

## Corporate social responsibility in India

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The role of business in society has undergone a sea change. From the starting of business when there were no social obligations for the business to the understanding that being socially responsible is critical, Corporate Social Responsibility (CSR) has come a long way. The more traditional business perspective is now giving way to a realization that corporate social touches not only economic issues but also the social community, including employees and customers. The inspiring and important development of CSR has started to gain legitimacy and is now being recognized as a strategic element of many leading companies of all type and sizes. In India, Ministry of Corporate Affairs has also issued Corporate Social Responsibility Voluntary guidelines, 2009, and Corporate Governance Voluntary Guidelines, 2009, for all type of business organizations. 2 per cent levy on corporate profits as also been proposed as a CSR initiative. Several variants or models are being talked about as models appropriate to Indian conditions.

Can taking care of customers by a company be called merely a social responsibility or is it the basic responsibility of a company? The answer is self evident. Similarly a company needs to take care of its employees who give their sweat and blood for the company and the best years of their lives are spent in the service of the company. Can taking care of

employees be merely termed as social responsibility? In my view caring for employees is also a basic duty of the companies. Corporate Social Responsibility means the obligations, which an organization owes to the society. It is no longer considered a tripartite venture *i.e.*, Owner, worker and consumer, but it has become a multiparty system. It includes governments, financial institutions, banks, owners, workers, consumers and society. All these classes have their own objectives to be achieved from the business. Thus the meaning of CSR is twofold. On one hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of an organization toward the environment and the society in which it operates. The CSR framework includes issues related to business ethics, community development, environmental protection, good governance, recognition of human rights, the significance of market place and the workplace. The underlying philosophy requires the companies to plough back a small and sustainable portion of their surpluses for the benefit of the society at large and the Mother Earth from where the resources are drawn by the companies. However different organizations have framed different definitions of CSR. Although no universally accepted definition of CSR exists, The World Business Council for Sustainable Development (WBCSD, 2000) defines CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families the local community and society at large to improve their quality of life.” The strategic advisory group on CSR of International Organizations for Standards (ISO) describes it as “a balanced approach for organizations to address

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economic, social, environmental issues in a way that aims to benefit people, community and society (ISO, 2002).

#### **Importance of CSR for the companies:**

Many factors and influences have led to increasing attention being devoted to the role of CSR. These include:-

- Sustainable development
- Globalization
- Governance
- Corporate sector impact
- Communications
- Finance
- Ethics
- Consistency and community
- Leadership
- Business tool

A 2004 GlobeScan CSR survey of more than 23,000 individuals in 21 countries suggests that the public expects more from the corporate sector. In industrialized countries, trust in domestic (49%) and global companies (38%) was lower than that of non-governmental organizations (68%), the United Nations (65%), national governments (52%) and labor unions (50%). While more recent surveys, including the 2007 Edelman Trust Barometer show a rise in public trust in business, trust in CEOs remains low. For their part, CEOs see the importance of sustainability and CSR. According to the 10th PricewaterhouseCoopers Annual Global CEO Survey, 81 per cent of CEOs surveyed (between September and December 2006) agreed or agreed strongly with the statement: "My company's development programme focuses increasingly on equipping leaders to take a role in increasing a sustainable business environment." A similar percentage of respondents in a U.S. Chamber of Commerce survey conducted in late 2005 agreed that companies need to make corporate Social Responsibility a priority.

#### **CSR initiatives- traditional and modern:**

Industry has until recently focused on philanthropy and environmental impacts limited to pollution and energy efficiency. The initiatives included the following-

- Providing micro finance to the SMEs, individuals and the societies directly or through tie-ups with banks, Governments or PPPs.
- Health and education initiatives such as establishment of Hospitals, providing medicines, improving sanitation etc.
- Financial, Employment and other assistance (supply of artificial limbs) to physically disabled or handicapped persons.
- Community initiatives such as roads, waterlines etc for the poor and needy.
- Supporting sports and games financially or

physically by providing playgrounds, play- equipments etc.

- Religious initiatives such as building or renovating temples, churches, mosques etc.
- Assisting the Government in times like Cyclones, Flood, and Storms etc by providing automobiles, shelter, financial assistance to those affected and the like.

#### **Successful CSR experiments:**

Companies have been implementing CSR activities in various fields. This can be illustrated with the help of examples such as the following:

##### **Coca-Cola India:**

A leader in carbonated drink category, coca –cola has suffered huge losses owing to the pesticide incident. The company recently bagged the corporate responsibility award from World Council for Corporate Governance, UK for its efforts in water conservation and management, and community development initiatives. Coca-Cola India has installed 320 rainwater harvesting structure in 17 states and has restored several traditional water bodies and check dam across the country for water conservation. The company has the target to reach a "net zero" balance with respect to ground water bodies and check dam across the country for water conservation. The company has also undertaken a project to provide drinking water to nearly 30,000 children in 100 schools in and around Channing.

##### **ITC Limited:**

ITC is significantly widening its farmer partnership to embrace a host of value adding activities such as creating livelihood by helping poor tribes, make their wasteland productive, investing in rainwater, harvesting to bring much needed irrigation to parched dry land ; empowering rural women by helping them to evolve into entrepreneurship and providing infrastructural support to make school exciting for village children. Through these rural partnerships, ITC touches the lives of nearly 3 million villagers across India.

