

Chapter 12

Corporate Social Responsibility: An Indian Perspective

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Abstract In the era of frequent corporate frauds and failures, the emphasis on corporate social responsibility has increased multifold. There has been a massive expansion in the concept of corporate citizenship and the proposition that corporations should take into account the interests of all stakeholders. In this back drop, the definition of corporate social responsibility and the objective of its functions are debated by Corporations, Governments, NGOs and academicians. In a way, it becomes very important to know the international provisions in terms of its implementation, legal issues, ethical perspectives, criticism to mandatory corporate social responsibility and best practices. We aim to present a comprehensive analysis of corporate social responsibility practices and issues arising from the Indian domain, tempered with an international perspective. We seek to analyze the various implications of the wide ranging definitions of the term ‘CSR’ and determine what it takes to become a ‘socially responsible’ company. We begin with the objectives of corporate social responsibility, followed by the different perspectives on corporate social responsibility activities, in addition to the various models of CSR. We further discuss the drivers of such practices in India’s business environment, with special emphasis on its sustainability and responsibility arguments. We analyse the Indian practices within a developing economy framework based on past corporate sector experiences of Indian companies with corporate social responsibility, highlighting the role of labor issues, sustainability and environmental issues. We examine the evolution of corporate social responsibility activities in India, and broadly divide the history in this regard into four phases based on the prevalent thoughts and activities undertaken. Finally, we deliberate on the future scenario for CSR in India and its key drivers based on case studies of corporate social responsibility activities undertaken by Indian companies.

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12.1 Introduction

The world of business has always been viewed as constructive mechanisms for human development and its furtherance. The ability of businesses to develop human potential has been construed by many intellectuals as the force that guides man's development in the new era. The mechanism of business, corporation, free market and thereby the economy have been considered as some of the major institutions of the twenty-first century. Life would not be the same if there were no companies and industrial houses. They have been instrumental in creating employment, wealth, products and services which benefit the owners, workers, customers and many others. Yet the pressure on these businesses to act towards the 'community' is huge.

The 'community' here involves employees, stakeholders, environment, governments and society. Voices around the globe are questioning the motive of the corporations and their actions like never before, especially because of the scams and scandals involving corrupt companies and executives. Names like Enron, Refco and Satyam instantly come to everyone's mind. As a response, companies around the globe have realized the need to be responsible towards society, environment, employees and all other stakeholders.

Many constituents of society feel that companies do not act responsibly towards them due to various reasons. One of the main reasons for this is the materialistic attitude exhibited by various corporate houses and their primary goal of maximizing profits. Also, increasing competition both domestically and across foreign locations makes them inconsiderate towards their other responsibilities. Furthermore, the operations that may earn revenue for a company may not be beneficial to the overall environment that it belongs to. The negative externalities hence arising are one of the major points of contention between the green groups and corporations.

A company that employs people is morally obligated to take care of their safety, health and general welfare. It should safeguard its employees from the harmful effects of its activities, like manufacturing, refining, production, processing and other similar endeavors. But these are, more often than not, neglected due to the significant costs involved. There, hence, exists an antagonistic relationship between a company and its employees, who feel exploited by the company.

The rise of lobbying has also caused tensions between corporates and society. The common man feels that corporations, with their money power, try to influence the policy-makers, resulting in adoption of policies that are sometimes detrimental to the greater good of the society. The utilization of these backdoor channels further contributes to the perception that the corporate houses function in a manner contrary to the welfare of the society.

There is a growing need for corporate management to apply societal moral standards to conscientious business practices. Keeping this in view, corporations engage in "triple bottom line" thinking, which suggests that the success of a business is dependent on economic profitability, environmental sustainability and

social performance (Hart & Milstein, 2003). In this way, companies are giving greater visibility to CSR rankings, integrating emerging global standards of expected responsible conduct into their management systems and introducing accountability initiatives into their production processes and global supply chains (Waddock et al., 2002). Currently, numerous MNCs produce a separate CSR report annually and most of them have senior executives who are responsible for CSR endeavors. Thus, the increasing importance given to CSR activities by companies encourages us to study it in detail and also discuss it in the Indian context.

12.2 Theoretical Framework

12.2.1 Definition of CSR

The notion of Corporate Social Responsibility (CSR) holds different connotations, depending on the organization that it is being applied to. Some corporate houses place more emphasis on certain aspects than others such as environment, education, human rights and other such initiatives. The definition of this concept is also geographically dependent, with the needs of one society differing from one another.

