digitisation, CSR is benefitted by digitalisation in several ways. Marketing CSR activity benefits a lot in addition to

- Societal involvement
- Gaining trust by evidence-based decision
- Positive positioning
- Higher competitiveness
- Customer retention and wider support

In this modern and fast going world, it is not the only responsibility of the Government to serve the society, it is also obligatory on the part of Business houses to think for the organisation. They cannot forget that their business exists in society, it is their fundamental duty to serve the community and contribute something for the betterment of the nation through CSR. Companies must try to overcome the challenges and problems faced by our economy and thus come up with some policies that can benefit the society at large.

CSR refers to Corporate Social Responsibility; It is a management concept where companies try to collaborate economic, social and environmental issues and thereby with the help of business works to coordinate with all the stakeholders. It seeks to maintain stability in terms of economic, social and environment concern by fulfilling the expectations of all its stakeholders. In simple condition, anything which is done for the betterment and upliftment of the society can be termed as CSR.

It is an essential aspect in the development of communities' especially downtrodden area and economically backward areas. CSR also influences the business in terms of Business Operations. Companies must also try to make optimum use of resources so that the environment can be safeguarded. Companies should not be forced to do CSR; it should be their prime responsibility as a civil citizen

Though India is not so much good into CSR but there some notable examples, who had started CSR along before government tabled it in the parliament to make it an Act., such as Mahindra and Mahindra, P & G, Tata, etc. These activities include women empowerment, health, education, sanitation essential infrastructure development. Some also go for Tree plantation in conserving and maintaining the ecological system of the environment.

As digitalisation is a buzz word in today's world after demonetization, more and more studies are done over digitalisation and its impact in all sectors. Almost more than 75% of people above 18 year are using smartphones making India the third largest smartphone market in the world. Digital way emerged as a more comfortable, economical, more extensive, quicker, transparent and convenient way of doing anything, then why not advertising and why not CSR promotion.

CSR - Legal Framework

A first formal attempt by the government of India to the table was in the issuance of Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs (MCA, 2009). Before that, it was discussed in the Report of the Task Force on Corporate Excellence by the Ministry of Corporate Affairs (MCA, 2000). The Voluntary Guidelines of 2009, CSR policy was brought out

that included attention for all stakeholders, ethical functioning, respect for workers' rights and welfare, respect for human rights, respect for the environment and activities to promote social and inclusive development.

In 2011 the Guidelines of 2009 were followed by the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business, also issued by the MCA (MCA, 2011). As per 2009 Guidelines, the 2011 Guidelines were voluntary in scope wherein corporates were advised to utilise all the nine principles, and to report their adherence to the guidelines based on an 'apply-or-explain' principle. While one of the implementation strategies suggested in the 2009 Guidelines was to earmark "specific amount related to profits after tax, cost of planned CSR activities, or any other proper parameter," no such recommendation was included in the 2011 Guidelines.

The most aspiring attempt at mandated CSR activities for companies came with the enactment of Section 135 of the Companies Act 2013 (MCA, 2013). Section 135 made CSR spending as well as reporting compulsory for the very first time in India and established the CSR activities of Indian corporates under the purview of corporate law. The terms under Section 135 requires companies with a net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more

- (i) To appoint a CSR Committee of at least three directors (one independent director), and
- (ii) Under the direction of the CSR Committee, spend in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding fiscal years, in pursuance of its Corporate Social Responsibility Policy.

While the quantum of CSR spending along with reporting has been mandatorily set under Section 135, there is some inbuilt versatility in the law in terms of a company's choice of its CSR activities. Instead of rigidly limiting the boundaries of CSR, the act broadly defines in Annexure VII of the Act, the scope of social responsibility in terms of a list of activities that the corporate can potentially undertake, leaving the choice of activities to its discretion. So far

as compliance to Section 135, the law uses a comply-or-explain approach, with no explicit penalties for non-compliance.

On February 27, 2014, The Ministry of Corporate Affairs notified the Rules concerning CSR. Apart from listing out specific activities on which the companies are free to spend the amount reserved under their CSR Policy. The Rules guard against self-serving expense by companies by specifying that CSR activities that benefit only the employees of the company and their families shall not be held as CSR spend under the provisions. However, organisations may build CSR capacities of their employees through reputed institutions with the requirement that such expenditure cannot exceed five per cent of the total CSR expenditure made by the company in that financial year. The Rules limited under Section 135 of the Act, came into force from April 1, 2014.

