



# “Corporate Social Responsibility Practices in India Corporate Sectors”: An Analysis

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**Abstract :** Corporate Social Responsibility is the belief that a commercial firm or public entity has a responsibility to the society to which it belongs. It saves expenses and risks while increasing the company's brand value and reputation. According to Howard Bowen, "CSR refers to the obligations of company to pursue those policies, make those decisions, or follow those lines of relations that are desirable in terms of our society's objectives and values." CSR programs must be aligned with effective strategic policies in order to achieve long-term environmental, social, and economic progress. This article seeks to outline the different CSR actions carried out by various organizations in India.

**IndexTerms - Social Responsibility, Corporate Social Responsibility, Strategic Policy, Economic Progress in India.**

## I. INTRODUCTION

The standard of CSR has changed over the last more than two decades as a result of triangle relationships between businesses, the state, and society itself. Companies cannot remain isolated from the public's concerns in the current environment. Companies are learning that their business operations may need to shift from the old method of focusing solely on earnings to include public goodwill. The liberalization phase has resulted in the expansion of private firms across borders. The state must be able to protect the interests of the people, which may eventually lead to the promotion of CSR activities that meet their needs.

This also suggests that the corporation must establish a presence among community members by addressing people's socioeconomic concerns. In terms of commercial interactions, even the general public prefers to deal with private companies that invest in societal welfare. Each private entity is new to capturing social capital by increasing their social responsibility activities globally. The article begins with a discussion of the concept of corporate responsibility, followed by an examination of the logic and corporate position of CSR in India. It will then discuss India's expansion and the problems it faces.

## II. Concept of Corporate Social Responsibility

CSR is a comprehensive set of policies, procedures, and programs that are integrated into a company's commercial activities, supply chains, and decision-making processes. It addresses a wide range of society concerns, including legal, ethical, and commercial challenges related to company operations, and strikes a balance between societal standards and company profit goals. The basic purpose of good CSR is to drive business success while upholding ethical principles and respecting the natural environment. As a result, it covers company ethical practices, corporate citizenship, corporate accountability and policies, sustainability, and corporate responsibility.

## III. Literature Review:

**Madras Rajan (2023):** Corporate Social Responsibility: Readings and Cases in a Global Context examined the increasingly rigorous ethical, environmental, legal, commercial, and public standards set by society as a whole that modern companies must meet. Corporate Social Responsibility (CSR), one of the most active areas of study and research in the field of business and management, has become an important consideration for managers at all levels.

**Vethirajan.C, Ramu.C (2019),** In his article on "Consumers' Knowledge On Corporate Social Responsibility of Select FMCG Companies in Chennai District," the paper suggested that customers must have sufficient knowledge on legal, ethical, and economic responsibility in the corporate social responsibility practices of selected companies, which is not consistent due to various differences in information across categories by social, economic, and demographic characteristics. This can also be influenced by personal preferences for specific firms' personal care items. Consumers' understanding of selected companies' CSR activities leads to a preference for the same.

**Priya & Ajay (2010):** Comparative Study on CSR Practice in Selected Sectors, a research paradigm that finds the moderating effects of individualism, work satisfaction, and corporate social performance in the relationship between these views and employee

behavioral outcomes while interacting with customers. Employees from two major companies in the Netherlands and India who deal with clients offer the information. The findings indicate a complex interplay between CSP views and the two components of work satisfaction, as well as evidence that the national context is likely to reduce the contingent impacts of CSP perceptions on the behavioral outcomes of employees who engage with consumers.

#### IV. METHODOLOGY:

##### Objectives of the study:

- To know the Corporate Social Responsibilities of public sector organizations.
- To know the Corporate Social Responsibilities of private sector organizations.

##### Scope of the Study:

- The research study is short, whereas other researchers may do thorough studies. This title just covers India; however, the researcher may use more countries for this.

##### Significance of the Study:

- To give more information to organization, it signifies the overall development of the company by using Corporate Social Responsibilities

#### V. Rationale for CSR Performance

CSR is a comprehensive set of policies, procedures, and programs that are woven throughout the organization's commercial activities, supplier chains, and decision-making processes. It addresses various societal concerns, including legal, ethical, and commercial issues relating to company operations, and strikes a balance between societal expectations and the corporation's financial motivations. The major purpose of good CSR is to make a company successful while upholding ethical principles and conserving the natural environment.