At its most basic level, CSR can be defined as a set of activities that are aimed at achieving overall social welfare, through concordant business practices and contributions of corporate resources through self-regulation and voluntary initiatives.

Internal to the business, it can be defined as the way in which the companies manage their corporate activities so as to accomplish overall development of the society through economic, environmental and social issues (Pohle & Hittner, 2008). CSR is the commitment made by businesses to work ethically and contribute to all-round development, while they are involved in improving the status of the employees, their families and of the society at large. Hence, CSR is a voluntary activity, not imposed by regulations or rule of law. It is a manifestation of the business' endeavor to contribute to the well-being of the society or the community in which operates. It includes all its stakeholders who have a say in its functioning and results. CSR can be a link to sustainable development if businesses can integrate economic, social and environmental aspects into their day-to-day operations. This could be achieved only if companies view CSR as a way to manage business and not as an extra burden on the business.

12.2.2 Objectives of CSR

As highlighted by the definition, the objectives of CSR are to assimilate the welfare of all the stakeholders of the business and to carry on the business' activities for their overall well-being. These stakeholders include shareholders who have

invested their resources for the development and operations of the business. The profit motive of the business should be incorporated into the CSR initiatives, thereby providing a holistic approach to the concept. One should not view CSR activities as philanthropic, which implies a voluntary financial constraint on the company. The fact that it should be for the overall well-being of the community means that the welfare of the company lies within this welfare as well. Overall objective of CSR should in this way, be to inculcate innovation, human capital, developing competitiveness, creating a holistic atmosphere and to provide an overall sustainable business model. On the whole, there should be value creation which should drive the strategic processes of companies.

12.2.3 Perspectives of CSR

CSR in the corporate world has been viewed in many ways some of which have been discussed above. The rudimentary view of viewing CSR is that companies can use their discretion and can say what, when and how to conduct CSR. However, this should not be the case. Ideally, companies should observe the ailments of the community in their field of operations and think of suitable measures that can be taken to address the situation. This involves meticulous planning and research, thereby providing the best solution to the problems plaguing the community at large. In fact, CSR need not be compensating for any wrong doing of the company. Instead, they are voluntary initiatives undertaken by the company.

Another perspective of CSR is that it is a humanitarian activity that helps the needy people. It is more important for the CSR programs to be well-defined and aimed at the welfare of the company too, thereby creating value to the company in the process. In addition, financial resources are necessary, but not sufficient (KPMG-Assocham White Paper, 2008). Though they form an integral part of the solution architecture for social problems, financial resources are not enough. In fact treating it as a financial burden will lead to an inefficient utilization of resources as it would be better for everyone if the company identifies with the problems faced by the society and acts with empathy.

Some companies also undertake CSR activities by treating them as a brand-building exercise and a public relations operation. This narrow approach will certainly not bring about complete sustainable benefits, making these activities financial constraints for the company. Consequently, companies that are involved in CSR should integrate sustainable values in corporate strategy so as to achieve sustainable development. Corporate social responsibility therefore can be viewed as a way to conceptualize sustainable development and create greater value to society and environment. Though there are various reasons and prisms through which CSR functions can be viewed, one has to take a holistic view of the idea and initiate suitable action.

12.2.4 Models of CSR

CSR can be understood on the basis of frameworks which are broad-based in idea. It brings the state into the picture. The state has got the powers to mandate the corporations to involve in CSR activities.

First we have the ethical model, as propounded by Mahatma Gandhi, where the companies themselves have an ethical responsibility to give back to the society. This can be done either through the strengths of the organization or through any other partnership. Industrialization in India experienced a major setback because of the liberalization, privatization and globalization (LPG) policies adopted by the Indian government in 1991. Within the next two decades, many corporate houses have ingrained CSR concepts in their organizational functioning. This is because of the profound impact of Mahatma Gandhi's thoughts on inclusive capitalism.

Another model is the statist model, whereby the state takes care of CSR activities either through public enterprises or by legal statutes. This was the policy adopted by Jawaharlal Nehru, who followed the socialist model of development. According to this model, the state owned enterprises adopt CSR activities, coupled with legal requirements for other private-owned companies.

The third model is the liberal model, where the corporations will be the sole determinant of their CSR policy. This model assumes that the organizations are in the best position to decide about their role in attaining social development.