With the law of Section 135 of the Companies Act, 2013, as observed by the Ministry of Corporate Affairs in the Report on the Standing Committee on Finance (LSS, 2010), India became the first country to include provisions on CSR in Company Law and make CSR expenditure mandatory for corporates based on pre-specified criteria.

Thus, in countries such as Sweden, Norway, the Netherlands, Denmark, France, Australia and China, either government regulations or stock exchange regulations or both require corporates to reveal their CSR activities within sustainability reporting. The distinctive feature of Section 135 is that it not only makes the reporting of CSR activities mandatory but goes a step further to mandate CSR activities in the first place.

Objectives

To review and fill the gap in the previous literature of corporate social responsibility.

Research Methodology

The researcher has purely used secondary data for the study from various journals and articles. The study is a conceptual one.

Limitations of the Study

Due to time, money constraint, Researcher has restricted the investigation only to secondary data.

Further, one can take it forward by also conducting some primary data, and some correlation can be performed between the two.

Review of Literature

Premlata and Anshika Agarwal (2013), in the paper, has talked about CSR concerning Indian Perspectives. The researcher has tried to find out the importance of CSR in every company by referring to various books, journal, and articles, and so on... The further researcher has tried to explore the vitality of CSR about our country's Economy. The paper aims to find the importance of CSR in the current scenario and how it is going to help in the development of the economy. It also tries to understand the need for CSR in the context of modern corporate philosophy and the difficulties faced in execution of CSR. The researcher has used secondary data by referring to various government websites, articles, policies, and so on. As we are aware that traditional perspective stressed on Corporate Philanthropy, which means charity for Social, Cultural and Religious purposes and Modern Perspective stressed on long term interest of stakeholders and sustainable development. The main aim of this study is to see why it is essential for the Corporation? Why should they contribute to Country's Economic Development? And what are the vital steps the Government should take to improve the contribution of corporate for CSR activities?

CSR Activities of Some Companies

ONGC CSR projects focus on higher education, the grant of scholarship and aid to deserving young pupils of less privileged sections of society, departments for constructing schools etc.

- SAIL has taken victorious actions in environment conservation, medical care and health, education, self-employment programmers, sports and games etc.
- BHEL has developed a CSR scheme, and its mission statement on CSR is "Be a committed Corporate Citizen, alive towards its CSR". BHEL undergoes socio-economic and community development programmes to improve education, improvement of living conditions and hygiene in villages.

- Reliance Industries introduced a project called “Project- Drishti” to bring back the eyesight of visually challenged Indians from the economically backward divisions of the nation. This project has helped the lives of over 5000 people so far. This project has also created awareness about the compelling need for eye donation
 - Mahindra & Mahindra launched a unique kind of ESOPs- Employee Social Option to enable Mahindra employees to involve themselves in socially responsible activities of their choice. It also contributes to Mahindra Hariyali, Mahindra pride school, Mahindra Education Trust. Under Mahindra Hariyali, over one million trees have been planted across the country, to increase the country green cover.
 - Tata consultancy services are India’s largest software service company and have won the Asian CSR award for initiating community development work and implementing various programs and devoting leadership and sincerity as ongoing commitment in incorporating ethical values. A significant focus of the company is in the education sector. Company is serving upon literacy program that cares TCS designed computer-based literacy model to teach adults, and this program is known as an adult literacy program. The company also working upon environment policy and has been developing environmentally friendly products and services.
 - Infosys: As leading software, company. It is into providing language and computer education. Company has a unique program for unprivileged children by which company teaches them various skills and change their outlook too. The company also provides carom, chess board, chocolates etc. to the needy ones. CSR activity also includes Blood donation camp and Infosys foundation has been working in the sectors of health care, education, environment protection and social improvement.
 - Wipro: Company has taken several actions to women empowerment. Three main CSR activities include environment sector, education sector and energy conservation.
 - ITC: In India ITC Limited (ITC) is one of the leading private sector companies having a diverse portfolio of companies. ITC is working with the concept of ‘Triple bottom line’ that will contribute to the growth of economy, environment and social development. The main focus area of the company is on raising agricultural productivity and helping the rural economy to be more socially inclusive.
 - Maruti Suzuki, an automobile industry works upon global warming, and global issues like climate change Company has been actively investing in environmentally friendly products and manufacturing best products for the society. Maruti Suzuki is working upon conserving the environment and preserving the natural environment. Concept of reducing, reuse and recycle has been promoted by the company in all the manufacturing units.
- A researcher with this study has concluded that the Government introduces CSR because they want companies to be accountable towards all its stakeholders. With the implications of CSR, society will be developed and thereby, it will contribute towards nation building. It is the responsibility of the businessmen to take care of the community by providing a bit towards the welfare of society. Many large corporations are now taking steps to improve their environmental and social performance through the use of voluntary initiatives such as codes of conduct, ecological certification and reporting, social audits, fair trading schemes and social investment programmes. Government and Corporate must work together, and through this, they can bring dramatical changes in the welfare schemes of society.
- Bindu Tiwari & Dr Naveen Kumar (2018), has tried to find out the impact of Digital Marketing on CSR performance of the company. This paper helped to find out the ways to make worth out of CSR investment by optimally using the digital facility. The article also focuses on how CSR helps in the marketing of various goods and services. Research is based on secondary data. The paper has tried to find out the ways related to sustainability and publicity by maintaining Goodwill of the organisation. Digitisation has made it easier to initiate and promote CSR activities.
- The researcher has framed two objectives for this paper, and the following were the findings of it:

