



AN IMPRESSION OF CSR AND ITS GROWING IMPLICATION IN INDIA (2016)

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Abstract

In the midst of ever growing globalisation, it has become highly imperative that the companies operating and contributing in the economic know how of the nation also shift their attention to the needs of society at large. Customers and consumers, investors, employees, business partners and non-governmental organisations have now come to the forefront demanding the proper implementation and usage of policies pertaining to the benefits of the environment and society. It is now time that all these agents of economic contributions take responsibility of their own actions and also ensure the well being of not only their own employees but also others thus associated with them in the process of running their business. This paper aims at throwing light on the various CSR activities carried out in India in the year 2016 and their continued advantages as compared to the growing expectations in their operating environment by all others.

Introduction

The notion of CSR originates highly from the intended actions taken by concerned industries towards the betterment of the society at large. CSR initiatives are not only meant to cater to the needs of society, but now it has grown to an extent where they are also influencing the living conditions of their own workers by promoting motivation and reducing employee turnover. Protection of environment has always been a pressing issue. But the advent of globalisation has brought in its wake an immense need of keeping a watch on issues related to environment and also a societal concept.

However, the business community's response picked up in the late 90s when they began to assess the life cycle and other growing issues. This internationally famous concept arose even more when a need was felt by different operating environmental organisations and NGOs to awaken the industries and their attention was drawn to an even more wide concept of "Corporate Social Responsibility".

Definition

Corporate Social Responsibility (CSR), also called **corporate conscience, corporate citizenship** or **responsible business**) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms.

Business Dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs and (3) by earning adequate returns on the employed resources

Literature Review

Dahl (1972:18) states,

".. every large corporation should be thought of as a social enterprise that is an entity whose existence and decisions can be justified in so far as they serve public or social purposes"

Similarly Carroll (1979), one of the early CSR theorists states that:

"Business encompasses the economic, legal, ethical and discretionary expectations that society has of organisation at a given point of time".

More recently this was echoed by Balabanis, Phillips and Lyall (1998), who declared that:

"In the modern commercial area, companies and their managers are subjected to well publicised pressure to play an increasingly active role in the welfare of the society."

Some people are more cynical in their view of corporate activity. So Drucker (1984) had the opinion that:

"Business turns a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth."

While Robertson and Nicholson (1996) thought that:

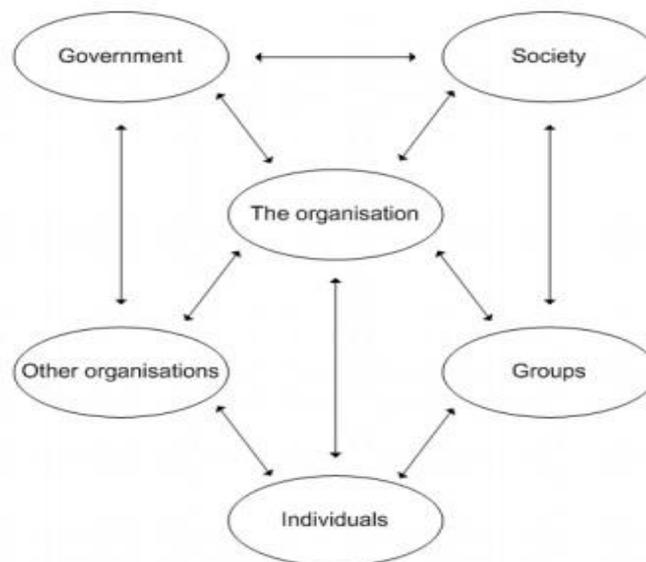
“A certain amount of rhetoric may be inevitable in the area of social responsibility. Managers may even believe that making statements about social responsibility insulates the firm from the necessity of taking socially responsible action.”

