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CORPORATE SOCIAL RESPONSIBILITY **IN INDIA**

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ABSTRACT

Today, the idea of "Corporate Social Responsibility" (CSR) is an important part of corporate philosophy and practise all over the world. CSR has long been a component of Indian business. Government and the business sector have made attempts in the distant and recent past to integrate ethical business practises into our corporate culture. However, these initiatives haven't been well-organized, have focused on a single person or institution, and may lack a clear direction and goal. There are signs that the situation is shifting recently.

A number of factors, including the expansion of global company activities, the prominence of the climate change agenda, the adoption of the Millennium Development Goals, and others, have increased concern for and dedication to the concept of corporate social responsibility. The new Companies Act, which was implemented in 2013 and requires CSR spend for a specific category of corporate companies, reflects the government's intentions. This has significantly boosted corporate CSR programmes, many of which have gone above and beyond the letter of the law. Additionally, there have been attempts to integrate CSR into corporate strategy and use it as a tool for gaining and maintaining competitive advantage, in line with global practise.

Keywords: Corporate Social Responsibility, Business, Company, Government

INTRODUCTION

Even though it is closely related to other ideas and words like business responsibility, sustainable development, philanthropy, sustainability, corporate citizenship, responsible business, triple bottom line, shared value, value creation, business ethics, socio-economic responsibility, bottom of the pyramid, stakeholder management, corporate responsibility, and corporate social performance, the term Corporate Social Responsibility (CSR) is widely used in India.¹

The 2013 Companies Act's Section 135 and Schedule VII's provisions are followed by Indian businesses' CSR initiatives. The focus of corporate social responsibility programmes is improving the quality of life in the communities where businesses and manufacturing operations are located. CSR has developed into a powerful tool for advancing the Sustainable Development Goals (SDGs), with a heavy emphasis on social performance as seen in the organisations' CSR projects. The SDGs, sometimes referred to as the Global Goals, are an international call to action to eradicate poverty, safeguard the environment, and guarantee that everyone lives in peace and prosperity.

The majority of businesses believe in inclusive growth and view the community as one of their most important stakeholders. The majority of organisations continued their CSR programmes in the areas of social entrepreneurship, education, health, and livelihood this year.

The different programmes and operations of the organisation affect people's lives in a variety of ways and add value by promoting the all-around, holistic development of communities across numerous regions. By supporting communities and programmes that fill up gaps in fundamental societal needs, Companies hope to play a meaningful role in society.

Types of corporate social responsibility:

Environmental Responsibility

Environmental responsibility is the pillar of corporate social responsibility rooted in preserving mother nature. Through optimal operations and support of related causes, a company can ensure that it leaves natural resources better than before its operations. A company can pursue environmental

¹ Corporate Social Responsibility (CSR) In India - India CSR

stewardship through:

- Reducing pollution, waste, natural resource consumption, and emissions through its manufacturing process.
- Recycling goods and materials throughout its processes, including promoting re-use practices with its customers.
- Offsetting negative impacts by replenishing natural resources or supporting causes that can help neutralize the company's impact. For example, a manufacturer that deforests trees may commit to planting the same amount or more.
- Distributing goods consciously by choosing methods that have the least impact on emissions and pollution.
- Creating product lines that enhance these values. For example, a company that offers a gas lawnmower may design an electric lawnmower.

Ethical Responsibility

- Ethical responsibility is the pillar of corporate social responsibility rooted in acting in a fair, ethical manner. Companies often set their own standards, although external forces or demands by clients may shape ethical goals. Instances of ethical responsibility include:
- Fair treatment across all types of customers regardless of age, race, culture, or sexual orientation.
- Positive treatment of all employees including favorable pay and benefits in excess of mandated minimums. This includes fair employment consideration for all individuals regardless of personal differences.
- Expansion of vendor use to utilize different suppliers of different races, genders, veteran statuses, or economic statuses.

