

CORPORATE SOCIAL RESPONSIBILITY (CSR) (Study of practices of Leading Corporate Houses)**Dr. Abha Bansal****Associate Professor in commerce****SA Jain (PG) College Ambala City****Abstract**

Corporate Social Responsibility refers to ensuring the success of the business by 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. Hence, CSR is a contribution to sustainable development, implying the way a company balances its economic, environmental and social objectives while addressing stakeholder expectations and enhancing shareholder value. The CSR concept -was initially used by national companies more as a marketing and media coverage instrument, rather than for its ethical values. As time went by, it became clear that-the business environment is a key element in finding solutions to community issues. This research paper-aims at analyzing the importance of Corporate Social Responsibility (CSR) from a company's perspective and the impact of the different successful CSR practices followed by corporate leaders to increase their competitive advantage. The scope of the report is limited to CSR practices of companies towards the community. It is a comparative study about the practices adopted by companies in view with the changing times. Many companies of different sectors have been studied. The paper also gives details as to when and to what extent a company is to consider CSR practices.

Key Words CSR, Sustainable Growth, Competitive Advantage, Corporate Practices

Introduction

Corporate Social Responsibility is operating business in a manner which meets or excels the ethical, legal, commercial and public expectations that a society has from business. CSP^A actions are becoming more and more visible and numerous, both in the business environment and at governmental level. It is crucial that while making decisions, a responsible company takes into account the impact of its actions on the general public, the environment - internal and external- in which it operates and the economy as a whole. As organizations across the world continue to rethink their role in the wider society, refine their CSR practices and strategies and gain more capabilities to do so, their role in society is set to evolve. The research on CSR shows that although we can see promising signs of commitment to CSR, overall, it still has a long way to go.

Need For CSR Activities

Potential benefits of implementing a CSR approach by corporates are better anticipation and management, improved reputation management, enhanced ability to recruit, develop and retain staff, improved innovation, competitiveness and market positioning, enhanced operational efficiencies and cost savings, improved ability to attract and build effective and efficient supply chain relationships, enhanced ability to address change, more robust "SocialLicence" to operate in the community, access to capital, improved relations with regulators, a catalyst for responsible consumption. CSR also helps in compliance with regulation and the avoidance of legal sanctions, while the building of relationships with government, communities and other stakeholders can enhance a company's reputation and credibility and be important with regard to its future investment decisions.

Some existing CSR policy initiatives across countries

As the importance of being socially responsible is being recognized throughout the world, governments are aware of the national competitive advantages won from a responsible business sector. Large corporations have progressively realized operations are located. The Organization for Economic Co-operation and Development (OECD) established a set of guidelines for multinational enterprises in 1976, and was thus a pioneer in developing the concept of CSR. The purpose of these guidelines was to improve the investment climate and encourage the positive contribution multinational enterprises can make to economic and social progress. In addition to the OECD's 30 member countries, 11 observer countries have endorsed the guidelines.³

Historical Background of Corporate Social Responsibility in India

India has a long tradition of paternalistic philanthropy. The process, though acclaimed recently, has been followed since ancient times albeit informally. Philosophers such as Kautilya from India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business. The concept of helping the poor and disadvantaged was cited in several ancient literatures. In the pre-industrialized period philanthropy, religion and charity were the key drivers of CSR. The industrial families of the 19th century had a strong inclination toward charity and other social considerations. However, the donations, either monetary or otherwise, were sporadic activities of charity or philanthropy that were taken out of personal savings, which neither belonged to the shareholders nor did it constitute an integral part of business. During this period, the industrial families also established temples, schools, higher education institutions and other infrastructure of public use.

The term CSR itself came into common use in the early 1970s. The last decade of the twentieth century witnessed a shift in focus from charity and traditional philanthropy toward more direct

engagement of business in mainstream development and concern for disadvantaged groups in the society. In India, there is a growing realization that business cannot succeed in isolation and social progress is necessary for sustainable growth. An ideal CSR practice has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well socio-economic status (Bajpai, 2001).

Currently, there is an increased focus and a changing policy environment to enable sustainable practices and increased participation in the socially inclusive practices.

Policy Framework

In the developing world, governments and businesses understand that their respective competitive positions and access to capital increasingly depend on being able to respect the highest global standards. At one end of the spectrum, CSR can be viewed simply as a collection of good citizenship activities being engaged by various organizations. The essence of CSR comprises philanthropic, corporate, ethical, environmental and legal as well as economic responsibility.

In India, the evolution of CSR refers to changes over time in cultural norms of corporations' engagement and the way businesses managed to develop positive impacts on communities, cultures, societies, and environment in which those corporations operated. CSR motives changed during the independence movement in India toward social reforms to encourage empowerment of women and rural development.

In the last decade, CSR has rapidly evolved in India with some companies focusing on strategic CSR initiatives to contribute toward nation building. Gradually, the companies in India started focusing on need-based initiatives aligned with the national priorities such as public health, education, livelihoods, water conservation and natural resource management. Intensive national level deliberations on the potential role and responsibility of the corporate sector in contributing toward addressing social issues were witnessed in the last decade.

