

# Corporate Social Responsibility Management by Companies

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**ABSTRACT:** *Worldwide, corporate social responsibility (CSR) is a buzzword. In today's globalized environment, the introduction of CSR into industry is one of the major challenges faced by businesses. Stakeholders require much more from corporations than just the promotion of growth and profitability. In India and other developing markets, CSR has come a long way. Corporations have clearly proven their desire to make a positive impact in culture and enhance the general quality of living, from responsive practices to environmental programs. The emphasis of this paper is on the CSR definition, its dimensions and its significance in emerging markets, with particular regard to India. In India, the Corporate Social Responsibility (CSR) concept is not recent. It arose from the 'Vedic era' when history in India was not documented. For that time. Kings had a duty to society and through building houses of worship, school, inns and wells, merchants demonstrated their own corporate responsibility. During the past four decades, Corporate Social Responsibility has been described and conceptualized in many ways following a continuum of study, discussion and academic confrontation around the issue. The 'Corporate Social Responsibility' (CSR) definition applies to 'soft' voluntary self-regulation implemented by corporations to strengthen the company's facets, which can apply to labor, environment.*

**Keywords:** *Companies, CSR, Environment, Management, Responsibility, Challenges, Business Growth.*

## INTRODUCTION

There is still some doubt as to how it can be defined, amid various attempts to bring in a consistent and impartial definition of CSR. Corporate Social Responsibility is for corporations holding commitments and taking action outside their legal and economic/business obligations. These larger roles span a number of fields, but are often summarized as social and environmental - where society is broadly characterized by social means rather than merely matters of social policy. The triple bottom line strategy can be summed up as this: i.e. economic, social and environmental [1].

Corporate Social Responsibility (CSR), also known as Corporate Responsibility, Corporate Citizenship, Ethical Corporation and Corporate Social Incentive, is a philosophy in which companies take society's needs into account by assuming responsibility for the effect of their operations on consumers, vendors, workers, owners, societies and other stakeholders, as well as the community. According to the International Business Council for Sustainable Growth, "Corporate Social Responsibility is a company's continued commitment to ethically acting and contributing to economic development while improving the quality of life of the workforce and their families as well as the local community" [2].

CSR is an offspring of ethics in industry. Market ethics, however, is especially concerned with spiritual values, while CSR relies more on topics of social, environmental and sustainable growth than on morality. Corporate decision-making and policy-making is related to ethical standards, compliance with legal obligations and concern for persons, societies and the environment around the world, in the words of A.P.J. Abdul Kalam Corporate social responsibility is an emerging concept that does not have a standard definition or a fully accepted set of specific parameters.

A major change in the relationship between industry and culture has taken place in the last twenty years. The globalization of commerce, the increased scale and power of firms, the repositioning of government and the growth in strategic value of stakeholder partnerships, expertise and brand reputation have been main drivers of this transition. From paternalistic philanthropy to a re-examination of the functions, obligations and duties of industry in society, the interaction between corporations and civil society organisations has gone on. Corporate Social Responsibility (CSR) is characterized in terms of corporate responsiveness to the legal, ethical, social and environmental aspirations of stakeholders [3].

### INDIAN SCENARIO

The history of CSR in India has its four phases which run parallel to India's historical development and has resulted in different approaches towards CSR.

#### *The First Phase*

Charity and philanthropy were the key motors of CSR in the first process. There was an influential influence on CSR from society, ideology, family values and heritage and industrialization. Through building up temples for a religious cause, wealthy merchants shared a portion of their wealth with the larger society in the pre-industrialization era, which lasted until 1850. Moreover, by supplying food from their godowns and cash and thereby securing an integral role in society, these merchants enabled society to conquer stages of drought and epidemics. The attitude towards CSR changed with the arrival of colonial rule in India from the 1850s onwards. The 19th century industrial families, such as Tata, Godrej, Bajaj, Modi, Birla, Singhanian, were highly inclined to economic and social considerations. However, their social and industrial growth activities were not only motivated by selfless and moral motivations, but also influenced by caste classes and political ambitions.

#### *The Second Phase*

In the second period, there was intensified emphasis on Indian industrialists during the independence struggle to show their contribution to society's development. "This was when the concept of "trusteeship" was introduced by Mahatma Gandhi, according to which the business groups had to regulate their wealth to help the common man. "I want to end capitalism nearly, if not exactly, as much as the most advanced socialist. But our approaches vary. My trusteeship ideology is not a make-shift, definitely not a camouflage. I am sure that all the others would

succeed. The influence of Gandhi exerted pressure on different industrialists to work to create the country and its socio-economic growth. Indian businesses were meant to be the "temples of modern India" according to Gandhi. Businesses formed trusts for schools and colleges under his control and even helped to set up training and scientific institutions. The trusts' activities were primarily in line with the reforms of Gandhi that aimed to eradicate untouchability, foster women's empowerment and rural growth [4].

### *The Third Phase*

The third period of CSR (1960-80) was related to the "mixed economy" aspect, the rise of Public Sector Undertakings (PSUs) and labour and environmental standards legislation. The private sector has been forced to take a backseat during this time. The public sector has been seen as the main engine of growth. The time was characterized as a "era of command and control" due to the strict legal rules and regulations surrounding private sector operations. Industrial licensing laws, heavy taxation and private sector constraints have contributed to corporate malpractice. This has contributed to the implementation of rules on corporate policy, labor and environmental issues. In order to ensure an adequate distribution of services (wealth, food etc.) to the poor, PSUs were founded by the state. However, only to a certain limited degree has the public sector been successful [5]. The private sector and its active participation in the country's socio-economic growth have become utterly important. In 1965, a national CSR workshop aimed at peace was set up by Indian intellectuals, politicians and businessmen. They highlighted openness, social responsibility and daily dialogues with stakeholders. The CSR struggled to catch momentum amid such attempts.

