

# A Study on CSR (Corporate Social Responsibility)

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## Abstract

*Drawing on existing theoretical and empirical literature on the rationale behind Corporate Social Responsibility (CSR), this paper analyses the potential implications of mandated CSR under the recently enacted Companies Act, 2013 in India on firm incentives, likely responses of corporate that come under the ambit of the law, implications for resource availability and delivery of social goods, and the prospects and challenges of implementing mandated CSR. Insights into these issues are drawn by empirically examining the voluntary CSR behavior of a sample of 500 large companies listed on the Bombay Stock Exchange for the period 2003-2011 that predates the new regulation. The paper argues that notwithstanding the potential economic costs that may accompany mandated CSR, the provisions of the new Act are designed thoughtfully to balance the objectives of the corporation and its shareholders on the one hand and that of the society and its stakeholders on the other. However, addressing the challenges of implementation successfully would determine how far the objectives of the new regulations are met.*

*Business can never ignore that fact that profit is a proactive part of its economic perspective. Therefore, there cannot be any argument against profit. The only concern is the process of earning profit and its distribution, which relates to the concept of CSR. The content of CSR is derived from the three words that CSR contains: corporate, social and responsibility. CSR includes both the relationship between corporations and with the societies which they interact with. The word responsibility in CSR concept, on the other hand, means the integral responsibilities of both the societies and corporations. Society in CSR includes all stakeholder and constituent groups which have a constant interest in the organization's activities. CSR can be divided into three dimensions that are financial, ecological and social responsibility. The financial responsibility includes for example paying taxes and actions that prevent corruption. Paying attention, measuring and reporting environmental influences of business belong to the ecological dimension. Ecological responsibility also includes for example energy efficiency, using environmentally friendly technology, recycling and avoiding the use of noxious materials. The third dimension, social responsibility, includes procedures, practices and working circumstances that respect the human rights and are fair. This responsibility also extends to consumer related matters, such as product safety and marketing.*

## 1. INTRODUCTION

CSR mean Corporate- business, Social- people and environment, Responsibility- things we must do. At the policy level, the formal focus on CSR started in India with the issuance of the Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs (MCA, 2009) that culminated in the enactment of Section 135 of the Companies Act 2013 (MCA, 2013) making CSR spending as well as CSR disclosure mandatory for specific types of companies. CSR is a commitment by business to behave ethically and contribute to economic development while improving the quality of workforce and their families, local communities and the society at large. Where CSR made company acknowledge that they should not only be accountable for their financial performance but also for their social and environment record. This is to improve their quality of life in ways that both business and it is good for international development.

CSR is an extended model of corporate governance based on the fiduciary duties owed to all the firm's shareholders. It is how companies manage the business processes to produce an overall positive impact on the society. CSR is the responsibility of an organization for the impact of its decisions and activities on society, the environment & its own prosperity known as the TRIPLE BOTTOM LINE of people, planet and profit.

Triple bottom line concept (3P) explains that in order to sustain in the long run a corporation should pay attention to the following components:

**People** - relates to fair & beneficial business practices towards labor, the community and region where corporation conducts its business. Support from people (society) in business area is needed for corporate sustainability. As an integral part with society, corporation needs to have commitment in giving optimum benefit to the society.

**Planet** - refers to sustainable environmental practices. There is a causal relationship between corporations and planet. If corporations preserve their environment, environment will benefit them. A triple bottom line Co. does not produce harmful or destructive products such as weapons, toxic chemicals or batteries containing dangerous heavy metals.

**Profit** - is the economic value created by the organization after deducting the cost of all inputs including the cost of the capital tied up. It is the most important thing and also main objective of every business. Profit can be increased by improving work management through process simplification, by reducing inefficient activities, save processing and service time and usage of material as efficient as possible.