The effects of organisational activity

When an industry operates to earn profit, it is apparent of course that will not only affect just itself but also the external environment in its vicinity. To sum up the effect of organisational activity can take forms like:

- Optimum utilisation of natural resources
- Competitive advantages as well as disadvantages
- Creation of employment opportunities
- Making changes to create a sustainable environment
- Create conducive atmosphere for all those associated with a firm

CSR in India

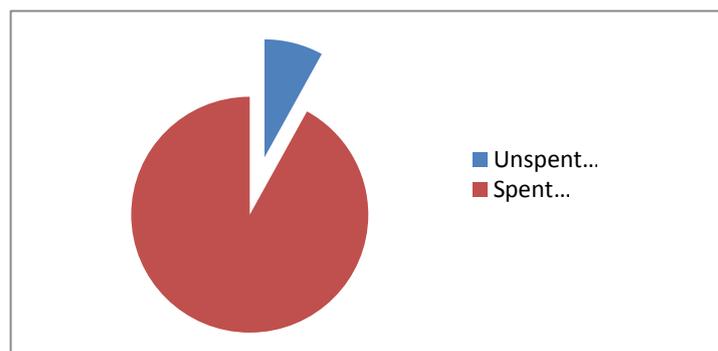


In India, CSR activities take a different step towards each of the ones associated with industries. It has been observed that with growing technological updations, researchers are now more inclined towards the finding out of more logical approach towards safeguarding environment. This approach has led to the development of Corporate social activities in the nation. Industries are now implementing various strategies and policies relating the same. There have also been certain strict measures taken in order to control the hazards of environment. The government has also enforced certain laws pertaining to corporate social responsibilities. These are certain steps which in different ways enhance the importance of CSR initiatives in India. Also, they have led to the emergence of an altogether new era where CSR has now become the need of the hour.

Research and Study

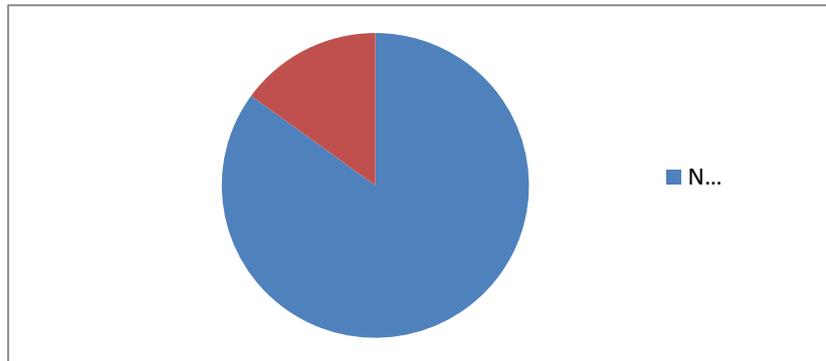
A small sample research was conducted via interview basis on a few select companies in India, based on the CSR initiatives taken by them. The following are the results of this study:

According to the recent CSR updations, companies have taken up a different investment strategy in different directions. An overall view of the same is follows:



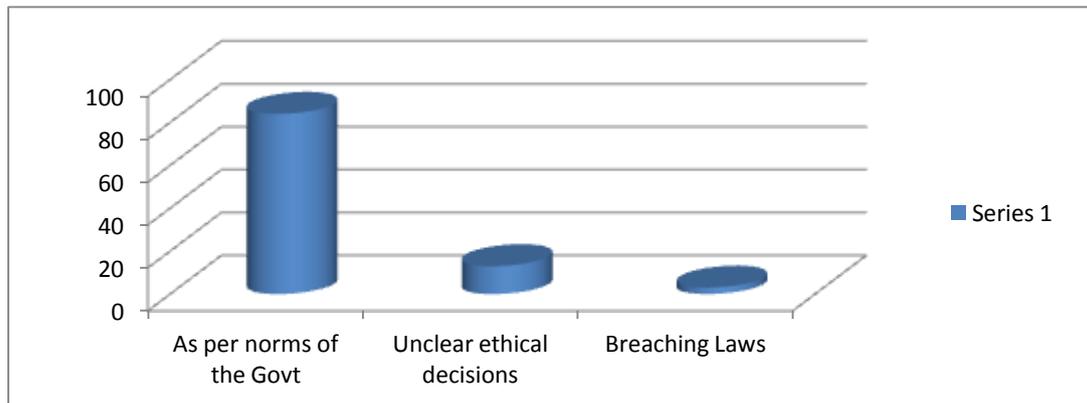
The study reveals that out of the total expenditure spent on the different CSR initiatives 92% of the total budget is spent properly on such activities. This shows that out of the total amount that companies have decided as a budget to be spent on CSR activities is not only followed but also looked after.

