



INDUSTRY AND CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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ABSTRACT

Corporate Social Responsibility is a concept where by industries to take care of the Society interests in every aspect. The objective of the CSR is to improve the standards of living while preserving the profitability of the corporation for its stake holders both within the and outside the industry. In the recent years the concept of corporate social responsibility is spreading very rapidly in India at all the sectors. Corporate social responsibility is to contribute towards the society while working with in ethics. In developing countries like India. Industries plays a very important role in upgrading the economy of the country not only by producing products but also by imposing a new practice called social responsibility (CSR). In the global economy the link between industries and government has been growing. Business is an inseparable and embedded part of the society. Corporate social responsibility is an evolving a number of internal and external policies and practices right from the place where they work to the community, the environment and beyond. In the present scenario, there is need to take new initiatives and adopt new policies taking into consideration of the industry history towards sustained environmental, Social and Economic growth.

KEY WORDS: *CSR practices, Stake holders, Ethics, Environment, Economic growth.*

INTRODUCTION

In a context of change and globalization, businesses are increasingly asked to pursue their mission paying attention to the needs of the stakeholders whose well-being depends on the way enterprises manage their core activities. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. Today, business leaders and the civil society play a greater role in the transformation of value systems and institutional arrangements (Jonung, M & Malhotra M. 2007). In an increasingly global economy, pillars of business and government are now tied together as the symbol of a growing link between the public and the private sector. There is evidence of a rising perception that globalization creates poverty and inequality. Business is an inseparable and embedded part of the society. In addition to its economic role in society, business also has several other roles and responsibilities towards society, viz. responsible conduct of business activities while pursuing economic gains; the social and environmental responsibilities of

the business towards its stakeholders; and business's contributions that would benefit the society at large (Margolis and Walsh, 2001). The business environment has undergone vast changes in the recent years in terms of both the nature of competition and the wave of globalization that has been sweeping across markets. Companies are beginning to realize the fact that in order to gain strategic initiative and to ensure continued existence, business practices may have to be moulded from the normal practice of solely focusing on profits to factor in public goodwill and responsible business etiquettes (Reynard and Forstater, 2002). India's recent economic progress has not only increased pressure on the environment, but also generated social tension by increasing the gap between India's middle class and the poor. Consequently, it has become even more important for corporations to consider their broader impact on society. The traditional ethos of maximizing shareholder value without regard too their stakeholders is an outdated notion in today's global environment. Corporate social responsibility (CSR) has a powerful potential to make positive contributions to addressing



the needs of disadvantaged communities in developing countries. CSR issues can become complex when they acquire an international dimension.

APPROACHES TO CSR

As companies they face the challenges of a changing environment in the context of globalization and in particular the Internal Market, they are increasingly aware that corporate social responsibility can be of direct economic value. CSR should be treated as an investment, not a cost, much like quality management. They can thereby have an inclusive financial, commercial and social approach, leading to a long-term strategy minimizing risks linked to uncertainty. Companies should pursue social responsibility for which there are various approaches. They are - philanthropy approach, a holistic approach (green paper, 2001), triple bottom line (TBL) approach, and cluster approach and triple-p approach. A company that does poorly on one line, namely profits, but wonderfully on the environment or social component of TBL, is not going to last long in a competitive world. So concentration on defining exactly what is meant by a corporation's responsibility to its stakeholders, who they are and how to measure progress through a limited number of precise key indicators (Hopkins, Michael – 2004).

THE INDIAN SCENARIO

CSR is a globally applicable concept but its interpretation will vary from country to country, industry to industry and company to company because of differing local situations and differing demands of stakeholders in different locations and industries. With the retreat of the state in economic activity in India, the imperative for business to take up wider social responsibilities is growing. The situation is complex and India is facing a compounded set of corporate responsibility challenges. At all levels, there is a felt need for companies to graduate to strategic interventions in CSR, which at present in many cases remain ad hoc. There are many companies that may spend for long-term development. A sense of strategic direction is a vital component in an effective approach to corporate responsibility. Yet, for all these signs of progress, CSR in India has yet to realize its full potential. Individual and collaborative initiatives continue to be dominated by self-assertion rather than accountability. There is certainly no lack of CSR programmes and projects in India: however, clear metrics for evaluating their actual impact in improving social conditions is missing. Many Indian business houses, private sector and public sector companies have

undertaken major initiatives till date and have adopted several modes of practice related to CSR in India.

Several innovative measures have also been adopted by companies towards the institutionalization of CSR that includes CSR initiatives by Lupin, Cipla, Ranbaxy, NIIT, TCS, BPCL, and Ion Exchange. For long-established industrial dynasties, such as the Birla's and the Tata's, concepts of nation- building and trusteeship have been alive in their operations long before CSR become a popular cause. Alongside these are the leading Indian companies with strong international shareholdings, such as Hero Honda, HLL, ITC, and Maruti Udyog, where local dynamics fuse with the business standards of the parent or partner. Another tradition emerges from the public sector enterprises, such as BHEL, HDFC, NTPC, and ONGC, where social obligations remain an integral part of their business despite the march of privatization. And then there is the new generation of enterprises that has surged on the back of knowledge based globalization, such as Dr Reddy's, Infosys, Ranbaxy, and Wipro, where less emphasis is on minimizing negative impacts and more on maximizing the positive spill-over effects of corporate development.