## 2. LITERATURE REVIEW

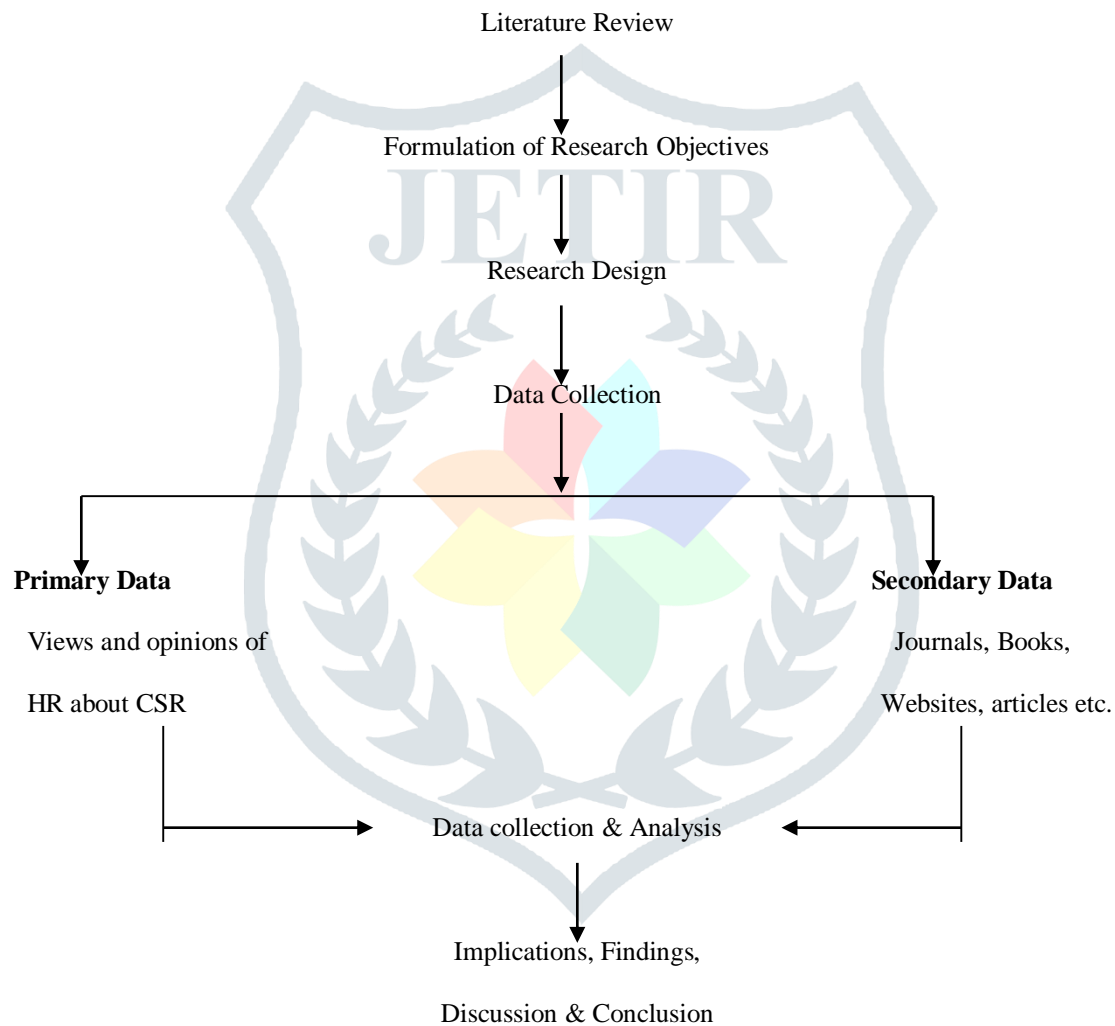
### EPISTEMOLOGY:

Author	Year	Article	Research Aim	Main Results
Collier,J & Esteban,R.	2007	Corporate social responsibility and employee commitment	Collier and Esteban studied employees' motivation and commitment to adopt CSR policies in terms of both contextual and perceptual factors.	Ethics needs to become embedded in the business culture of a company and the members of a company have to adopt the ethical principles, not only in action but also in their minds.
Sarvaiya, H., Eweje, G. & Arrowsmith, J.	2016	The Roles of HRM in CSR: Strategic Partnership or Operational Support?	The aim of the study is to investigate whether HRM offers operational support or strategic input when participating in CSR development and implementation.	HRM was found to be more involved in implementing CSR than developing CSR. The role of HRM varied among different companies and is influenced by contextual variables.

