The Role of Corporate Social Responsibility in India

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Abstract

CSR is the vehicle by which a company addresses a large group of stakeholders. Corporate Social Responsibility (CSR), which is far from its old domain of philanthropy and philanthropy, has now reached a new level of responsiveness and entrepreneurial action on social issues and sustainability requirements to usher in a new era of the future, working together. include a sustainable business strategy for the good management and development of society and its inhabitants. The purpose of this article is to find out the reasons behind the growth of CSR in India and what are the potential business benefits of CSR.

Introduction

If we look around we see different types of businesses that are praised in different ways for their contributions to society. Starbucks, one of the world's largest companies, has taken the lead in engaging citizens in its mission and aligning with its policies to minimize its environmental impact and promote fair trade for farmers. What happened next? Starbucks has been named one of the Top 100 Corporate Citizens on the Business Conduct List for seven consecutive years. Many organizations around the world continue to publish reports related to corporate social responsibility, in addition to annual reports or sometimes even as a separate report (eg Nestlé, Unilever, etc.). it has implemented nearly 15,000 non-financial sustainability, corporate social responsibility (CSR) and environmental initiatives for nearly 4,000 companies.

In recent years, it has been shown that different researchers still look at the concept of CSR from different points of view. 1970 when Milton Friedman decides to write an article questioning corporate liability. After that, scientists began to delve deeper into the concept of CSR and moved from discussions of the legitimacy of CSR to other viewpoints in order to gain a
deeper understanding of the concept of CSR. However, most CSR research focuses primarily on a macroeconomic perspective, with particular emphasis on the relationship between CSR initiatives and financial performance. Another active stream of CSR research has been noted as an active contribution to marketing and consumer behavior.

However, when analyzing the relationship between CSR and the phenomenon at the employee level, few scientific studies have been able to solve this problem, and various researchers have found a surprising loophole. A number of studies have been published that examine the impact of corporate citizenship on organizational participation. Since employees are widely recognized as important stakeholders in the organization and it is believed that CSR policies can influence them, more research is needed on the theoretical and empirical emphasis on the relationship between CSR initiatives and attitudes and employee behavior. ... CSR research and theory of practice is largely based on the assumption that external stakeholders such as the community, customers and potential employees are important stakeholder groups to which companies relate. also revolve around CSR practices. B. Current employees not affected by this activity. However, some researchers have reported employee interest in corporate social responsibility activities within the organization.

The need for a functional definition

Although CSR has only recently gained in importance as a management discipline that must be taken seriously, contributing to society is not an entirely new concept for companies. In the late 1770s, Adam Smith coined the term "invisible hand" to demonstrate how capitalists unwittingly led to national economic prosperity, even when their real intention was to pursue their own interests. Smith argued that the metaphorical "hand" helps bring benefits to society, even when the capitalists did not foresee such social goods. The invisible hand produces results that cannot be deliberately planned. For Smith, welfare is a by-product of capitalist activity. The impact of business activities on society has so far been discussed by practitioners and researchers.

Despite many debates and discussions on corporate social responsibility, the big question remains what CSR really is. “One dot (CSR) seems to mean involvement of non-governmental organizations (NGOs), the next is for charitable giving, and after 5 minutes it seems to mean an ethical attitude towards employees. One minute, NGOs are firing guns, the next - accountants
selling reputation insurance. “It seems that different authors explain what CSR is in different ways. Some have argued that corporate social responsibility is a great tool for bringing a business to market and therefore should be led by marketers or used to improve a company's brand Others have argued that companies should be socially responsible because it is the right way to behave.

It is not surprising that the authors present conflicting images of CSR. Because even if the same term is used - CSR - it does not necessarily mean that it is the same concept. For example, based on his review of nine empirical studies, Frooman (1994) concluded that the stock market punishes socially irresponsible corporate behavior. Five of the nine studies looked at market responses to product recalls. Frohman suggested the recall was a sign of social irresponsibility and that stock prices fell after the recall. But one could also argue that product recalls are evidence of socially responsible behavior, as socially irresponsible companies will not remember their products. If so, Frooman's research has actually shown that socially responsible behavior (i.e. product recall) is punishable by the market! Another case analyzed by Frohman is the market reaction to a plane crash. But how can a plane crash be a sign of corporate irresponsibility? It could be an accident, pilot negligence or mechanical failure. But it is certainly not corporate irresponsibility. Frohman clearly overlooked the fact that an example of CSR is the company's reaction to an event or its actions in general, not the market's reaction to the company's actions. The lack of consensus on what CSR is probably led Frohmann to poorly measure social responsibility indicators.

Not understanding what CSR really is also reinforces cynicism about CSR itself. It has been argued that some elements of CSR are in fact socialism in disguise. Some neoclassical economists argue that CSR is a dangerous concept that threatens the very foundations of the market economy. In his 2004 book, Henderson repeatedly emphasized that the primary role of economics in the modern world is to promote economic progress and seek profitability. For Henderson, CSR is a “radically new model of business behavior” that seeks to change the way the market works and forces companies to place undue emphasis on the public good.

It is difficult to explain why Henderson is so opposed to CSR because (1) he believes that a greater focus on the common good will discourage companies from pursuing profitability; or (2) reject requests for the adoption of CSR legislation. The opinion of this author is still very limited, as he ignores the fact that CSR can be an important strategy to increase profitability (for
example, paying more attention to the needs of the company can become a competitive advantage that increases the customer loyalty and ultimately profitability). On the other hand, this author recognizes that the market does not need CSR legislation because the market can better support itself. The general rejection of CSR in general simply because it violates CSR legislation is, of course, a case of false and premature generalization. The reality is that the absence of a universally accepted definition has contributed to unnecessary cynicism about this concept.