Then we have the stakeholder model, where the corporations respond to the needs of various stakeholders, like the consumers, employees, communities and the government. As globalization became prevalent, the concept of stakeholder engagement gained widespread acceptance and appeal as the companies affected a number of entities, rather than just the shareholders and consumers.

12.2.5 Drivers of CSR

Knowing the definition and some of the aspects of CSR functions, let us now see what drives the CSR activities in corporations (Haigh & Jones, 2006). These driving reasons are diverse in nature (Morris, 2010). However, it is solely dependent on the organization to come out with its own CSR agenda by which it can accentuate its position in the market through sustainable mechanisms. Let us see some of the drivers behind CSR programs all over the world.

Enhancing organizational reputation was once the prime motivator for CSR. It is relatively easy to contribute money to a cause or place it in a corporate foundation without a mandate for how the funds are to be spent or what outcomes are expected. With growing recognition of looming human and environmental crises, there is a groundswell of public and private sector organizations striving to make measurable contributions to sustainability issues.

Stakeholder expectations: In developed countries, consumers have started to place ethics, social benefit and environmental safety as criteria based on which they evaluate corporations, favoring those which practice them. To live up to their expectations and to win over the loyalty of the customers, companies have started to engage in CSR activities. It has been increasingly observed that consumers make purchases based on a careful examination of various companies in the area of CSR. Increased awareness and huge popular appeal have made responsible consumerism a major factor in today's market. In fact, there is an entirely new segment of products which are produced in accordance with these principles. Either new products that are green, low waste generating and ethically produced come to the fore in the markets, or existing products and new product lines are introduced. Financially, investors also look for sustainable companies which are eco-conscious, employee-friendly and community-oriented. As their market size increases, companies need to keep a close watch on their sustainability score, in order to attract major sources of financing. Companies are informally subjected to social scrutiny and to eliminate the reputational risk arising out of these events, companies prepare CSR reports to showcase their CSR functions. These reporting standards force the companies to act in such a manner so as to engage in meaningful CSR activities. Apart from these external phenomena, there are many internal stimuli that act as drivers for CSR activities. For example, shareholders who are conscious about the company's CSR activities will try to force upon the management to do something along these lines. The same could also be applicable to the management, as the management can force the company in a direction that would satisfy their morals and ethics, keeping in mind the society and the environment. Employees of the company may engage in activism leading to promote employee friendly, socially conscious and ethically considerate activities. This phenomenon is especially significant in developed countries.

Engaging in socially responsible activities will also boost the morale of the employees as they take pride in the operations and activities of their company.

Lack of Accountability: The financial crisis has deeply eroded the confidence of the common man towards certain industries. Additionally, the number and magnitude of corporate scandals over the years has significantly undermined corporate ethics leading to demands for greater disclosure norms and accountability. Employees are now more and more interested in the affairs of their respective companies and customers are interested in knowing everything possible about a company before buying its products or using its services. Companies engage in CSR activities to regain the confidence of the public. In order to influence the people's perception about the company, firms have started using CSR as a public relations exercise, whereby a favorable image of being socially responsible, can be maintained.

Supply Chain Factors: Companies that cannot produce goods ethically or that cannot produce green products can still procure suitable raw materials in ways that do not inflict any harm to the society. This is a way for companies to showcase their commitment to the cause. Also, utilizing a sustainable supply-chain model is a cheaper method as the company can save costs on logistics, storage and man power.

Competitive Advantage: As more and more companies compete against each other, CSR can act as a differentiating factor to distinguish one from the other. Green companies are much more favored than other companies by consumers, investors and policy makers alike. So to earn more revenues, companies implement CSR strategies.

Technological factors: Technology has tremendously improved in the world especially with respect to the energy savings, low cost energy, renewable energy, recycling, reuse and waste management. All these have contributed to a reduction in the cost of technology. Hence companies find it affordable, and at the same time profitable, to engage in such socially responsible activities. The fact that sustainability and renewable energy is too costly to implement has become anachronistic and the proponents of green energy have argued for the financial benefits of alternative energy to go green.

Environmental concerns: Environmental impact caused by industrialization is not only a cause of concern for green proponents but also for everyone in the world. With ozone depletion, rising temperatures, changing weather patterns, frequent cyclones and pollution, it is everyone's duty to act and work towards attaining sustainable development. Businesses also need to adapt to the growing depletion of fossil fuels and deal with their over-dependence on conventional sources of energy. If companies do not adapt now, then they may have to face the challenges sooner or later. In an impending situation, it is better for the companies to immediately implement green systems and processes rather than to adjust in the future. Furthermore, some companies are hesitant to adopt CSR activities due to cost constraints. Such companies, that consider CSR as a financial constraint, can innovate to achieve sustainable growth. Waste reduction, recycling, reuse, repackaging, are some of the methods that a company can utilize to minimize losses on raw materials and maximize their profit potential. Green energy and energy saving techniques can reduce the energy consumed by the corporation and also help in reducing its carbon footprint.