As a result, it includes company ethics, corporate responsibilities, corporate accountability, Sustainability and social corporate responsibility. As a result, active participation by existing companies may protect society's interests from both internal economic invasion and external encroachment. The extent to which local residents participate in welfare programs developed by private corporations may result in a trade-off between business goals and social wellbeing. The general basis for CSR is based on a widespread belief that an organization's social responsibility originates from the fact that a company receives numerous benefits from members of society, necessitating that the corporation also provide returns to the community.

A corporation cannot thrive in a failing society. Customers today are unlikely to be shaken just by product satisfaction, but also by socially acceptable behavior on the part of commercial businesses. According to them, the company's ethical standards in compliance with public welfare continue to play an important role in its success. As a result, CSR is critical in justifying a company's goals while also contributing to societal well-being. It also values personnel who are customer-oriented.

#### VI. Growth of Corporate Social Responsibility in India

CSR has a long history in India. It was also known as "Daan" in ancient times, which translates to "charity." During the Gupta period, generosity was at its zenith, with the emperor devoting a considerable percentage of his wealth to the benefit of regular people. Intellectuals from India, such as Kautilya, and pre-Christian Western intellectuals preached and promoted ethical standards in business. Even throughout the Mughal era, the concept of giving gained popularity during Akbar's reign. This scenario was also replicated throughout the British period.

During the pre-industrialization period, which lasted until 1850, wealthy merchants shared a portion of their profits with the common people by erecting temples for religious purposes. However, in the early nineteenth century, the concept of philanthropy shifted, and manufacturers were encouraged to empower communities through various capacity-building projects. Donation and other social issues were significant for nineteenth-century manufacturing homes. Prominent Indian business dynasties such as Tata, Birla, and Godrej changed the way philanthropy was seen. These entrepreneurs were inspired by Gandhijee's trusteeship principles and worked to increase the country's intellectual capital.

His stance on capital ownership was one of trusteeship, motivated by the notion that society was eventually providing an opportunity for resource management, which should be considered as a form of faith on behalf of society as a whole. As a result, the majority of their profits were spent on developing local human resources and encouraging their customers to improve their social status. Our country's independence broadened its scope, allowing even public-sector organizations to engage in corporate social responsibility. The government was seen as the key driver of progress. CSR word initially emerged in India in the late 1970s. In 1965, Indian academics, politicians, and business leaders held a national workshop on CSR.

Furthermore, India's liberalisation policy resulted in a relaxation of the Factory Act and licensing policy, which encourages both private and public sector businesses to engage in large-scale CSR initiatives. The enhanced growth velocity of the economy has enabled Indian companies to grow rapidly, increasing their interest in and willingness to contribute to social causes.

#### VII. Challenges of Corporate Social Responsibilities in India

Aside from several advantages, CSR in India has faced a number of challenges. CSR is about more than just reducing the negative consequences of a company's actions; it also involves how a firm can actively contribute in society. It is seen as a tool for social

action in India. While other academics argue that the government's role as a regulator of strong private businesses has been eliminated. It is frequently said that CSR initiatives generate a diversion from critical company duties.

The key difficulty is to use the company's resources and competencies to address social and environmental concerns while continuing to operate successfully in non-modern economic centers. As a result, CSR efforts have been examined from multiple angles. One part of society opposes CSR initiatives, while another encourages their expansion. The most serious difficulty with CSR in India is a lack of funding, followed by a lack of public understanding of the term's true meaning. Smaller companies are less engaged in CSR initiatives and so fail to promote them.

The general public's lack of interest in corporate social responsibility programs adds to their slow growth. People remain outside the purview of CSR due to a lack of public knowledge. From A very brief effort is being made to spread CSR in demographically significant places and in still trust in the people. The lack of communication between the organization and the Roots people has led to its downfall. People on the ground remain unaware of the potential benefits of CSR programs, preventing them from engaging in the design or implementation stages.

**A. Lack of expertise in CSR implications:** For CSR to be implemented successfully, it must be administered efficiently. Unfortunately, absenteeism among organizational workers leads to ineffective CSR management. This technique also causes unequal access to CSR benefits for communities. The absence of technical and management capabilities among varied corporate sector employees results in incorrect community expansion of CSR programs.