Clearly, RSI needs to be properly defined before any further exploration of this fascinating concept begins - a concept that has sparked wide discussion among some of the most prominent management gurus of our time. The absence of a clear working definition would only mean that CSR research may be based on a misunderstanding or misunderstanding of the subject.

CSR in India

CSR is not new to India. Since their inception, companies such as TATA Group, Aditya Birla Group, IOCL and many others have done charitable work through donations and charitable actions. In India, the concept of corporate social responsibility is governed by section 135 of the Companies Act 2013, which was passed by both houses of parliament and received the approval of the President of India on 29 August 2013. The provisions of the Corporate Social Responsibility Law apply to companies with annual turnover of INR 1,000 or more, or net assets of INR 500 or more, or net income of INR 5 million or more. The new rules, which will apply from the 2014-15 financial year, also oblige companies to set up a CSR committee composed of members of their board of directors, including at least one independent director.

After a new company law required companies with net assets of 500 million euros or annual turnover of 1 billion euros to devote to corporate social responsibility, the total reports on corporate social responsibility in India increased by 27% in 2015 (maximum in 45 countries where KPMG).

In India, several companies have recognized that starting CSR activities and integrating them into their business processes is an important step. The main goal of corporate social responsibility today is to maximize the overall impact of the business on society and stakeholders. Companies are increasingly aware of their role in society. They are responsible organizations committed to the common good and the environment. This goes hand in hand with
the growing awareness that, as an integral part of this society, they can, in turn, contribute to the upliftment and empowerment of an entire country. As a result, companies are now creating dedicated departments and teams to develop guidelines, strategies and goals for their CSR programs and allocate separate budgets to them. These programs are based on well-defined social beliefs or closely related to the size of business activity. The programs are implemented by irreplaceable employees for this. CSR programs range from community development to education, environmental and health development, and more.

**CSR activities of some Indian companies**

Indian IT Industry Infosys is the first company with good corporate governance. In fact, Infosys is one of the companies that has set the standard for other businesses not only in India but around the world in the way corporate governance and social responsibility are managed and projected externally. from the country. The idea is that companies are not only in favor of CSR, but should also communicate their achievements to the world. Another company that has a proven track record as a corporate citizen is the TATA Group in India.

The Economic Times survey, published on September 15, 2016, ranked four Tata group companies in the top 10 for CSR for the second time in a row. The top 10 includes four companies from the Tata group. Tata Power maintains its position. Compared to the previous study, it jumped two places. Ranked # 1 since 2014, Mahindra & Mahindra have lost 3 places to # 4. Ultratech Cement and Shree Cement unexpectedly rank in the top 10. It is interesting to note that no foreign player has reached the top 10 - a trend observed since 2014. The CSR activities of some Indian companies are as follows:

**Infosys**: founded the Infosys Foundation in 1996. The main areas of intervention are economic development, the promotion of education, the fight against hunger, poverty, malnutrition, the strengthening of rural areas, the promotion of gender equality and the empowerment of women, and environmental sustainability.

**Reliance Industries**: To boost RIL's various charitable initiatives, the Reliance Foundation (RF) was founded in 2010 to express its vision for sustainable growth in India. The Reliance Foundation works with people from a marginalized community. It is committed to improving the quality of life for people in rural areas, providing access to high quality and
affordable health care in India, promoting urban renewal and providing affordable education to promote art and Indian culture and revolutionize popular sports.

TATA: The group considers that corporate social responsibility (CSR) is an important mission which is at the center of its actions, of its way of thinking and of being. The company takes advantage of business opportunities to address social and environmental challenges. Tata companies are involved in various community development and environmental protection projects. The social activities of the Tata Group are related to health, primary education, vocational training and entrepreneurship, livelihood, women's empowerment and nurturing services for people with skills different.

Mahindra & Mahindra: The company targets and supports target groups of girls, youth and farmers in education, health and livelihoods through innovative programs that harness the equalizing power of technology. Rise for Good also means conducting our business with integrity, accountability and transparency, caring for the well-being of the planet, and striving for the well-being of our employees, customers and society.

The main CSR topics in India are environmental management, sustainability, responsible sourcing, stakeholder engagement, labor standards and working conditions, employee-community relations, social justice, human rights, good governance and anti-corruption measures.

As CSR becomes the priority (and the norm) for more and more companies, we expect an increase in the number of innovative programs aimed at ensuring long-term sustainability.

Conclusion

Corporate social responsibility and business ethics play an important role in an organization. Both help the organization build a good brand image and stand up to the competition. Recently, many companies have started to look to corporate social responsibility and business ethics when they expect not only to develop reliable products, but also to demand a fair price with a fair profit margin and to pay a real salary to an employee. Many organizations are engaged in prosocial activities and share information from their clients in order to build long term relationships and relationships with them. Customers who also need sustainable, socially responsible and ethical businesses, all of which can build trust between all. Corporate social responsibility and business ethics act with integrity and benefit organizations and their
stakeholders. Both provide excellent results both internally and externally. Employee satisfaction in such organizations is high and brings 100% customer satisfaction. By implementing and adhering to corporate social responsibility and business ethics, we help the weakest layers of society by donating and helping employees when they need it.

References