Government and regulatory aspects: Though there are no legal statutes for implementing CSR activities, sustainability activities around the globe are encouraged widely both by governments as well as regulators. Industry associations also encourage companies to testify as to their CSR activities in various formats of reporting. Companies are required to meet stringent criteria to obtain environmental clearances and more conditions are added to make sure that businesses are engaging in eco-friendly activities. Governments are also motivated by international treaties which make them obligatory to follow global standards on sustainability. Moreover, corporations engage in CSR activities as they perceive that Governments alone cannot solve all the social problems that are plaguing the society. It has to be complimented by the private sector, which has better resources in terms of human capital and technology. This makes it imperative for them to act and add value to the society in a way that is suitable for them.

Non-Governmental organizations: Non-Governmental Organizations (NGOs) are advocacy groups for a particular cause, often backed by serious research and development agenda. They raise public awareness about the issues that they feel

need to be immediately addressed. Along these lines, NGOs promote CSR activities by acting as pressure groups. They influence business decision by acting as advocacy groups to mould public opinion and generate positive or negative sentiments. Furthermore, NGOs often have the competence in the areas of social development, sustainability, low cost products and waste management. Businesses can make use of their expertise in these areas and hence implement their own CSR agenda.

12.3 Literature Review

Various researchers have tried to analyze whether CSR can bring innovation, competitive advantage and be a source of value creation for a company. Gallego-Alvarez et al. (2011) analyzed the bi-directional relationship between CSR practices and innovation according to resource based theory using the model proposed by Burke and Logsdon (1996) to understand value creation by CSR projects. They found the effect of sustainable practices undertaken by companies listed on Dow Jones Sustainability Index, as far as innovative efforts are concerned, is statistically less significant. They also found that investment in R&D takes 3 years to show its value added in CSR practices and that the relationship between innovation and CSR practices is not the same in all sectors.

Russo and Fouts (1997) tested the resource based theory of CSR empirically on firm level data regarding accounting and environmental profitability and found that companies with higher environmental performance also have higher financial performance. McWilliams et al. (2002) suggested that CSR practices supported by political strategies can be used to create sustainable competitive advantage.

Guadamillas-Gomez and Donate-Manzanares (2011) concluded that integration of CSR and ethical principles into a company's strategy and its implementation in a coherent manner can contribute to attainment of economic efficiency, confidence and cultural identification. The innovative companies that can do so will be the most competitive companies in near future.

Many studies have been undertaken to analyze the reporting trends /practices with regard to CSR. Studies like Idowu and Towler (2004) in UK, Vuontisjarv (2006) in Finland and Paul et al. (2006) in Mexico show that CSR reporting in European countries is very low but it is becoming popular. This is mainly due to the presence of regulatory bodies like the European Union, which issue directives requiring all member countries to create legislations with explicit reports on employee and environmental matters. Also, stock exchanges persuade listed companies to provide information on their CSR activities, like the Paris Stock Exchange in France and Johannesburg Stock Exchange in South Africa.

Studies undertaken by Fombrun and Shanley (1990), Godfrey (2005) and Houston (2003) have found a positive relation between corporate reputation and corporate values.

A favorable reputation has also been identified as enhancing consumer perceptions of product quality (Grewal, Krishnan, Baker, & Borin, 1998) raising

employees' morale, increasing productivity, improving recruitment and retention (Turban & Cable, 2003) and allowing easier access to capital (Beatty & Ritter, 1986).

Thompson and Zakaria (2004) found the main themes in CSR reporting to be human resources, products and consumers, community involvement and environment. Similar observations were also made by Mirfazli (2008).

Gao (2011) studied the CSR reporting practices of 81 listed companies in domestic security markets of China (Shanghai Security Exchange and Shenzhen Security Exchange) using content analysis of annual reports. He concluded that only 5.06 % of listed companies publish their CSR reports in China and 4.42 % of them issued a separate CSR report. Also two distinct practices are adopted in CSR reporting: separate report and a section in annual report with no specific preference for one over the other. The reports can be named such as CSR report (31 %), sustainability report (37 %), social report (10 %), social and environmental report (10 %), environmental report (7 %) and HSE report (3 %), as observed by Perrini (2006).