1. To know if corporate social responsibility performance is used as a marketing tool in India. The researcher has come up with the conclusion that CSR can be used as a part of marketing but not a complete campaign as promoting CSR. It helps to gain more support, prevent negativity, and raise awareness, increase loyalty and word of mouth. In India, companies always focus on effectiveness.
2. To know if there has come some change in CSR performance with digitalised marketing opportunity in India.

Many researchers have put their view that CSR performance promotion is one aspect after initiating CSR activities. But in India, we can't trace more examples of much remarkable CSR efforts. So initially, the mandatory CSR investment (2% of the profit) must be appropriately enacted, and then the perception of CSR as expenditure needs to be changed as an investment. So the somewhat changes in CSR activities are found to be the effect of mandatory act Indian company act 2013, section 135 but not because of digitalised marketing.

Thus some of the ad campaigns with CSR content in it are specially launched in internet sites like YouTube, Facebook and other places too. But side by side other media as well as digital media is used to run different product or service specific ad campaigns. So, with the digitalisation of marketing, we can expect CSR activities to widen its area of performance as it is not only domain specific or target customer specific issue but a global issue anyways. The slight change will be more remarkable and unique with a competitive strategy very shortly in India, as the speed to accept and implement found to be very high here.

Further Researcher has concluded that CSR must run as blood circulation for an organization, like the way human needs food, clothing, shelter, water and alike basics and he needs to maintain its environment favourable for food and water source, security, society, relationship etc. more than only promoting it through economic digital media to help, organization must understand its seriousness and addition of responsibility with it.

With the support of many types of research focusing on the use of CSR performance as the

content of marketing, the other aspect of increased responsibility, increased competitiveness, new areas of responsibility being emerged, etc. is ignored. Digitisation of marketing is more demanding than contributing. For companies, CSR performance now must be more than legal compliance and just an obligation for sustainability.

Dr ReenaShyam (2016) in her paper has focused on to develop the understanding level of CSR and has also analysed the recent developments of CSR in India. The researcher has tried to view the various policies which govern CSR in India and also discussed some of the cases of different Indian firms and SMEs in CSR. The researcher has listed some of the suggestions to face and speed up the various CSR initiatives in India.

- There is a need for knowledge about CSR amongst General public.
- For the successful execution of CSR, it is essential to identify and bridge the gaps amongst all the stakeholders for successfully implementing various CSR initiatives.
- It is essential to build strategies taking into consideration the current and future aspects of all the stakeholders in various CSR initiatives.
- SMEs have to be positively encouraged so that the fruits can be taken by society at large.
- Allocation of finance for efficient implementation of CSR.
- Collaborations with various NGOs to initiate various CSR activities for a better outcome.
- CSR should be set for long term perspectives to develop and achieve the goals of the organisation and society.

