



Corporate Social Responsibility Practices in India

P. Satya Balaram,
Associate Professor,
Aditya P.G college , Kakinada.

Abstract: *Historically the driver of CSR in India has been philanthropy or a sense of ethics. Given India's rise in the economic liberalization era as evident now, the expectation on businesses to take up wider social responsibilities has been growing. Equally, a wider group of business organizations are working towards maximizing the positive spill-over effects of business success towards the society they operate. However, the situation is not as positive as it is expected to be in the knowledge economy. CSR in India has yet to achieve a significant priority among business leaders. The real challenge lies in demonstrating a clear link between firms bottom-line and the wider goals of society. This paper explores the mainstream academic and business literature, periodicals, reports, etc., to delineate the concept of CSR, its business necessity, CSR practices of an Indian organization and suggests priorities for future action.*

Keywords: *Ethics, CSR, globalization, responsible behaviors, responsible investments, stakeholders.*

Introduction:

CSR is definitely not a new concept to developing countries like India (Sudhir Chandra Das, 2009). For years, the driver of CSR in India has been philanthropy or a sense of ethics. Corporate giants like the Tatas, the Birlas and PSEs like Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception (Manoj K. Sharma, Punam Agarwal & Tarja Ketola, 2009). According to Visser, W. (2008), CSR in developing countries can be conceived to driven by both internal and external drivers. Internal drivers are pressures exerted from within the country, while external drivers tend to have a global origin. Today Indian businesses are increasingly realizing that they have to look not only at the economic dimension of their company, but also at its ecological and social impact the three pillars of CSR. This is evident as India is ranked fourth among the Asian countries in Social Responsibility

Reporting, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009. Analysis of the CSR information in the reports of the companies, in its web pages, surveys, etc suggests that individual companies define CSR in their own limited context.

In India, the big corporate houses like Tata's and Birla's have long been associated with their employee welfare and immediate community programmes by way of engaging themselves in creating infrastructure for schools, hospitals and temples. The tradition of Tata philanthropy goes back to 1892 when Jamsetji first gave grants to two lady doctors to go abroad and specialise in gynaecology. In the next hundred years the JN Tata Endowment for the higher education of Indians was to give loans to 2000 students towards their studies abroad. The book 100 Great Modern Lives by John Canning concludes: 'Probably no other family has ever contributed as much in the way of



wise guidance, economic development and advancing philanthropy, to any country as Tatas have to India' (Lala, 1992).

As a part of its corporate social responsibility; Tata Steel invested in waste separation project which ultimately resulted in earning the company twenty times of the amount invested by selling this separated waste. This kind of utilization of resources thus helps in improving the financial performance by means of improved revenues. Mahima Mehra of Haathi Chaap wanted to work in recycling, but not as NGO and she ended up starting a business of handmade paper. As corporate social responsibility 8 % of Haathi Chaap's profits go towards funding an elephant ambulance in Jaipur. Ultimately, Haathi Chaap's paper making business is an enterprise born out of passion for recycling (Bansal, Connect The Dots, 2010). Aavishkaar Social Venture Fund supported rural entrepreneurs in India and today it has 23 companies which generate profits, returns to investors and addresses an important social cause simultaneously. Rangasutra run by Sumita Ghose, a for profit venture; sources craft and textile from villages and retails through Fabindia. Through Ecosphere, Ishita Khanna promotes eco-tourism and berry processing resulting into dual benefit of economic incentives to mountain folk and preservation of their majestic heritage. (Bansal, I have a Dream, 2011). All these companies show wisdoms of social and environmental commitment and at the same time are making profits, but, they enjoy financial longevity and sustainability in future in contrast to their peers.

The regulatory bodies often show leniency towards companies having strong social commitment like Infosys and Tata's. One of the recent examples include the State Government of UP giving exemptions to SA8000 certified companies. Banks, financial institutions and even venture capitalists are now inclined to provide access to capital to companies committed socially. One of the main reasons is that these companies are increasingly seen as lesser risky ones due to their social obligation and environmental compliance. Reserve Bank of India recently asked banks to look in the domain of sustainable development. Infosys is another example in this context whose annual reports are supposed to best in the world in terms of clarity and details. The company believes long-term investment could be attracted only by keeping the company's operations and financial dealings transparent (Vedpuriswar, 2005).