Honest disclosure of operating concerns to investors in a timely and respectful manner. Though not always mandated, a company may choose

Philanthropic Responsibility

The cornerstone of corporate social responsibility, philanthropic responsibility questions how a business behaves and how it contributes to society. Philanthropic duty, in its most basic definition,

refers to how an organisation allocates its resources to improve the world. This comprises:

- whether a business distributes its profits to good causes or charities.
- Whether a business only conducts business with suppliers or partners who share its values in terms of philanthropy.
- whether an employer provides time off or matches employee donations when it comes to charitable endeavours.
- whether a business participates in community activities or sponsors fundraising events.

Financial Responsibility

The pillar of corporate social responsibility that unites the three aforementioned areas is financial responsibility. A firm may have goals to become more ecologically conscious, morally upright, and philanthropic, but it must support these ambitions financially through investments in programmes, donations, or product research. This covers money spent on:

- Developing innovative items that promote sustainability through research.
- securing a diverse staff by hiring a range of talent.
- initiatives that educate staff members about DEI, social responsibility, or environmental issues.
- processes that can cost more but produce better CSR outcomes.
- Making sure financial reporting is accurate and timely, including external audits.

ADVANTAGES AND DISADVANTAGES

ADVANTAGES

Brand Awareness

In contrast to businesses that have proven their ability to produce high-quality items, consumers are more likely to have a positive attitude towards businesses that have taken actions to assist their customers, according to a study that was published in the Journal of Consumer Psychology.

Customers are growing more conscious of the effects businesses may have on their communities, and many often base their purchasing decisions on a company's CSR efforts. A corporation is more likely to have positive brand reputation as it increases its CSR efforts.

Market Relations

Companies that are leaders in environmental, social, or governance issues have an 11% valuation premium over their rivals, according to a Boston Consulting Group study

Implementing CSR initiatives tends to increase how investors feel about an organisation and how they evaluate the value of the company, which is advantageous for businesses looking to stand out from the competition and outperform the market.

Employee Participation

Researchers from Texas A&M, Temple, and the University of Minnesota discovered in another study that non-financial work advantages associated to CSR aligning businesses and employees enhance employee retention.

Employees who believe in the organisation are more inclined to stay with it. As a result, there will be less churn, unsatisfied personnel, and overall hiring costs.

Risk Reduction

Companies can reduce risk by avoiding problematic situations by following to CSR practises. Preventing negative behaviours like prejudice towards employee groups, contempt for the environment, or unethical use of corporate cash is a part of this. This kind of action is probably going to result in lawsuits, litigation, or legal proceedings that could hurt the business financially or make headlines that are bad

DISADVANTAGES

Rising Costs Of Operations:

Any magnitude of investing in CSR might result in substantial prices and expenses. To account for this budgetary adjustment, organisations may need to restructure their financial operations. To train staff, start campaigns, and work with other agencies to implement programmes, they need financing. It mostly depends on the CSR initiative type, but the majority require some effort to make sure everything goes according to plan.

Locking Horns With Stakeholders:

The cost of an organization's CSR efforts may be borne by shareholders, clients, or customers. Investors will be curious to find out where and how their money is being used. Clients would be interested in learning about your projects, whether they connect with the goals of their organization, and whether there are any potential conflicts of interest. Customers are more aware of businesses that actively promote CSR. Your marketing and sales initiatives may be impacted by this.

Public Image

The effect on public image is one of the most important drawbacks of CSR in business. When you're in the spotlight, everything you do is more likely to be examined. You risk facing criticism for even the slightest activities as a company that upholds its credibility by its actions. This may harm your customer base, which could place you at a disadvantage. In order to preserve their brand and public image, businesses must invest heavily.

INCREASED ACCOUNTABILITY

Organizations that invest in CSR agree to be more accountable and responsible for their actions. If your business operations negatively impact the environment, for instance, you have to do damage control and set things right. If your products aren't sustainable or eco-friendly on one hand and your CSR arm is protesting against climate change and other environmental detriments, you can be put in the spotlight. You have to assess your operations before you invest in appropriate CSR measures.