Amit Kumar Srivastava (2017) has reviewed various papers and articles and has sum-up that world is facing with the infinite problems that exist in Tripple Bottom Line.CSR can be used as a device to solve these problems as the business works in the society so by optimum use of resources, an organisation can try to address such issues which may help in eradicating these problems for better India. In the trusteeship, Mahatma Gandhi has also defined business is the part of society, so it must fulfil social responsibilities. Social Responsibility is an obligation to the planet & people living inside and outside the business organisations. In today's scenario, society,

as well as the companies, can integrate to solve many of the social and environmental concerns.

The Government has taken the initiative by incorporating the CSR law in the New Company Act – 2013, which is saying it is mandatory for the companies to allocate 2% of their net profit in CSR activities. This will help in tackling various issues such as business ethics, community engagement, global warming, water management, human dignity & rights etc. Hence to sustainability and to survive in this mechanical world, the organisations need to demonstrate a strong relationship with society.

Schedule VII of Companies Act, 2013 describes activities to be undertaken as CSR:

- Abolishing hunger, poverty and malnutrition, promoting preventive health care and sanitation & making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up nursing homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to improve rural sports, nationally recognised sports, Paralympics sports and Olympic sports;
- Contribution to the Prime Ministers National Relief Fund or any other fund set up by the Central Government for socio-economic development

and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

- Contributions or funds provided to technology incubators found within academic institutions which are approved by the Central Government;
- Promoting rural development projects.

Thus, Corporate Social Responsibility (CSR) is a concept whereby companies in addition to the profit & growth, it must also consider the interest of society and environment, by taking responsibility for the impact of their activities on stakeholders, environment and all others members of the public sphere. Triple Bottom Line approach represents the relationship among corporate, society and environment towards corporate sustainability

Nitin Kumar (2014), has tried to analyse the CSR status in India and focused on issues and challenges faced during CSR activities in India. The researcher has attempted to go for exploratory research based on various articles, journal, and books, and so on...

The researcher has found out the initiatives taken by the corporates, which can be seen as under

- Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited focus holistic growth in the adopted villages.
- Reliance Industries started a project named "Project- Drishti" for visually challenged Indians.
- GlaxoSmithKline Pharmaceuticals' CSR programs emphasis on health and healthy living.
- SAP India, in partnership with Hope Foundation for short and long-term rehabilitation of the tsunami victims.
- IBM has collaborated with the Tribal Development Department of Gujarat for a development project aimed at upliftment of tribal in the Sasan area of Gir forest
- The Tata Steel Rural Development Society seeks to increase agricultural productivity
- The Infosys Science Foundation supports causes in health care, culture and rural development.

Following are the challenges observed by the researcher

No Community participation in CSR activities

Capacity building of the local non-governmental organisations

Transparency issue

Non-Availability of Well Organized Non-Governmental Organizations

Visibility Factor

Narrow Perception towards CSR Initiatives

Non-availability of Clear CSR Guidelines

Lack of Consensus on Implementing CSR Issues

This researcher has found that there is a great need for awareness about CSR, especially in the public so that initiatives taken up by various corporations can be made useful. This will help the organisation to think in a broader aspect. Alone one cannot do anything for society; it is a group effort that can bring a tremendous change in society. IF there are collective efforts of all the stakeholders, then definitely our economy in the world trade will be at the peak.

Conclusion

It will be tough to draw any conclusion, as there is a difference between introducing the act and its feasibility at the grass root level. But, today the CSR has been deeply firmed with the Business area. To make it feasible, it is essential to identify and understand the key areas that have to be diagnosed. The CSR activity must be based on the size and working style of the organisation. Greater the size of the company, higher will be its CSR program and vice-versa. There is a need to create knowledge amongst all the stakeholders and win the confidence of localities' to develop a conducive environment in the society.

It is an integral part of the business houses to increase the understanding and to involve all the stakeholders for the holistic development of the society. CSR cannot be successful unless it is ethical, social, and moral towards social and economic development and thereby make a stronger society. Further study can be done on the various parameter

of the CSR to understand the rules and regulations and its implications on the company.

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