Employees of today are showing a preference to the companies who are socially and environmentally ethical. Kishor Biyani of Big Bazaar believe that every human being has immense potential and his company ensures that everyone who joins; understands the soul of the organization, and that the company help them achieving their true potential (Biyani & Baishya, 2007). Shantha Biotech recruits people who have hunger to do something for the country. The company helped the underprivileged by crashing price of a vaccine from Rs. 750 to Rs. 50 and today the vaccine is sold for as little as Rs. 15. The employees here understand that they all have a social obligation and they need to fulfill it. Further, Arvind Eye Hospitals paramedical staff is the key to the success of its business model. The tenth standard

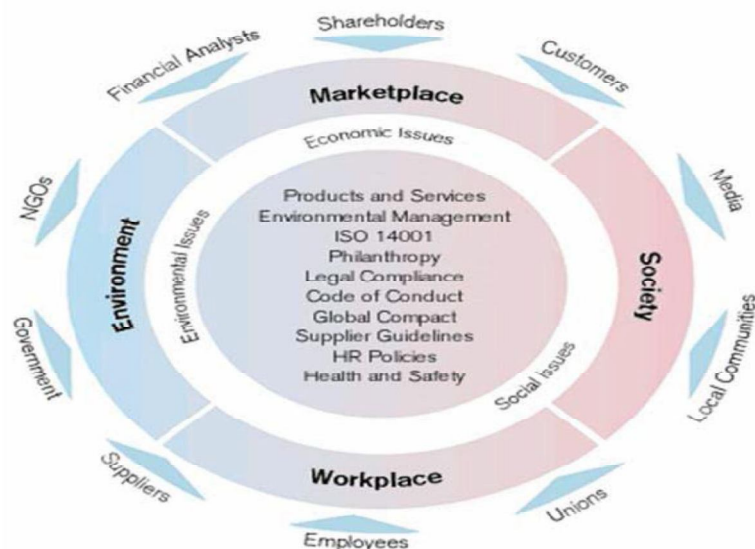


pass girls are recruited from the villages and are trained for couple of years and placed as nurses. These girls are found to be tremendously satisfied employees; the satisfaction derived from helping people regain their sight and earn respect and recognition in the community (Munshi, 2009).

As the product differentiation is becoming difficult day by day; emotional binding with the customer or the consumers provide a one stop solution in sustaining brand image of the companies. Through the eChoupal, IBD has changed the business model of commodity trading. By marrying technology with trading in rural market, IBD has brought in a new paradigm. The strategy of dealing with the end farmer directly has been very successful with both farmers and the erstwhile middlemen being co-opted (Munshi, 2009). The company now sells its wide range of consumer brands thorough eChoupal initiative. Their direct relationship with farmers opened

rural market for ITC through sustained branding for many years to come. Amul's soft advertisements on the other hand helped in creating an emotional bonding with the consumers in long run. The persistent effort on the part of Amul has helped the company in sustaining its consumers across its product range. This ultimately resulted into increased sales by means of a sustained consumer loyalty.

The issues that represent an organization's CSR focus vary by size (small, medium and large), sector (for example, financial institutions, infrastructure providers, textile manufacturers, agri-producers, supermarket retailers, etc.) and even by geographic region. In its broadest categories, CSR typically includes issues related to business ethics, community investment, environment, governance, human rights, the marketplace and the workplace.





Conclusion

Corporate Social Responsibility came a long way from just fulfilling the responsibility restricted to welfare of its immediate employees and their families. Indian businesses have long been associated with charity and philanthropy. Today, companies are better aware about efficient use of available resources; their environmental responsibility; their commitment to the society and mother earth at large. As a result, businesses now enjoy benefits like lesser government and regulatory pressure, highly motivated workforce, customer loyalty, enhanced brand image, value-based supplier network and a favorable public opinion about company. This holistic approach to the corporate social responsibility has resulted into achieving business sustainability. To conclude it would be fit to quote Axel Sahlin's speech given in England when prospectus for the projected iron and steel works was published by socially committed Tata's in 1907 which shows the power of social responsibility, it reads, 'From early morning till late at night, the Tata offices in Bombay were besieged by an eager crowd of native investors. Old and young, rich and poor, men and women they came, and at the end of three weeks, the entire capital required for construction requirement ... was secured, every penny contributed by some 8,000 native Indians.'

References

1. Agarwal, Sanjay K. (2008). Corporate Social Responsibility in India. New Delhi: Response Books (Business Books from SAGE).

2. Bansal, R. (2010). Connect The Dots. Ahmadabad: Eklavya Education Foundation.
3. Bansal, R. (2011). I have a Dream. Chennai: Westland.
4. Biyani, K., & Baishya, D. (2007). It Happened in India. New Delhi: Rupa & Co.
5. Garde, A. R. (2008). Chanakya on Management. Mumbai: Jaico Publishing House.
6. Kalam, A. A., & Rajan, Y. (1998). India 2020 - A Vision for the New Millennium. New Delhi: Penguin Books.
7. Lala, R. M. (1992). Beyond The Last Blue Mountain: A Life of JRD Tata. New Delhi: Penguin Books.
8. Laxmikanth, M. (2011). Governance in India. New Delhi: Tata McGraw-Hill Education (P) Ltd.
9. Munshi, P. (2009). Making Breakthrough Innovations Happen. Noida: Collins Business (HarperCollins Publishers).
10. Semler, R. (1993). Maverick. London: Arrow Books.