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# **AN ANALYSIS ON EVOLUTION** **OF CORPORATE SOCIAL** **RESPONSIBILITY**

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## **INTRODUCTION**

Corporate Social Responsibility shows the organisation's relationship with the societies with which they interact. These relationship comes with the greater responsibility which are inherent on both the sides. A sort of business self-regulation, corporate social responsibility (CSR) aims to hold businesses accountable to society and have a good social impact. Being environmentally responsible and eco-aware, fostering equality, diversity, and inclusion in the workplace, treating employees with respect, giving back to the community, and making sure business decisions are moral are some ways that a firm can adopt CSR.

CSR transitioned from voluntary decisions made by individual businesses to mandated rules at the regional, national, and international levels. Many businesses, meanwhile, opt to go above and beyond the law and incorporate the notion of "doing good" into their operational strategies. There is no one way for a firm to embrace CSR, but one thing is certain: for the organization's actions to be seen as legitimate, they must be interwoven into its culture and daily operations. In the current climate of social responsibility, workers and customers highly appreciate their job and purchases from businesses that promote CSR. They may recognise hypocrisy in organisations.

Companies must evaluate their values, business mission, and major concerns to determine the CSR efforts that best support the organization's objectives and culture. Businesses have the option of doing the assessment internally or by hiring a third party.

An excellent place to start is by looking at the 17 Sustainable Development Goals of the United Nations. While general objectives like gender equality and physical health may be important to most enterprises, some, like living underwater or providing affordable clean energy, may be pertinent to certain sectors of the economy, like water technology or energy suppliers.

The business was never liable for it. Companies that made sure to take care of their stakeholders as well as their clients, on the other hand, built a stronger reputation that endured in the eyes of its stakeholders even after numerous product life cycles. The best Indian example is TATAS. Simply put, corporate social responsibility (CSR) refers to an organization's moral responsibility for all of its activities, which it fulfils by considering the triple bottom line of people, planet, and benefit in all of its decisions. Companies now see the value of CSR beyond monitoring.

And regulatory goals, but also to gain a competitive edge with advantages that cut across the entire value chain. Michael E. Porter's Value Chain, which maps social responsibility to the Value Chain and shows how each function at each point is viewed ethically as well as adding value, serves as an example of this. This concept creates value for the organisation as well as the community at large through reciprocal benefit.

Its applicability has changed throughout time. The definition of "corporate social responsibility" (CSR) is ambiguous. Its notion and meaning have evolved over time. The first commonly used concept was Archie Carall's CSR Pyramid 3, which split duties into four categories: economic, legal, ethical, and philanthropic—with economic responsibilities bearing the most weight.

## **EVOLUTION**

Around the 1800s, responsible organisations began to emerge. Although corporate social responsibility (CSR) has lately gained prominence, businesses have been showing concern for people since the Industrial Revolution. Mid-to-late 1800s, business people started to be concerned with worker efficiency and well-being. There were increasing public criticisms of the new manufacturing sector, working conditions, and the employment of women and children, particularly in the United States. Reformers all agreed that current employment practises contributed to social problems including poverty and labour unrest.

Nonetheless, at the time, causes for industrial advancement and welfare were viewed as combining humanitarianism and business savvy.

Late 1800s saw an increase in philanthropy as well. Industrialist Andrew Carnegie, who became wealthy in the steel business, is renowned for making substantial financial contributions to organisations related to science and education. Oil is following Carnegie's lead. Business tycoon John D. Rockefeller donated more than \$500 million to charitable, cultural, and scientific causes.

## **MODERN CATALYST FOR CORPORATE SOCIAL RESPONSIBILITY**

The term "Corporate Social Responsibility" was first used in 1953 by American economist Howard Bowen in his book *Social Duties of the Businessman*, despite the fact that ethical companies had been around for more than a century previously. Due to this, Bowen is frequently referred to as the "Father of CSR."