Awareness of laws relating to CSR



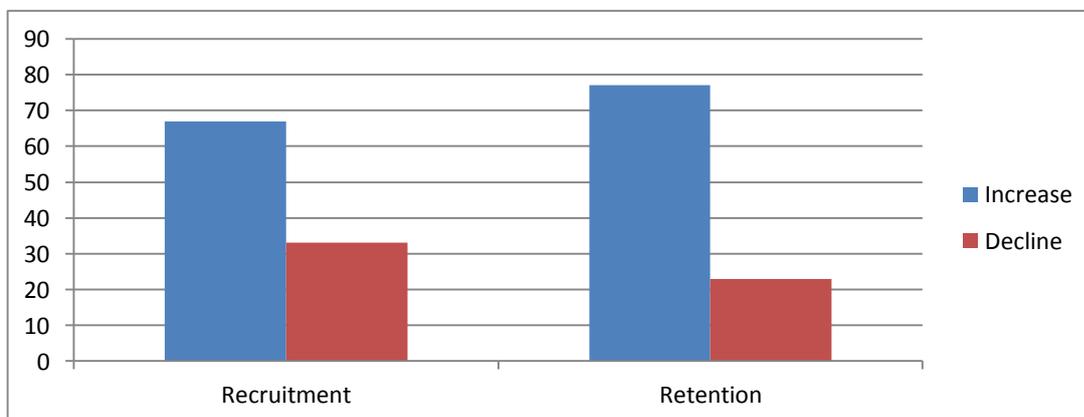
As seen above the awareness of firms relating to CSR laws passed in India is nearly 86% and only 14% unawareness still prevails in the country.

Ethical use of CSR



As seen above, there are almost 84% companies which follow CSR laws and norms as prescribed the Government and keep them updated from time to time. At the same time there are also 13% companies which are not very sure of the different steps they are taking to complete the CSR activities and not are just taking it up as a formality. These companies cannot be described as completely backward with their CSR initiative, but at the same time also cannot be trusted entirely with their decisions relating to the same. Also amidst the fact where maximum no of companies are upfront for taking such activities, there are also almost 3% companies who are in breach of such laws and are not practicing any such norms or laws enforced by the Government.

CSR as an aid to human resources (recruitment and retention of employees)



Employees are treated as ‘human resources’ in any organisation. In recent times, the advents of human resources have increased by leaps and bounds. CSR also holds a certain level of importance in the minds of the employees of an organisation. It also creates an impact not only on existing employees but also lifts the recruitment drive of any organisation. As seen above, the ratio connecting to increase in recruitment as well as retention is 67% and 77% respectively, whereas, the decline ratio stands out to only 33% and 23% respectively. Thus it can be clearly stated that CSR can create an impetus towards the recruitment and retention drives of many companies.

Conclusion

With the growth of industrialisation and globalisation it has become pivotal for organisations to deal with all possible laws and enforcements that come up for the safety and security of environment and society at large. These laws are not only meant to improve social security but also to inculcate the value of conserving our social, moral and ethical values. At the outset, it is of utmost importance for every organisation to understand the importance of such a step being carried out will be of help to itself at different levels. An operation being carried out within the prescribed area of CSR is helpful but a step put beyond it may lead to serious consequences, legally as well as socially. In India, there is a lot of scope for improvement in corporate social responsibilities and also some more awareness need to be raised pertaining to the different laws and norms as prescribed by the Government.

References

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