Looking at the significance of CSR activities in building a brand image and the reputation of companies, many studies have been undertaken to analyze how companies can integrate CSR activities into their knowledge management strategy, technological innovation and human development.

12.4 CSR in India

In India, the philosophy of CSR has been discussed since the Vedic times. Though the term may be new, the philosophy is not. It was called by different names—Dharma, Niti and such other names. Chanakya, in his seminal work *Arthashastra*, stressed on the need for ethical behavior and role of dharma in life. The concept of helping the poor and the needy is mentioned in almost all of the ancient literature in India, upholding modern day philanthropy. Furthermore, the Sanskrit saying “*Atithi Devo Bhav*” means “the one, who comes to you for being served, should be taken to be as God”. This is considered to be the highest form of responsibility, be it to customers or to other individuals of the society. This famous saying depicts that social responsibility has its roots in ancient Indian history.

The philosophy of generosity and philanthropy has been adopted by many industrialists, and morals and ethics are now firmly entrenched in the corporate boardrooms of India. This is evident from the fact that numerous educational institutions in India were started by industrialists and corporate houses. Additionally, many of the biggest charity and philanthropic donations seen in India highlight the sense of CSR prevalent in their minds. This stands testament to the understanding of our ethos by various companies and is an appreciation of our cultural heritage and background.

India's founding father, Mahatma Gandhi, brought back CSR values to the forefront by describing businesses as ‘large trusts of wealth of the people’. He

envisioned capitalist wealth to bring about industrialization, and also help in the upliftment of the life of the common man. This was the same philosophy which guided the socialism that was later followed by Pandit Nehru. He setup a mammoth public sector for serving the larger social interests. The liberalization reforms of the 1990s brought the fledgling Indian industry slowly but prominently to the forefront among the global majors. Now, the industry associations, like ASSOCHAM, FICCI, CII, NASSCOM etc., have come up with their own CSR policies and guidelines to help companies in implementation of CSR activities.

Furthermore, waking up to the need of having more objective disclosures of CSR activities, the Ministry of Corporate Affairs, Government of India, came up with guidelines for voluntary reporting of CSR activities. This was done with the intention of adding value to the operations and contributes towards sustainability of business (Corporate Social Responsibility Guidelines, 2009). The guidelines require companies to allocate specific amount in their budgets for CSR activities and motivate employees for voluntary efforts for social development.

12.4.1 Stages of CSR in India

To analyze historic CSR activities, the Indian corporate history can be divided into four time phases. These four phases can be utilized to depict the evolution of CSR activities in India over time.

Phase 1 (Ancient times–1880): This referred to the pre-industrialization period. Culture, religion, tradition and family values had a huge impact on CSR activities. Efforts during this period were hence driven by selflessness, religious motives, political objectives and caste factors.

Phase 2 (1880–1960): This was the period of the independent struggle during which patriotic feelings were at their highest, and industrialists, caught up in the nationalistic fervor, contributed heavily to welfare. Mahatma Gandhi's influence too was highly instrumental in ensuring huge contributions towards the socio-economic development of the nation.

Phase 3 (1960–1980): This phase was characterized by the phrase 'mixed economy'. The private sector took a backseat during this period, while the public sector was the engine of development. Public sector undertakings rose to prominence, with their main aim being suitable distribution of resources. However, the concept of CSR was not so popular during this period.

Phase 4 (1980–present): This has been the period of relative *laissez-faire*. It was during this period that the policies of liberalization, privatization and globalization were adopted by the Indian Government, which led to a phenomenal growth in the economy. This made companies more enthusiastic to contribute constructively to CSR activities. Moreover, companies started to adopt CSR as an essential part of their business strategies. Western influence and access to information to consumers also impacted the rise of CSR during this period.

12.4.2 Legal Background of CSR

The *Companies Act, 2011* was passed by the Indian Parliament in December, 2011, replacing the earlier Companies Act, 1956. This Act makes special mention of the mandatory CSR activities that ought to be undertaken by companies. With the passing of this law, India became the first country in the world to make corporate social responsibility a compulsion through a statutory provision.

According to this Act, companies falling in a certain category must allocate at least 2 % of their average profits over the previous 3 years to corporate social responsibility initiatives. These initiatives can include eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, ensuring environmental sustainability, social business projects among others.

