

VERGAL PUBLICATION PRESENTS

CORPORATE SOCIAL RESPONSIBILITY

MYTHS AND REALITIES



EDITORS
Dr.S. Balakrishnan

B.P. Pereira
Dr.K. Fatima Mary

VERGAL PUBLICATION FIRST EDITION: December, 2014
Copyright © Vergal Publication

Book Title: **CORPORATE SOCIAL RESPONSIBILITY
MYTHS AND REALITIES**

Edited by **Dr.S. Balakrishnan, Mr.B.P. Pereira, Dr.K. Fatima Mary**

Book Size: 1/8 Paper: 21.3 kg, Maplitho.NS Price: Rs. 400/-

Published by VERGAL PUBLICATION

Vergal(ROOTS), The Educational Trust, Madurai, Tamil Nadu, India

E-mail: philo.balki@gmail.com. Mobile: 9944212131

Printed at Shanlax Press

*ISBN Supported By International ISBN Agency,
United House, North Road, London, N7 9DP, UK. Tel. + 44 207 503 6418 &
Raja Rammohan Roy National Agency for ISBN
Government of India, Ministry of Human Resource Development,
Department of Higher Education, New Delhi-110066 (India)*

ISBN: 978-93-85109-04-1



13.	Corporate Social Responsibility and Cause Related Marketing	61	
	<i>Mrs.R.Meenakshi Devi</i>		
14.	Women in India - Need for New Perspective	66	28
	<i>Dr.Menaka</i>		
15.	Emerging Trends in Corporate Social Responsibility in India	71	29
	<i>Mrs. Mercy Emimah Roselind</i>		
16.	Entrepreneurial Forest Management in Dindigul District	76	30
	<i>K.S.Manikandan</i>		
	<i>Dr.R.Seerangarajan</i>		31
17.	CSR: Few Viable Alternatives to the Prevailing Economic Paradigms with Special Reference from Ecological Consciousness	81	
	<i>Naveena, Abarna Sri Preethi, Saradha Devi</i>		32
18.	"Conceptual Reality of CSR Ethics" with the Top 10 Indian Companies	84	33
	<i>Miss. Felicia Samson,</i>		
	<i>Mr. C.Sathishkumar.</i>		
19.	Analysis on Poverty Reduction in India: - A Researcher's View	88	34
	<i>V.Parameshwari</i>		35
20.	Education in India: ...is Fumbling?	93	
	<i>B.P.Pereira</i>		
21.	Corporate Social Responsibility in India	97	
	<i>K.Ponmalar</i>		
22.	Individual's Responsibility on Countrywide Promotion of Society	101	
	<i>Dr. C.Shanmugapriya</i>		
	<i>R.Hari Hara Sudhan</i>		
23.	Strengthening Education in Human Vales	101	
	<i>Prof. S.Kannan</i>		
24.	The Ethics of Managing Corporate Identity	111	
	<i>K.Rajendran</i>		
25.	Educational Media in India - on Bird's - Eye View	111	
	<i>Dr.P.Rajendran</i>		
26.	The Impact of Public Transport on Society	111	
	<i>P.P.Rajendran,</i>		
	<i>Dr.P.C.Sekar</i>		
27.	Corporate Social Responsibility Through Spiritual Ecology: An Analysis of Karan Bajaj's Keep off the Grass	121	
	<i>Dr. R. Saktheswari</i>		

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Asst Professor, Jayaraj Annapackiam College for Women
Periyakulam

K.Ponmalar

Abstract : India is a developing economy; here corporate social responsibility important role in organizations. The Corporate Social Responsibility is the commitment of the corporate for the equitable growth & sustainable development of the society. Under the new Companies Act, 2013, passed by Parliament in August 2013, profitable companies will have to spend at least 2 per cent of their average net profit over the preceding three years on CSR activities. The most successful companies such as Indian Oil Corporation, Reliance Industries, TATA Motors, Infosys, Ashok Leyland, and also Coal India Ltd. In this paper discuss the broad patterns of CSR in India. We explain the concept of CSR, **Benefits, Importance, role** of CSR in India and fundamental principle for formulate the CSR and give the suggestions for implementation.

Key Words: Benefits, Importance, Role, Principle, implementation.

Introduction

"The first duty of society is the preservation of society"-Walter.

Corporate social responsibility (CSR) is a form of corporate self-regulation integrated into a business model. It is also called as corporate conscience, citizenship, social performance, or sustainable responsible business. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of public interest into corporate decision-making that is the core business of the company or firm, and the honoring of a triple bottom line: people, planet, profit.

Corporate social responsibility is not a new concept in India. Corporate social responsibility means that organizations have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. A traditional view of the corporation suggests that its primary, if not sole, responsibility is to its owners, or stockholders. However, CSR requires organizations to adopt a broader view of its responsibilities that includes not only stockholders, but many other constituencies as well, including employees, suppliers, customers, the local community, local, state, and federal governments, environmental groups, and other special interest groups. Collectively, the various groups affected by the actions of an organization are called "stakeholders."

Most ideal definition of corporate social responsibility (CSR) has been given by world business council for Sustained Development which says,

"Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large".

One of the most contemporary definitions is from the World Bank Group, stating, "Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development."

On one hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders (customers as well as employees). On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates.

CSR is also referred to as:

- 'corporate' or 'business responsibility'
- 'corporate' or 'business citizenship'
- 'community relations'
- 'social responsibility'.