### *The fourth phase*

Indian firms have begun to abandon their conventional CSR participation and have adapted it into a competitive market strategy. The first push towards globalization and economic liberalization was initiated in the 1990s. In part, regulations and licensing programs were abolished, which gave the economy a lift, the signs of which are very clear today. Increased economic growth momentum has seen Indian enterprises expand exponentially, making them more eager and able to donate to social causes. In terms of the demand and production base of TNCs, globalization has turned India into an important destination. As Western markets in developing countries are becoming more concerned about labor and environmental conditions, Indian businesses manufacturing and processing products for the developed world need to pay careful attention to compliance with international standards [6].

There is a long and diverse history of the idea of CSR. Proof of the business community's interest in civilization for decades needs to be traced. In order to establish the current state of study on the topic, a review of literature on studies relating to evolution and interpretation of definition, knowledge, inspiration, perception and action, reporting practices on corporate social responsibility practices in small and medium-sized companies was explicitly undertaken. Here are the brief abstracts of these studies: Fostering Stakeholder Trust through CSR Reporting: An

Empirical Emphasis' shows that honest and genuine business contact contributes to building the confidence of stakeholders. It also evaluated the scope and type of Indian firms reporting on CSR. The findings revealed that there is no relevant correlation between the viability of a corporation and its corporate social disclosure (CSD). The management of a company (private or public sector) has an impact on CSD activities, however. The results also show that under the community growth theme, organization size has a favorable correlation with CSD. This suggests that big publicly-visible corporations favor economic growth [7].

## CONCLUSION

Finally, the analysis concludes with a finding that has clear administrative implications: a stronger interaction with all partners can be established through genuine and truthful social reporting. The study aims to explore the development of a pattern of involvement among private sector companies in corporate social responsibility (CSR) activities as reflected in the respective public domain corporate records, taking absolute benefit as the parameter. The research found that education, health and the environment were the most influential CSR practices. The least preferred activities were drinking water and sanitation and urban uplifting. With regard to separate CSR operations to which the firms were sensitive, substantial association was found. Companies belonging to the industrial and diversified industries have shown the greatest degree of responsiveness to these practices. Corporate Social Responsibility and structural theory: In the Social Economic Review, a recent viewpoint on private governance shows that CSR is not merely a cooperative activity, but above that. In this analysis, under institutional theory, CSR has been established. Corporate social practices are not just charitable activities, but are part of the interface between business and society, the structural principle says. To boost the corporate efficiency of corporations through CSR, regulation/governance is important. The idea also proposed the manner in which corporations could assume their social obligations, whether historical, political or legal [8].

Legitimate Framework of CSR The main conventional endeavor by the Government of India to put the CSR issue on the table was in the issuance of Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs. Preceding this, the significance of CSR was talked about with regards to corporate administration changes, for example, in the Report of the Task Force on Corporate Excellence by the Ministry of Corporate Affairs. It is in the Voluntary Guidelines of 2009 that the center components of a CSR strategy was spelt out that included consideration for all partners, moral working, regard for laborers' privileges and government assistance, regard for common liberties, regard for the climate and exercises to advance social and comprehensive turn of events. The Guidelines explicitly drew a qualification among generosity and CSR exercises, and featured the deliberate idea of CSR exercises that go past any legal or lawful. Commitment [9]. The Guidelines of 2009 were continued in 2011 by the National Voluntary Guidelines of Social, Environmental and Economic Responsibilities of Business, likewise gave by the MCA. These rules were supposedly founded on the data sources got from essential partners' the nation over and set down nine standards for organizations to work in a dependable way to advance comprehensive monetary development at the public level.

As on account of the 2009 Guidelines, the 2011 Guidelines were willful in degree wherein corporates were encouraged to receive all the nine standards, and to report their adherence to the rules dependent on a 'apply-or-clarify' rule [10]. Strangely, while one of the execution procedures recommended in the 2009 Guidelines was to reserve —specific sum identified with benefits after assessment, cost of arranged CSR exercises, or some other reasonable parameter, no such proposal was remembered for the 2011 Guidelines [11]. The progress from a willful CSR system to a managed system came when the Securities Exchange Board of India (SEBI) required the top recorded 100 organizations, as a feature of Clause 55 of the Listing Agreement, to obligatorily reveal their CSR exercises in the Business Responsibility Reports (BR Reports) going with the Annual Reports. This, SEBI believed was in the bigger premium of public revelation and spoke to a move towards coordinating social obligation with corporate administration [12]. The most aspiring endeavor at commanded CSR exercises for organizations accompanied the authorization of Section 135 of the Companies Act 2013. India's new Companies Act 2013 (Companies Act) has presented a few new arrangements which changed the substance of Indian corporate business. One of such new arrangements is Corporate Social Responsibility (CSR). Service of Corporate Affairs has as of late informed Section 135 and Schedule VII of the Companies Act just as the arrangements of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CRS Rules) which has happened from 1 April 2014 [13].

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