LOSING SIGHT OF WHAT MATTERS

Sometimes when you're fully invested in external activities that take you away from your work, you may lose sight of what matters. You may start doing CSR just because you get traction and attention. Some may resort to attracting numbers of people with empty promises and hollow campaigns. It's important to be true to yourself, trust the process and give your best shot when you're trying to do something good for others.

KEY ASPECTS OF CSR IN INDIA

- **Legal Framework:** For some organisations, CSR is now required under the 2013 organisations Act. Companies meeting certain conditions are expected to devote at least 2% of their average net income over the previous three years to CSR efforts under Section 135 of the Act. Companies that meet specified financial levels in terms of turnover, net profit, and net value are subject to this rule.
- **Eligible Activities :** The Act lists a variety of acts that can be considered CSR. Among them include putting an end to extreme hunger and poverty, advancing education, advancing gender equality and women's suffrage, lowering infant mortality and increasing maternal health, preserving the environment, and more.
- **CSR Committee:** Organisations subject to CSR regulations are required to establish a CSR committee made up of at least three directors, one of whom must be an independent director. This committee is in charge of developing the CSR policy, suggesting CSR initiatives, and supervising their execution.
- **CSR Reporting:** Businesses are expected to provide information on their CSR policies, programmes, and activities in their yearly reports, as well as the funds they have allocated and the projects they have taken on.
- **Implementation:** Businesses have the freedom to select their CSR projects and activities depending on their knowledge and resources. They can participate in government schemes and programmes, work with other businesses, or launch independent CSR activities.
- **Preference for Local Projects:** The Act encourages businesses to engage in CSR initiatives in the regions in which they conduct business.
- **Impact Evaluation:** Organisations are urged to evaluate the results of their CSR initiatives to make sure they are benefiting society.
- **Penalties:** Failure to uphold your CSR duties may result in fines and/or legal action.

- **Partnerships and Collaboration:** To successfully conduct CSR projects, many Indian businesses partner with non-governmental organisations (NGOs) and other stakeholders.
- **CSR Initiatives:** Businesses in India have launched a variety of CSR projects, including ones that focus on rural development, education, healthcare, sanitation, clean energy, and more.

The Principles of CSR

It is challenging to define CSR and to be confident in terms of any such activity due to the confusion surrounding the nature of CSR activity. Therefore, the ability to recognise such behaviour is crucial. To encompass all CSR activity, it is necessary to take into account the three basic CSR principles (Crowther & Aras, 2008).²

SUSTAINABILITY

Sustainability is concerned with the way current actions are chosen, since they have an impact on the choices that will be accessible in the future. When resources are used up now, they are no longer helpful later on. This argument is especially important if the resources are limited in supply. Because they are limited in supply and cannot be replenished, raw materials of an extractive character like coal, iron, or oil cannot be used indefinitely. Alternatives will consequently be required in the future to implement the features that these resources offer. These resources are used in production and manufacturing organisations.

When considering an organisation as a component of a larger social and economic system, it is implied that these effects must be considered, not only for the sake of calculating the cost and value created in the present, but also for the long-term viability of the company. The rate at which resources may be replenished would be taken into account in sustainability measurements. Unsustainable activities can be accommodated by either creating and implementing sustainable operations or by making future plans without the resources that are needed right now. In reality, organisations typically strive to use resources more efficiently in order to reduce their level of unsustainability. An illustration might be a campaign for energy efficiency.

² Corporate Social Responsibility (CSR) In India - India CSR

Accountability

Accountability is concerned with an organization's recognition that its actions have an impact on the outside world and its subsequent assumption of accountability for those impacts. Therefore, this idea suggests quantifying the results of actions made, both inside and outside the organisation. More particularly, the idea suggests that all persons impacted by the activities be informed of such quantifications. This indicates that the organisations must inform external stakeholders about the results of their operations and how those operations affect the roles of the stakeholders. This idea suggests that the organisation understands that it is a member of a larger social network and that it owes obligations to that network as a whole rather than just to its owners.