CSR PRACTICES IN INDIAN COMPANIES

Bharat Petroleum and Maruthi udyog have been ranked as the best companies in the country. The next comes in the list are Tata Motors and Hero Honda. Canara Bank, Indal, Gujarat Ambuja and Wipro are involved in community development work. BHEL is actively involved in the welfare of the surrounding communities is helping the organization to earn goodwill of the local people. BHEL is also providing drinking water facilities, construction of roads, provision of health and educational facilities. ONGC has committed resources by adopting a few villages to implement President Dr. Abdul Kalam's idea of PURA (Provision of Urban Amenities in Rural Areas). Similarly in the private sectors like Infosys, Wipro and Reliance are believed to be most socially responsible corporations. In developing countries like India, CSR stands to be of vital importance for a mutual and symbiotic growth. Coca- Cola in India and Unilever in Pakistan are two examples. The following issues and companies are reviewed for their CSR practices.

EMPLOYEE ISSUES

Tata Group - has more than 2, 45,000 employees. Tata were the pioneers in employee benefits that were later mandated through legislation in India and elsewhere in the world. The eight-hour working day, free medical aid, welfare departments,



grievance cells, leave with pay, provident fund, accident compensation, training institutes, maternity benefits, bonus and gratuity were introduced by the group before any legal rules were framed on them. Tata has created cities and towns – Jamshedpur, Mithapur, Babrala and Mathigiri – around industrial facilities.

HLL - approximately 9% of the company's resources for community involvement come in the form of employee time. Their time is ranged from their involvement in Ashadaan to the disaster affected Yashodadham village near Bhuj. HLL management trainees spend approximately four weeks on Project Shakti in rural areas with NGOs or Self Help Groups.

Infosys - employees are encouraged to report workplace hazards and incidents to the concerned officials and contribute to implementing solutions. Infosys implemented health clubs and health programmes, such as health week, nutrition programmes and ergonomics training.

RESPONSIBLE FOR THE COMMUNITY

Bajaj Auto's philanthropic activities among the rural poor are carried out by a Trust, the Jankidevi Bajaj Gram Vikas Sanstha (JBGVS) established in 1987 by Ramkrishna Bajaj in memory of his mother, Jankidevi Bajaj. This Trust acts as a catalyst to development at the grass root level in 32 villages around its plants in Pune and Aurangabad. These projects have a positive impact on the quality of rural living standards.

Dabur has a vision of being a company dedicated to the health and well being of every household, drawing inspiration from its founder Dr. S. K. Burman. In 1993, Dabur India Ltd established Sustainable Development Society (SUNDESH), a registered voluntary organisation, integrating various aspects such as health, literacy, employment, and empowerment. The Company organizes camps, which include general OPDs, antenatal check-up, vaccination for children aged 0-5 years, family welfare, health awareness through meetings, eye screening and eye operation camps.

Infosys Foundation, the philanthropic arm of Infosys Technologies Ltd, came into existence on 4 December 1996. Its main objective was to fulfill the social responsibility of the company by supporting and encouraging the underprivileged sections of society. The Foundation has been working on initiatives such as: training destitute woman in tailoring and donation of sewing machines and material to them to improve their livelihood; counseling centers to rehabilitate marginalized devadasis in North Karnataka; relief work conducted after natural disasters; donation of aid equipment to the physically challenged in rural areas of

Karnataka; and construction of orphanages in rural areas.

THE ENVIRONMENT

Godrej has been a key player in aiding education, environment and the health verticals besides looking after its own employees. The Soonabai Pirojsha Godrej Foundation has been maintaining the western bank of the Thane Creek, the single largest mangrove belt in Mumbai. The Sohrabji Godrej Green Business Centre launched the Green Business Initiative in December 2005, which was aimed at facilitating the development of corporate greenhouse gas inventories and subsequent investments in greenhouse gas mitigation projects.

ITC- focuses on the use of renewable energy such as biomass and solar energy. A number of units have installed solar thermal systems mainly for use in canteens and kitchens. It claims it endeavors to be a carbon positive corporation. Its efforts in the field of energy conservation, use of carbon neutral fuels and large scale tree plantations through social and farm forestry have resulted in sequestering 85.6% of the Carbon Dioxide (CO₂) emitted by its operations.

Indian Oil Corporation: has included CSR in its vision and mission statement and has built its corporate strategies around it. Environmental initiatives include: development of cleaner fuels such as diesel with low sulphur content and biodegradable lube formulations; pollution control programme, in which all refineries are provided with facilities to control pollution from different sources; and ecological parks, which are scientifically designed green belts that have been developed at Gujarat Panipat refineries, to serve as a pollution sink and to enhance the aesthetic look of the refinery area.

CONCLUSION

Business houses all over the world are increasing in realizing their stake in the society and engaging in various social and environmental activities. Corporate social responsibility is an evolving concept that incorporates a wide range of internal and external policies and practices extending from the workplace, into the community, the environment and beyond. Nevertheless CSR has certain limitations which restrict its activities. The need of the hour is to formulate effective strategic policies and adopt various instruments according to the company history, its content, peculiarity in relationship with its different stakeholders so that CSR can be best implemented towards its goals – sustained environmental, social and economic growth. Corporate together can make the



world as a better place to live. A CSR strategy provides businesses with the opportunity to show their human face. Business success and continually satisfying the customer and other stakeholders are closely tied to adoption and implementation of high standards of business and marketing conduct. Deceiving customers may help a firm's profits in the short-run, but is not the way to build a successful business. CSR represents good business practice for every function and should not be confined to a few departments in isolation from one another.

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