Benefits of corporate social responsibility

Corporate social responsibility offers manifold benefits both internally and externally to the companies involved in various projects.

Externally, it creates a positive image amongst the people for its company and earns a special respect amongst its peers. It creates short term employment opportunities by taking various projects like construction of parks, schools, etc. Working with keeping in view the interests of local community bring a wide range of business benefits. For example, for many businesses, local customers are an important source of sales. By improving the reputation, one may find it easier to recruit employees and retain them. Businesses have a wider impact on the environment also. Plantation and cultivation activities taken up by Intel India are a step towards the same. Recycling used products also acts as a step towards minimizing wastes. Internally, it cultivates a sense of loyalty and trust amongst the employees in the organizational ethics. It improves operational efficiency of the company and is often accompanied by increases in quality and productivity. More importantly, it serves as a soothing diversion from the routine workplace practices and gives a feeling of satisfaction and a meaning to their lives. Employees feel more motivated and thus, are more productive. Apart from this, CSR helps ensure that the organization comply with regulatory requirements.

CSR importance and its relevance today

The amount of information available to customer about the company, product, brand globally through easy accessible and available mode of information; internet, communication, customer wants to buy product from trusted brand, employee want to work for the company who respect them, NGO's want to work with company who work with the same vision for the benefit of the people. The 21st century will be the century of the social sector organization. The more economy, money, and information become global, the more community will matter.

Increasing Affluence: Customer from elite level can afford to buy and pay more for premium brand but the poor customer might not be willing to pay so much for brand, instead they would prefer to spend their money on business which can take their business to much better level.

Changing social expectation: Its natural that customer expect more from the company whose product they buy but with recent controversy and scandal of company has reduced the trust and confidence in the regulatory body and organization which manage the corporate.

Globalization and free flow of Information: With growing trend of media and easy access to information through mobile, TV even the minor mistake of the company is brought in public in no time, this sometime fuels the activist group and likeminded people to spread message which can lead to situation like boycott of the product. There can be few key steps to implement CSR successfully

- 1) Better communication between top management and organization
- 2) Appoint for CSR position.
- 3) Good relationship with customer, supplier, stakeholder.
- 4) Annual CSR audit.
- 5) Feedback process

The role of CSR in India

India is widely regarded as a country in which corporate social responsibility has long played an important role. National and international nongovernmental organizations and UN agencies are involved in the public debate in the business community and the media. However, the involvement of the business community is concentrated among a few long-established family-owned companies that contribute a significant amount in the field of CSR, in both theory and practice. The Indian subsidiaries of German companies are bound by their parent companies' guidelines for socially responsible behavior, but how these guidelines are actually implemented is left up to each subsidiary. Their CSR activities focus on their employees (providing training and improving social security), the environment and aid efforts within India or in the region, which are currently concentrating on providing help to tsunami victims. Public policymakers are seeking to achieve inclusive and sustainable growth, and calling on private enterprise to contribute its share.

There is no evidence of CSR activities in the informal sector of the Indian economy, which is responsible for slightly less than half of GDP and employs some 93 percent of India's workforce. Indeed, workers in this sector are afforded no rights or protections whatsoever, and all indications are that no efforts are being made to fight poverty, promote education or health, protect the environment or encourage employee participation in business development.

The UN Global Compact seeks to promote the CSR activities of businesses in India. However, it has not succeeded in involving important NGOs, or most importantly, the unions. The UN Global Compact is not well known within the business sector or the NGO community. For some time now, German development organizations (GTZ, InWent) have been cooperating closely with the country's important trade associations. The Indo-German Chamber of Commerce has developed its own approach to CSR, and provides conceptual and advisory support for German companies in India.

While CSR is not at the top of the agenda of German political foundations, some of them are starting to devote more attention to this area. The German government, represented by the Ministry of Labor, is working to achieve greater international cooperation on CSR under the Heiligendamm Process, which includes India as one of five outreach countries. Talks have been held in the context of a formalized partnership between Germany and India.

Fundamental Principle: Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board.

Core Elements: The CSR Policy should normally cover following core elements:

Care for all Stakeholders, Ethical functioning, Respect for Workers' Rights and Welfare, Respect for Human Rights, Respect for Environment, Activities for Social and Inclusive Development.

Conclusion

The CSR policy of the business entity should provide for an implementation strategy which should include identification of projects/activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/non-government organizations. They may influence the supply chain for CSR initiative and motivate employees for voluntary effort for social development. They may evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area. Independent evaluation may also be undertaken for selected projects/activities from time to time.

Corporate Social Responsibility has assumed an important role in the context of India's emergence as an economic superpower. Indian corporations are now expected to play a more constructive role in social development and aligning economic growth with social equity. Both Indian public and private sector companies are preparing themselves to get involved with issues related to community development and inclusive growth. Guidelines from the Ministry of Corporate Affairs now envision Corporate India to work towards a growth based on Triple Bottom Line and Sustainable Development. The Book aims at discussing the various issues related to Corporate Social Responsibility (CSR). The new guidelines from Government of India has made CSR mandatory for public sector undertakings and the private sector, too, is urged to implement CSR with more structure and method. This context calls for a review of existing practices, policies and paradigms. More knowledge is required to understand the best area to work on, the right partners to engage with and the necessary alignment with business reality. Simultaneously, the conference explores the emerging trends and next practices in CSR implementation, models of partnership, managerial and organizational challenges and issues in monitoring and evaluation of such projects in the public/private sector.



VERGAL PUBLICATION
Madurai, Tamil Nadu