Bučiūnienė, I. & Kazlauskaitė, R.	2012	The linkage between HRM, CSR and performance outcomes	The study focuses on CSR and HRM developments in Lithuania and studied the relationship between CSR, HRM and organizational performance outcomes.	Organizations where HRM has a strategic role and the HR function performance is evaluated, CSR policies are also more developed and thus there are better financial performance outcomes.
Lam, H. & Khare, A	2010	HR's crucial role for successful CSR	Lam and Khare examined the importance of HR in taking on CSR responsibilities and the roles of HR in CSR changes. They also discuss about the challenges and limitations related to HR in CSR and provide solutions to them.	HR has important and diverse roles in developing CSR initiatives in an organization. These roles include for example planning, education, employee involvement and rewarding. Challenges exist mainly in HR's involvement in CSR and this involvement is rather small in most cases. Lam and Khare suggest that more research should be done about HR's role in CSR.
Leibowitz, J.	2010	The role of HR in achieving a sustainability culture.	Liebowitz studied how the organization culture can be made more sustainable through HR practices, such as compensation, performance management, training, development and employee selection.	Results indicate that for example perseverance, top management support, sufficient resources and collaboration between departments can lead to success of HR in implementing a sustainable culture in an organization
Wirtenberg, J., Harmon, J., Russell, W. G., & Fairfield, K. D.	2007	HR's role in building a sustainable enterprise: insights from some of the world's best companies.	Wirtenberg, Harmon and Fairfield studied HR's role in building a sustainable enterprise by interview in nine of the world's most sustainable companies.	The role of HRM in sustainability was stronger in companies where HR leaders were strategically positioned and they were influential in the firm. Wirtenberg, Harmon and Fairfield also came up with the fact that in some areas of HR the involvement of HR to sustainability issues was

				stronger than in others.
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### 3. RESEARCH METHODOLOGY



This research is qualitative in nature, where qualitative research is primarily exploratory research. It is used to gain an understanding of underlying reasons, opinions, and motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. Qualitative data collection methods vary using unstructured or semi-structured techniques. Some common methods include focus groups, participation/observations.

#### 4. PROPOSED MODEL

McGregor THEORY X AND THEORY Y:

The management action of motivating human beings in the org, according to McGregor, involves certain assumptions, generalizations, & hypothesis relating to human behavior & human nature. These assumptions may be neither consciously crystallized nor overtly stated; these serve the purpose of predicting human behavior. These assumptions are characterized in two opposite points, Theory X & Theory Y.

Theory X	Theory Y
<ul style="list-style-type: none"> <li>• Negative view of people</li> <li>• Little ambition</li> <li>• Dislike work</li> <li>• Want to avoid responsibility</li> <li>• Need to be closely controlled to work effectively</li> <li>• Lower needs dominated</li> </ul>	<ul style="list-style-type: none"> <li>• Positive view</li> <li>• Can exercise self-direction</li> <li>• Accept and actually seek out responsibility</li> <li>• Consider work to be a natural activity</li> <li>• Assumption-higher order needs dominated</li> </ul>

#### 5. DISCUSSION

CSR IN KOTAK BANK:

Kotak Education Foundation (KEF) was setup in 2007 with the intension to support children and youth from under privilege families through different education-based interventions and skill-training programmes. KEF takes a holistic and innovative approach to help the urban poor, break free from the vicious cycle of extreme poverty and generational disadvantage.

KEF has partnered with 44 schools within Mumbai city. (Bhandup, Ghatkopar, Vashi Naka, Baiganwadi, Govandi, Trombay, Chembur, Mankhurd, Vikhroli, Govandi, Bandra, Mulund, Andheri). These schools are in the communities and managed by private trusts.

The Interventions:

A. School programmes:

The KEF currently partners with 30 regional language schools, most of them in Mumbai's M-ward, catering to children from underprivileged families.

These schools are government-aided private institutions, set up by social entrepreneurs. However, they lack quality teaching, infrastructure and leadership.

Through its various programs, the KEF complements their efforts.

B. Programs:

- ✓ Spoken English program
- ✓ Health and Nutrition.

- ✓ Scholarship and Mentoring.
- ✓ Kotak Udaan
- ✓ Kotak 'In Search of Excellence'
- ✓ School Teachers Enrichment Programme (STEP)
- ✓ School Leadership Development Initiative (SLDI)
- ✓ Parent Intervention Programme (PIP)

## 6. LIMITATIONS OF RESEARCH

Limitation for this research is time, there was very less time to collect the information as time period for the research was two months.

## 7. SCOPE OF FUTURE RESEARCH

My further study may focus on identifying and comparing the perception of line managers, staff managers, and employees on CSR practices of the company that they are involved in it. Study can also investigate CSR practices and business performance of product and services-oriented companies. How the companies are being carrying the activity that they do though out and popping out into it once they have started doing CSR activity.

## 8. CONCLUSION

CSR is good for both companies and societies around and brings many benefits to both sides. The corporations can gain financial benefits through working for the good of the people, and at the same time, create a positive reputation and respect, securing their position on the market. CSR is now recognized that poverty reduction and sustainable development will not be achieved through government action alone. The concept of CSR is sometimes used as shorthand for businesses' contribution to sustainable development. They include labour standards, human rights, education, health, poverty reduction, conflict and environmental impacts. Creating a scape to explore the relationship between business and society at a regional, national or local level and finding the appropriate language for these discussions.

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