Setting an example for the private sector, guidelines regarding expenditure on CSR activities for Central Public Sector Enterprises were issued by Department of Public Enterprises. According to these "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises" revised by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises every year, each CPSE shall with the approval of its Board of Directors make a budgetary allocation for CSR and Sustainability activities/projects for the year.

These guidelines came into effect from 1 April 2013 and are a revised version of the previous comprehensive "Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises" issued by The Department of Public Enterprises (DPE), in April 2010. While the earlier guidelines focused mainly on CSR activities for external stakeholders, the revised guidelines by the DPE also take internal stakeholders, particularly employees, into account. The new CSR Guidelines also include a dedicated section on sustainability reporting and disclosure.

Companies Bill, 2013 and CSR

With a view to provide 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, 2013. The Clause 135 of the Companies Bill 2013 aims at motivating companies to spend 2% of the profit after tax .

The Clause 135 will be applicable to all companies that have either of the following:

- Net worth of INR 500 crores or more
- Turnover of INR 1000 crores or more
- Not profit of INR 5 crore or more

The Bill mandates companies to form a board-level CSR Committee comprising three or more directors with at least one independent director. The composition of the CSR Committee has to be disclosed in the annual board of director's report. The CSR Committee will be responsible for formulating and recommending a CSR policy and implementation plan. The Committee will also be responsible for regular monitoring of CSR activities. Company's board will be responsible for approving and disclosing CSR Policy in the annual Director's Report and on company's website. The Board will also be responsible for ensuring implementation of CSR activities according to the Policy.

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. Undertaking CSR initiatives and being socially responsible can have a host of benefits for companies such as the following:

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

These benefits are important and most companies that are engaged in CSR are revisiting their strategies are expanding their operations to reap enhanced benefits and contribute to inclusivity in growth.

RE VIEW OF LITERATURE

The developments during the last two decades have changed the contours of what is acceptable to the society in context of International trade (McCrudden, 2007). The social responsibility

has grown to be a commonly debated issue that has attracted considerable media attention during the last decade (Zadek, 2001). The benefit or harm of products and services, their environmental impact and the producers/ providers relationship with the workforce and with local communities are open to scrutiny especially since last six-seven years (Marks and Schantz, 2007). The relation between corporate social responsibility (CSR) and firm performance has evoked much interest among researchers.

CSR PRACTICES BY DIFFERENT CORPORATES

There are different companies which are involved in CSR activities. Almost all companies have initiated, funded and implemented significant community development schemes. These companies now help to build schools and hospitals, launch micro-credit schemes for local people and assist youth employment programs. Following are different companies which are contributing to the well-being of society.

CONTRIBUTION OF IT COMPANIES

Name of the Company	Revenue	AVGPAT	Actual Spend	2 % of PAT
TCS	48894	8935	51	179
WIPRO	37308	5152	NA	103
INFOSYS	33734	7128	26	143
HCLTECH.	20831	1778	4	36

TATA CONSULTANCY SERVICES (TCS)

Its Computer Based Functional Literacy (CBFL) initiative for providing adult literacy has already benefitted 1.2 lakh people. The programme is available in nine Indian languages. Besides adult education, TCS also works in the areas of skill development, health care and agriculture.

WIPRO

Initiative of WIPRO is towards education through WIPRO CARE and WIPRO applying thoughts campaign. Its second initiative is towards environment that is eco- eye. WIPRO CARE contributes through two prolonged strategy- learning enhancement and disaster rehabilitation. Through the 'Applying Thoughts in Schools" initiatives have been taken for 1000 schools, 10000 educators and 30 social organization across 17 states in the country to bring about Social reforms, Eco-Eye has been launched to strike a balance with environment. Its main purpose is to bring all green initiatives under one banner and to incorporate; better ecological balance in their every project they execute.

INFOSYS

The Infosys Science Foundation, set up in 2009, gives away the annual Infosys Prize to honor outstanding achievements in the fields of science and engineering. Company supports causes in health care, culture and rural development. In an interesting initiative undertaken by it, 100 school teachers in Karnataka, who were suffering from arthritis, underwent free surgery as a part of a week-long programme.

HCLTECH

HCL foundation has committed Rs 3,000 crore towards educational initiatives and expansion programmes over the next five years. Apart from that it had a long-term investment aim of \$ 1 billion or about Rs 6,000 crore. This money would be utilized to set up schools around Delhi National Capital Region (NCR). Rs 3,000 crore investments would be given in installments of Rs 500- 600 crore over a period

CONTRIBUTION OF METAL COMPANIES

Name of the Company	Revenue	AVGPAT	Actual Spend	2% of PAT
TISCO	135976	3895	146	78
SAIL	51428	5153	61	103
HINDALCO	82549	3597	28	72
J.S.W STEEL	36964	1569	32	31

TISCO

Its Computer Based Functional Literacy (CBFL) initiative for providing adult literacy has already benefitted 1.2 lakh people. The programme is available in nine Indian languages. Besides adult education, TCS also works in the areas of skill development, health care and agriculture.