##### **Cadbury:**

Cadbury is a global confectionery and beverage manufacturer having its presence in more than 200 countries worldwide. The company started its operations in India in 1948 and is the leading manufacturer with 70 per cent volume share of the chocolate market. The company is also a key player in malted food drinks and sugar confectionery. The company after becoming a founder member of BCF embarked upon social and community development initiatives and attaches a lot of importance to social development initiatives.

Close to its factory at Malanpur near Gwalior, the company is working on a project targeting women's empowerment and female infanticide. The initiative known

as the 'Gurikha Project' was launched in line with Cadbury India's philosophy to serve communities around its factory locations in partnership with NGOs on a planned and sustainable basis. The project's key focus is on various aspects of women's inequality, female infanticide and rights of the girl child. As per a recent survey, the project has succeeded in giving a sense of direction and confidence to a large number of women of the area and a marked improvement has been noticed in the general well being of the girl child. Apart from this, the company is also working on issues like primary education, health and veterinary care, women's income generation activities and strengthening of the village council. Under the income generation programme, more than 10 self help groups with monthly savings ranging from 20,000-50,000 rupees are functional in the area. Besides this, Cadbury has also helped build a pre-school section to the village school building for girl children and a set of classrooms in another village under the same Panchayat.

#### **Nokia:**

Nokia with its mission to 'connect people' is the world leader in mobile communications. The company is deeply concerned about ethical business practices and believes that personal and organizational integrity is essential to long term relationships- whether with customers, employees or stakeholders. The organization is committed to development initiatives and is supporting numerous projects in partnership with several community and charitable organizations worldwide. The focus of its community initiatives are centered on education, corporate giving and disaster relief. Keeping in line with their international programme of employee volunteering called 'Helping Hands', Nokia India is involved with an NGO working with children with disabilities in Delhi. Nokia's employees provide support to the NGO in terms of help and training in accounts, human resources, IT, working with children and other activities. Environment is another issue that is high on the agenda of the company. The packaging of all their phones are made from recycled paper. Clear instructions are also provided for correct disposal of used batteries with every handset. Nokia is also set to launch its volunteering programme involving its entire employees. A market leader in the cellular industry in Asia Pacific, Nokia provides innovative, industry- leading and market relevant technology and products to around 20 diverse markets in the region. Backed by its experience, innovation, user-friendliness and reliable solutions, the company has become the leading supplier of mobile phones and a major supplier of broadband and IP networks. By adding mobility to the internet, Nokia creates new opportunities for companies and further enriches the daily lives of the people. Nokia is a broadly held company with listings on six major exchanges.

#### **Philips India:**

##### *Sustainability:*

In keeping with company's philosophy of continuous improvement, company is working to strengthen our performance against the triple bottom line. Company's efforts are wide-ranging, from improving company's process of reporting on its sustainability performance to stakeholder dialogue to supplier management to diversity and inclusion to Eco Vision. Sustainable development is a necessity and the right thing to do. It's also a way of doing business - an investment that creates value and secures our future.

##### *Rural health care:*

Philips India is committed to the community in which it lives, works and serves. Company firmly believes in making a lasting, positive contribution to the people around us. Villages in rural India desperately need preventive health, education and knowledge-based care. To meet these needs, Philips is stepping out as part of its Corporate Social Responsibility, to bring healthcare to those in rural India who need it most. In association with the Trust for Reaching the Unreached (TRU), Philips introduces Arogya Kiran - a project designed to provide quality healthcare to people in rural India.

#### **Reliance petroleum limited:**

##### *Social responsibility and community development:*

The Company continued extending helping hand towards social and economic development of the villages and the communities located close to its operations and also providing assistance to improving their quality of life. During year, activities focused on improving the village infrastructure by constructing concrete roads, creating drainage facilities, school buildings, water tanks and pipelines etc and supply of drinking water, education support etc. The Company has made investments towards implementation of these development activities in the village area of Kanalus, Padana, Kanachikari, Derachikari and Navagam. In addition, towards maintaining and supporting cows in surrounding villages, new cow-sheds for Kanalus and Kanachikari villages were constructed and handed over to the residents of these villages. These cowsheds receive regular fodder supply from RPL at amnagar. Simultaneous to these, the Company furthered its community development activities by laying the drinking water pipelines for the benefit of residents at the village anachikari and also building a new primary school building at Navagam during the year. The Company also assisted in repairing of village schools at other nearby villages.

#### **Conclusion:**

The basic objectives underlying CSR is maximization of social benefits from business and whereby organizations consider the interests of society by taking responsibility for

the impact of their activities on consumers, employees, shareholders, communities and environment in all sphere of their operations. The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept-Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. It stems from the desire to do well and get self satisfaction in return as well as societal obligation of business. In view of the policies being formulated by the Government and the societal pressure being exerted on companies and evolving sense of responsibility exhibited by corporate leaders, it can be concluded that CSR has come to stay in India and has a long way to go.

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