The concept of a "social compact" between corporations and society was initially put forth by the Council for Economic Development in 1971. This agreement advanced the idea that companies run and exist as a result of widespread support and that companies have a duty to contribute to the requirements of society. Early CSR had advanced by the 1980s as more companies began to integrate social concerns into their operations while paying closer attention to stakeholders.

## **CORPORATE SOCIAL RESPONSIBILITY: AN UNIVERSAL PRACTICE**

In the 1990s, CSR started to become widely accepted. *Corporate Social Performance Revisited*, written by University of Pittsburgh professor Donna J. Wood, expanded and strengthened the original CSR models by providing a framework for assessing the effects and results of CSR initiatives.

The Pyramid of Corporate Social Responsibility was written by Archie B. Carroll, a business administration author and lecturer at the University of Georgia, in the same year. In his article, Carroll expounded on the elements he considered essential for successfully implementing CSR

into a company. By the early 2000s, CSR had become a significant strategy for several sectors, with multibillion-dollar companies like Wells Fargo, Coca-Cola, Walt Disney, and Pfizer incorporating it into their business practises.<sup>1</sup>

Corporate social responsibility (CSR), which refers to how businesses are handled to have a large collective impact, has evolved in India in response to changes in cultural expectations of enterprises' contributions over time in India.

On the economies, markets, cultures, and surroundings in which they function. The foundational idea of CSR is that firms should be held accountable for addressing social issues as well as governments. As a result, businesses will have to handle more problems and grievances that fall under the purview of the states. One of the most advanced corporate social responsibility communities is found, among other places, in India. Even though there has been a lot of work done recently to raise consciousness CSR has not yet become widely accepted. Businesses must have a CSR strategy that is consistent with their usual management procedures, including defining clear goals, considering prospective acquisitions, and becoming public with their efforts. If they are to achieve this goal, they must track and disclose their progress.

The four stages of CSR in India's history correspond to the growth of the nation historically and have produced a range of CSR strategies. However, the stages are not constant, and some difference between the characteristics of one phase and those of another.

### **Primary Phase**

The primary CSR funding sources in the initial phase were philanthropy and charity. Community. Corporate social responsibility has been impacted by philosophy, historical family values, and industrialization. Rich merchants contributed a portion of their money to the greater society during the pre-industrial era, which lasted until 1850, by building temples for religious purposes. These traders also helped the populace fight famine and diseases by supplying food and cash from their godowns, which allowed them to play a significant role in society. In the 1850s, when British power expanded over India, attitudes around CSR started to shift. Industrial dynasties from the nineteenth century, including the Tata, Godrej, Bajaj, Modi, Birla,

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<sup>1</sup> William B. Werther, Jr. , David Chandler, *Strategic Corporate Social Responsibility*, South Sage Asia Edition

and Singhanian's economic and societal factors played a significant role in the decisions made by them. Yet, it has been emphasised that in addition to altruistic and religious motivations, caste organisations and political goals also had an impact on their attempts at social and industrial growth.

### **Second Phase**

During the second stage of the independence movement, there was a greater emphasis on Indian manufacturers demonstrating their contribution to the advancement of society. During this time, Mahatma Gandhi popularised the idea of "trusteeship," which allowed corporate executives to exercise control over their riches for the sake of the general populace. "I want to eliminate capitalism just as badly as the most progressive socialist. On the other hand, our techniques are somewhat different. My trusteeship concept is neither a charade nor a mask. I'm confident that it would outlive all other theories. Gandhi's remarks emphasise his point in defence of his "trusteeship" theory. Many industrialists were obligated

To contribute to the nation's building and socioeconomic development because of Gandhi's intervention. According to Gandhi, businesses in India were supposed to be "temples in modern India." Under his supervision, businesses established trusts for schools and universities, as well as assisting in the creation of training and scientific institutions. The efforts of the trusts were largely in line with Gandhi's reforms, which sought to end untouchability, empower women, and encourage rural development.