Furthermore, this Act also offers directives to companies to disclose their financial statements which should contain the details of the policies developed and implemented by the company on corporate social responsibility initiatives taken during the year [Clause 136 (6) (o)].

These revolutionary provisions of the Companies Act, 2011 were unique and had not been previously proposed in either the Companies Act, 1956 or any other legislation in the past, nor were such steps taken by any other nation.

It is worth mentioning that Denmark also passed a law on CSR in 2008. The Danish parliament adopted a bill, making it mandatory for the largest Danish companies, investors and state owned companies to include information on corporate social responsibility (CSR) in their annual financial reports. However, there were no provisions for mandatory CSR initiatives.

Furthermore, a new initiative was undertaken by the Government of India 'The Corporate Responsibility for Environmental Protection' (CREP). This initiative acts as a guideline for 17 polluting industrial sectors by providing a set of non-mandatory norms. However, despite its existence, there is no real pressure for its adoption or internalization.

Furthermore, there are numerous international CSR standards and guidelines that have been defined. These include the OECD Guidelines for Multinational Enterprises, UN Global Compact, The Universal Declaration of Human Rights and ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

12.4.3 Arguments Against Mandatory CSR Activities

CSR as a mandatory standard is widely viewed as a policy measure to involve companies to support CSR functions. However, mandatory CSR is intrinsically contradictory. CSR is fundamentally an inspirational exercise, and it is very difficult to legalize aspirations. Laws only set minimum standards they do not

create any impetus for positive action. Additionally, there is no enforcement mechanism or penalties for non-compliance in the Companies Act, 2011. In a country like India, where laws are poorly enforced, this law is ambiguous and unenforceable. Also, mandatory clauses do not allow the corporations to make use of their core competencies for CSR. They simply prescribe profit percentage to be allocated to CSR. This will not help to create sustainable companies which will integrate CSR in their corporate strategy.

In addition, a mandatory expenditure is similar to a tax. This proposed law essentially imposes an additional 2 % tax on companies covered by the bill. This increase in government regulation and taxation is bound to make India a less attractive destination for foreign investors and large national companies. This law would hence slow down India's growth rate.

Furthermore, this will also create a sense of compliance rather than a concept, idea or a strategy to be followed for furthering the business and social initiatives.

12.4.4 Cases of CSR in India

CSR, as previously discussed, is now an integral part of the management strategy of Indian companies, further compounded by the Companies Act, 2011. Corporations across the nation are fully aware of their responsibility and duty towards society. There has been no exception to this fact that companies across various industries and different sectors are putting their best foot forward and contributing constructively in bringing about sustainable development. Some prominent examples have been highlighted.

Bharat Sanchar Nigam Limited (BSNL), the premier service provider in telephone and other communication services has committed to provide connectivity to rural parts of India which is a national mission to enable inclusive growth (Article 13 Group, 2007). It plans to provide broadband to 20,000 villages that are already connected through optical fiber. It has plans to provide broadband to all Gram Panchayats (village headquarters), secondary and higher secondary schools and public health care centers. It is also offering lower rental and extra free calls to rural areas as compared to urban customers.

Another telecom major, Bharti Airtel, founded the Bharti foundation in 2000 with the vision, 'to help underprivileged children and young people of our country realize their potential'. As a part of this initiative, they started the Bharti Computer centers which have imparted computer training to more than 1.5 lakh children in remote villages in five states. They also have a Bharti Library program, which is aimed to improve the reading habit of children. Along with the mid-day meal scheme, Bharti has supported the Akshaya Patra program in providing meals to 43,000 children per day in 292 government schools. In the coming years, the foundation has plans to start a large number of primary schools in rural areas across the country.

Infosys, the IT services provider founded the Infosys foundation, the philanthropic arm of Infosys technologies Ltd. in 1996. Its main objective was to fulfill its social responsibility towards the society by encouraging the underprivileged people by imparting them training in vocations, computer and other business skills (Lakhlani, 2011). It has trained destitute women in employment opportunities and improves their livelihood. Some other activities that the foundation is involved in are relief work after natural disasters, and donation of aid equipment to physically handicapped section of the society.

Indian Oil Corporation Limited (IOCL), one of the major Oil and Gas Company in India has been the founder member of United Nations Global Compact (UNGC). The UNGC is an international initiative that brings companies together with UN agencies, labor and civil societies to support environmental and social causes. IOCL has a CSR framework and has based its corporate strategy around it. Its activities towards the environment include development of clean fuel with low sulphur, pollution control program, construction of ecological parks etc. It has won the TERI corporate environmental award which shows its commitment towards maintaining an eco-friendly nature of activities. IOCL refineries have achieved ISO 14001 certification for environmental management system.