SAIL

SAIL is India's largest and among the leading steel producers in the world. The company owns and operates eight manufacturing plants, five integrated steel plants at Bhilai, Durgapur, Rourkela, Bokaro&Bumpur producing carbon steels and three plants at Durgapur, Salem, and Bhadravati making alloy steels, stainless and special steel. It's some of major initiatives are towards education, health care, water and sanitation, roads ancillary developments, creating sustainable income and sports.

HINDALCO

Its CSR activities are concentrated in 692 villages and 12 urban slums, where it reaches out to about 26 lakh people.

It has constructed check dams, ponds and bore wells to provide safe drinking water. In education, it awards scholarships to students from the rural schools it supports.

Its other interests include women's empowerment and health care, in which it treats patients in hospitals, runs medical camps and operates rural mobile medical van services.

J.S.W STEEL

JSW Steel intends to set aside 1.5 per cent of its annual profit for corporate social responsibility activities. The company recorded a net profit of Rs.1529 crore in Financial Year 2012. JSW Foundation has touched the lives of over nine lakh people through its CSR activities. In spite of this company has focused on cost optimization and value addition. The greenfield projects in Jharkhand and West Bengal are expected to significantly optimize production costs. Strategic collaboration with JFE Steel Corp., especially in technological know-how, has opened up new avenues of growth and helped the firm move up the value chain in steel products.

CONTRIBUTION OF AUTOMOBILE COMPANIES

Name of the Company	Revenue	AVGPAT	Actual Spend	% of PAT
TATA MOTORS	170678	8437	15	169
MARUTI SUZUKI	40050	2162	12	43
ASHOKA LEYLAND	14134	540	NA	11
MAHINDRA& MAHINDRA	63030	2948	22	59

TATAMOTORS

Tata Motors is the first Indian Company to introduce environment friendly engines with the help of world-renowned engine consultants like Ricardo and AVL. It has manufactured CNG version of buses and also launched a CNG version of its passenger car, the Indica. Over the years, Tata Motors has also made investments in the establishment of an advanced emission-testing laboratory. Tata Motors has planted 80,000 trees in the works-and the township and more than 2.4 million trees have been planted in Jamshedpur region. Over half a million trees have been planted in the Poona region. The company has directed all its suppliers to package their products in alternate material instead of wood. In Pune, the treated water is conserved in lakes attracting various species of birds from around the world. In Lucknow, two Societies - SamajVikas Kendra & Jan ParivarKalyanSanthan have been formed for rural development & for providing healthcare to the rural areas. These societies have made great efforts for health, education and women empowerment in rural areas.

Tata motors has introduced many scholarship programs for the higher education of the children from the marginalized sections of the society.

MARUTI SUZUKI

Maruti Suzuki India Ltd has launched its month-long initiative, 'Go Green', in Pune on June 15, 2010. As part of the campaign, the company plans to donate 1,000 saplings to customers. It has also set up a special spot at all dealerships in Pune, called the 'Green zone', where cars with compressed natural gas (CNG) engines, such as the Alto, SX4, Eeco, Wagon R and Estilo, would be on display. Maruti Suzuki India Ltd has launched its month-long initiative, 'Go Green', in Pune on June 15, 2010. As part of the campaign, the company plans to donate 1,000 saplings to customers. It has also set up a special spot at all dealerships in Pune, called the 'Green zone', where cars with compressed natural gas (CNG) engines, such as the Alto, SX4, Eeco, Wagon R and Estilo, would be on display. The company has been playing a leading role for many years now in promoting road safety and safe driving in the country. In line with this, the company manages two Institutes of Driving Training & Research (IDTR) in Delhi and Maruti Driving Schools across country. Through these facilities, the company has brought international standards in driving training

MAHINDRA & MAHINDRA

Nanhi Kali, a programme run by the KC Mahindra Education Trust, supports education of over 75,000 underprivileged girls. The trust has awarded grants and scholarships to 83,245 students so far. In vocational training, the Mahindra Pride School provides livelihood training to youth from socially and

economically disadvantaged communities. M&M also works for causes related to environment, health care, sports and culture.

CONCLUSION

CSR covers a wide range of activities that go beyond the economic goals of the organization. Increasingly it involves looking at human rights, fair labour standards and product safety, not just at the first level but right along the supply chain. More companies need to start disclosing their CSR Investment to help us understand the impact better. CSR has a wide-ranging effect across the globe especially in emerging markets. As discussed in this paper, in India CSR is still at a very nascent stage. Corporate Responsibility needs to upgrade itself in which internal behavior, ethics and values of corporate enterprise affect the externally focused values and ethics of the corporate enterprise. Most importantly, a regular monitoring of a company's CSR activities is required both by the state and by the company itself. Upper management must be persuaded to support not only CSR goals, but regulatory recommendations as well especially regarding disclosure of CSR investment. Every company needs to emphasize on CSR activities in order strengthen their market position, improve goodwill and thereby profitability and last but not the least v give back something positive to the society and environment.

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