Transparency

As a general rule, transparency entails that relevant facts are not concealed in the organization's reporting and that the external consequence of its actions may be determined from that information. By using the data provided by the organization's reporting methods, everyone should be able to see all the repercussions of the organization's actions, including any external impacts. Transparency is particularly important for external users of this information because they are ignorant of the background information and knowledge that internal users of this information have access to. Transparency can therefore be considered as a natural progression from the other two principles and as an integral element of the process of a party's acceptance of responsibility.

EXAMPLES:³

STARBUCKS

It has a long history of being committed to sustainability, corporate social responsibility, and community welfare. The world's largest coffee company lists protecting the environment and its people as one of its top CSR goals in its 2022 Environmental and Social Impact Report. Starbucks emphasises its commitment to its workforce by offering stock awards and supplementary medical, family, and educational benefits. In terms of environmental sustainability, the corporation wants to reduce waste, water use, and greenhouse gas emissions by 50% by 2030.

³ Corporate Social Responsibility (CSR) Explained With Examples (investopedia.com)
Home (csr.gov.in)

HOME DEPOT

Home Depot (HD) highlighted its accomplishments in emphasising its people, conducting business sustainably, and enhancing its communities as part of its annual reporting on ESG. The business aspires to produce or obtain 100% renewable energy to operate its facilities by 2030 and has committed to investing more than 1 million hours annually in training to enable front-line personnel grow in their careers. By 2025, it also expects to spend \$5 billion annually with a variety of suppliers.

GENERAL MOTORS

General Motors received the Business Intelligence Group's Sustainability Leadership Award in 2022 and was ranked among the top 50 corporations for diversity by Diversity Inc. for the eighth year in a row in 2021. The carmaker has agreements in place to use 100% renewable electricity at its U.S. facilities by 2025, and it has given donations totaling \$60 million to more than 400 American charity organisations that focus on social concerns, according to its most recent Sustainability Report.

TATA GROUP: The Indian conglomerate Tata Group engages in a variety of CSR initiatives, the majority of which focus on eradicating poverty and enhancing local communities. It has participated in women's empowerment initiatives, income generating, rural community development, and other social welfare programmes through self-help organisations. The Tata Group funds several institutions' endowments and scholarships in the area of education.

The group also works on health-related initiatives such promoting immunisation, AIDS awareness, and child education. The creation of infrastructure, such as hospitals, research facilities, educational institutions, sports academies, and cultural centres, as well as environmental protection and environment protection through agriculture programmes are further areas of economic empowerment.

MAHINDRA & MAHINDRA

Mahindra & Mahindra (M&M), an Indian automaker, founded the K. C. Mahindra Education Trust in 1954 and the Mahindra Foundation in 1969 with the intention of advancing education. The company's primary area of focus is on educational initiatives that support communities that are economically and socially disadvantaged.

Its CSR initiatives fund programmes for disaster relief, rural healthcare, livelihood training, water conservation, and scholarships. M&M manages initiatives including Nanhi Kali, which focuses on females' education, Mahindra Pride Schools, which offers industrial training, and Lifeline Express, which provides healthcare in rural areas.

CONCLUSION

The idea of corporate social responsibility (CSR), particularly in business organisations, has gained prominence. Every company has a CSR policy in place, and each one generates an annual report outlining its efforts. Every corporation is able to distinguish between corporate actions that are accountable to the public and those that are not. All CSR operations should take sustainability, responsibility, and openness into account, which are the three basic CSR concepts. Utilitarian, management, and relational theories all apply to corporate social responsibility. Understanding how CSR contributes significantly to the effective growth and development of communities is essential to comprehending the notion of CSR.

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