Narayana Hrudayalaya (India Knowledge@Wharton, 2011), a low-cost hospital founded by Dr. Devi Shetty in Bangalore, is known for providing affordable treatment to heart ailments. The hospital is in the forefront in process innovation in medical services and has considerably reduced the cost functions, thereby able to reduce the treatment & other charges. Some of the process changes they have made include, lump sum imports rather than ad-hoc buys in the market, longer & efficient use of machines and achieving cost advantage, partnering with vendors for costly medical equipment whereby custom-made deals are made to suit the cash flows and providing fixed salary for doctors rather than case-based fee. These things coupled with the large number of patients to the hospital helped Narayana Hrudayalaya to provide free, cheap and quality medical services to the poor who otherwise cannot afford it. Similar to this example in cardio treatment, Aravind hospitals do the same in ophthalmic care to the patients. Both have proved to be good examples for CSR strategy being at the center-stage of corporate strategy and innovation.

A prominent example in the Automobile industry is Bajaj Auto. It has established a trust, the 'Jankidevi Bajaj Gram Vikas Sanstha' (JBGVS) in 1987. It aims at development in villages, especially around its factories in Pune and Aurangabad. The trust helps the people in these villages by providing sustainable livelihood, rural health, hygiene, education and adult literacy. They also provide micro-credit for starting small businesses which improve the quality of life standard of the people.

Hindustan Unilever Limited (HUL), the leading FMCG major in India, launched '*Project Shakti*' in 2001. The purpose of this program was to create employment generating opportunities for underprivileged rural women, by providing a small-scale enterprise community and to improve rural living standards through health and hygiene awareness. The project became a tremendous success and later expanded to 15 states, covering around 80,000 villages. The company also launched

'*Project i-shakti*' kiosks, an IT-based rural information services for rural needs like agriculture, education, health and hygiene. Training programs are held to improve the business skills of rural women and the total count of entrepreneurs benefitted through this program has reached more than 40,000.

We observe that many of the CSR activities in India place special emphasis on the people of the rural areas. It shows that the corporate houses in India have realized the potential of rural India, and the burgeoning need to uplift them. This need is further highlighted by the fact that more than two-thirds of the population depends on agriculture and allied activities for a living. Mahatma Gandhi had rightly said that 'the heart of India lies in its villages, if one has to develop India then, its villages have to develop. If villages perish then India too will perish'.

Another industry association, Federation of Indian Chambers of Commerce and Industry (FICCI) have strongly supported CSR causes and they have established FICCI-Socio-Economic Development Fund whereby they encourage CSR by training, assistance, consulting and other ways by which they can expand CSR activities in the corporate sphere. They undertake projects of various areas like healthcare, education, employability, gender equality, diversity, environment and family welfare.

The National Association of Software and Service Companies (NASSCOM) which is the trade organization of the IT and ITeS companies in India, is involved in socio-economic development of the underprivileged and underserved by application of Information and Communication technology. It facilitates these activities by research, advocacy, advisory and programs. They employ their expertise and human capital in their field of work and exploit them to effect a change in the society.

12.4.5 Indicator of CSR in India

As previously discussed, the concept of Corporate Social Responsibility has gained prominence over the past few decades. The turn of the new twenty-first century saw companies make attempts to become more accountable to society as a whole. This can be observed through the analysis of various CSR indicators. One of these indicators is the publishing of CSR reports.

The importance of CSR reports cannot be underestimated. They seek to improve communications and foster better relations between the corporate sector and the society as a whole. A CSR report, at its most general form, deals with a company's relations with its various stakeholders. They arose due to the growing need for all the stakeholders to know about the CSR activities undertaken by the company, so that they can make the appropriate decision; be it investors investing in the company, or consumers buying its products and so on. It brings transparency in the functioning of the company and acts as an added pressure for companies to participate in socially responsible activities.

Table 12.1 Number of companies publishing CSR reports

Year	India	Asia	World
2001	1	26	123
2002	4	27	140
2003	1	2	175
2004	5	33	294
2005	3	40	386
2006	5	52	527
2007	8	98	725
2008	20	184	1,084
2009	20	254	1,227

Hence, it would be interesting to analyze the number of companies that publish CSR reports and how this number has changed over time. The results for the same over the period 2001–2009 for India, Asia and the world are indicated in Table 12.1 below.