**B. Less Transparency and Accountability:** The absence of transparency among CSR project managers leads to an uneven allocation of CSR importance across the population. This apparent lack of transparency impedes the process of building confidence between businesses and local communities, which is important to the success of any CSR program. They do not make adequate efforts to communicate information about their programs, audit issues, impact assessments, and money utilization. There is lack of consensus. Agencies in CSR Projects: Furthermore, it encourages unhealthy competition among local organizations and makes it difficult for them to do frequent effect assessments on their projects. This lack of agreement frequently results in companies duplicating actions in the areas where they intervene.

**C. Non-Consultation Process:** One of the most major concerns with CSR is a lack of consultation processes. When it comes to CSR programs, organizations rarely work with grassroots organizations. It is more top-down in character, with superior authority performing more vertical tasks. It does not enter the development discourse on vertical lines. As a result, CSR has suffered from a serious lack of wide consultation among workers and subjects.

**D. Lack of Dissemination of Progress in Corporate Social Responsibilities:** Information concerning CSR progress has been rather scarce. Even if various projects are still on-going, the impact on society remains uncertain. The presenting of CSR progress occurs within the context of the relevant organization. The current community is completely oblivious of the potential benefits and future growth.

**E. Absence of Regulatory Outlines for Corporate Social Responsibility:** Until the Company's Bill of 2012 was approved in 2013, CSR practices in India were unregulated. In India, there were no governmental standards for overseeing the CSR system. In India, there is still no regulatory structure in place to oversee the expansion of CSR projects. Despite the fact that the Company Act establishes specific financial limits for CSR expenses, the lack of a CSR governing body results in unregulated distribution of CSR activities by various firms.

**F. Out-dated Perception of Corporate Social Responsibility:** Non-governmental organizations and government agencies often have a limited perspective on corporate CSR initiatives, characterizing CSR projects as significant driven. As a result, firms are confused whether they should engage in such operations in the medium to long term. However, Corporate Social Responsibility (CSR) was portrayed as "philanthropy" at the intersection of "society" and "companies." Philanthropy has evolved into a "company's strategy" with constant ups and downs in business and societal settings, as well as a better understanding among stakeholders.

**G. Unilateral decision-making:** The implementation of CSR in India has been uneven. All critical CSR decisions are taken within the confines of each company's financial incumbents, with no input from project community stakeholders. As an output, CSR's intended results are measured in terms of profit and loss rather than community impact. Furthermore, using this technique leads to one-dimensional CSR growth. It continues to provide similar challenges on a daily basis, coinciding with the current community effect. This decision-making loop creates a distorted picture of CSR in the community.

## VIII. DISCUSSION & ANALYSIS:

### Constitutional Status of CSR in India

The Company Act 2013 marks a watershed moment in the evolution of Social Responsibilities. It enables the corporate sector to socialize its business processes. The Companies Act of 2013 imposed a number of criteria that will influence how Indian enterprises conduct their business, one of which is the expenditure on CSR operations. Thus, CSR, which was previously largely voluntary contributions by firms, is now codified in law.

According to Section of this Act, any firm having a net worth of Rs.50 million or more, a turnover of Rs.100 million or more, or a net profit of Rs.50 million or more during any fiscal year must form one full-fledged CSR board. Even in terms of board composition, the CSR provisions of the Company Act of 2013 require a minimum of three directors to create the CSR Committee.

According to Schedule 6 of the Act Environment and Sustainable Development, intervention activities under CSR projects include empowering women and encouraging gender equality, education, the eradication of hunger and poverty, social enterprise projects, improving maternal and child health, lowering child mortality, improving health, teaching vocational skills, contributing to federal and state government funding for social and economic development, and so on.

#### IX. LIMITATIONS OF THE STUDY:

- Only corporate social responsibly is being covered in Indian Context.
- Researcher has its' own limitations of time and money.
- Only theoretical aspects are covered by researcher.

#### X. CONCLUSION:

CSR has shown to be an important concept in the field of peaceful cohabitation between businesses and society. On the other hand, industries have received support through developmental interventions, whilst the general public has actively supported this company by imagining its transcendental nature. The organization's image has been improved. The extra legislation provision mandated CSR for all businesses and restricted its expansion in order to accomplish the ultimate goal. The rationale for demonstrating corporate responsibility grows stronger as expectations rise among key opinion leaders, customers, and the broader public. As a result, the idea that CSR is just a show is a misconception in and of itself.

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