The above table depicts that during this time period, despite numerous recorded examples of CSR activities, the practice of publishing of formal CSR reports by Indian companies never picked up steam till 2008. Any corporate offers a new product or service based on a consumer demand. Similarly, if there was a public demand for the same, then Indian companies would have bowed down to public sentiment and would have published CSR reports. So, the low number of companies that published CSR reports till 2007 is a reflection of the lack of public awareness at the time period under consideration. The subsequent rise in public awareness and the number of these companies can be attributed to the rise of social media and television. Consequently, the Indian Government took a proactive step to engage companies in CSR activities through radical legislations, like the Companies Act, 2011. This Act also made it mandatory for certain companies to publish their CSR reports.

We can also compare the number of companies that published CSR reports in India vis-à-vis that of Asia and the world. It can be observed that there has been a steady increase in the number of such companies in Asia and also around the globe. This gives an indication to the level of general awareness among the management of these companies regarding their responsibilities and also among the various members of society.

12.5 Future of CSR in India

As seen earlier, Indian corporates have adapted to CSR and its allied activities (like reporting, conceptualization, strategy, etc.) faster than its western counterparts. In the future, where India is poised to become a superpower, corporations will have a major role to play as they will add to the economic prowess of India. At the same time, the focus should be on inclusive growth. Skewed growth will instead push the nation towards instability. Prosperity that urban areas enjoy should be distributed to

the lower strata of the society as well. Under these circumstances, when the nation is at the cusp of being a superpower, socio-economic problems should be dealt with comprehensively by the government and the private sector working in tandem.

The phrase 'policy paralysis' has been used quite frequently as an adjective for the present Government of India. Under these conditions, CSR will have a big role to play to fill this gap, with regard to social welfare, that the government has failed to address. Corporations can lean back on their core competency rather than to re-invent new things to give back to the society. They can hence achieve economies of scale and provide better services. By incorporating CSR principles into their business strategy, companies can sustain their businesses in these tumultuous situations.

The slender equilibrium of a peaceful economic environment can be easily rattled by numerous factors in a nation as diverse as India. In these settings, CSR can be a useful tool and a strategy through which the management can engage with the people, understand their concerns, share their problems and help provide a solution to the same. The inherent ethical business practice that is present among Indian businessmen should be the cornerstone in our quest towards sustainable economic growth. Businesses should understand these ideas and articulate them in a fashion that will get incorporated into the CSR strategy of the company itself

Effective implementation of CSR initiatives can provide inclusive growth path that can catapult the state towards sustainable development.

Furthermore, the Companies Act, 2011 has created a turbulent atmosphere with the rise in tensions between the Indian Government and the industries. It is the point of view of the industries that CSR activities should be carried out on a voluntary basis, rather than making them mandatory. At the same time, industry associations also suggest self-regulations which will guide the companies to perform CSR in their own way.

The biggest challenge that would be faced by companies would be the rise of the informed customer. The increase in awareness among the common man about the problems plaguing the society and the efforts taken by the producers to tackle them would contribute to the choice of the brand of a particular good. Additionally, the ascendancy of the empathetic employee is another challenge companies are expected to face. Employees would wish to work for a company that has strong CSR values and activities.

Another challenge faced by companies involved in CSR initiatives is the lack of community participation. The efforts made to generate awareness about the CSR activities have not been effective. As a result, there exists little knowledge regarding CSR initiatives of companies, which further results in an indifference towards contributing and participation in these initiatives.

Additionally, there is a lack of transparency in various agencies and institutions that accept contributions from companies. There is no disclosure regarding the utilization of funds, among other items. This lack of transparency leads to a trust deficit between the companies and the agencies that spearhead social initiatives.

Non-availability of clear guidelines towards CSR is another major problem faced by companies. There are no clear statutory guidelines to provide a definitive direction to CSR initiatives of companies.

Another major problem is that only medium and large corporate houses are involved in CSR activities. Also, these activities are confined to specific geographic areas. It is essential that awareness about CSR initiatives is spread among Small and Medium Enterprises, to ensure an equal involvement from them. Furthermore, there is a lack of co-operation among various companies in their CSR activities. Collaboration by companies will not only widen the impact of the CSR initiatives, but also increase the efficiency.

In conclusion, it is important that the various problems are tackled in a manner that satisfies all parties so that the ultimate winner is the common man.

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