### **Third Phase**

The third phase of CSR saw the emergence of Public Sector Undertakings (PSUs), the "mixed economy" element of CSR, as well as labour and environmental legislation (1960–80). The private sector was had to take a back seat during this time. It was believed that the government was the source of wealth. Due to the strict regulatory guidelines and requirements. The time period was known as the "day of command and control," and it encompassed private sector activity. Corporate malpractices are a result of a policy of industrial licencing, excessive taxation, and restrictions on the private sector. Hence, laws governing industrial governance,

Environmental concerns, as well as labour relations, were approved. PSUs were created by the government to make sure that people in need received equitable access to resources (such as money, food, and other essentials). The public sector, meanwhile, has only been marginally competitive.

As a result, the private sector's active participation in the nation's socioeconomic development became crucial and public ambitions shifted to it. In 1965, academics, legislators, and businesspeople gathered in India for a national workshop on corporate social responsibility (CSR).

Businesses aiming to promote reconciliation. Transparency, social responsibility, and ongoing stakeholder conversations were stressed. These attempts at gaining momentum for the CSR failed.

#### **Fourth Phase**

Indian businesses began to renounce their long-standing CSR obligations in favour of incorporating them into long-term development strategies in the fourth era (1980–present). In 1980s and 1990s. The first moves towards economic liberalisation and globalisation have been made. Controls and licencing frameworks were partially eliminated, which had a positive impact on the business and is still being felt today. Indian businesses were able to grow quickly thanks to increased economic momentum, which made them more eager to make investments. Indian companies who sell and import items for the developed world must pay strict attention to international standards as Western markets become more concerned about the labour and environmental situations in underdeveloped countries.

## **CURRENT PRACTICES**

### **1. Putting into Practice Reporting Obligations**

It is expected of businesses and organisations to check on their CSR and CSP status. In their annual reports, businesses describe their different CSR initiatives. The most recent requirement in India under the Business Act is the first of its type in the nation and calls for businesses to devote at least 2% of their profits to CSR.

### **2. Consumers are demanding CSR**

According to a 2010 Forbes poll, more than 88 percent of customers want businesses to achieve their goals by enhancing society and the environment, and 83 percent want Businesses to support non-profit and charitable organisations. An organisation cannot prosper without a sizable consumer base. Investors choose a socially responsible corporation over a typical one as a result. 5

### **3. Strategic Goal of CSR Inclusion in Relation to Business Goal**

A win-win situation is created by strategic CSR for the business and the community. The company's CSR is in line with both its core capabilities and its primary strategic aims. The Toyota Prius is the ideal illustration of strategic CSR. Toyota created a hybrid vehicle that emits just 10% of harmful pollutants in response to the growing environmental challenges. It has guaranteed both space competitiveness and environmental sustainability. Due to their exclusive technologies, Toyota's competitors are stealing from them.

### **4. CSR rating companies**

There are an increasing number of independent businesses that rate a company's CSR or CSP. Also, these organisations help enterprises receive evaluations in order to ascertain where they are listable.

### **5. CSR-related communications**

Communication of CSR programmes to stakeholders is necessary to foster positive stakeholder expectations and increased financing. While selecting a CSR interaction mechanism, various criteria, including the stakeholder category, the CSR project, the social problem orientation, and others, should be taken into account. In a word, CSR needs to be situated geographically. Dell positioned themselves as an environmentally concerned corporation by promoting the planting of trees on every printer sold by its customers, whereas HP lost out by refusing to explain its recycling programme.

### **6. Corporate social responsibility as a means of gaining an advantage over rivals**

The media, the government, social activists, and society as a whole hold companies accountable for their improper marketing strategies. It might seriously damage the company's reputation. Think about the following example: Global anger was caused by Nike's outsourced manufacturers using child labour. It was discovered that the Pepsi Factory in India was tainting water in the same way. As a result, in order to hold onto and grow their market share, businesses must be socially responsible. The Michael Porter model looks at how being socially responsible can give firms a competitive edge. The model describes how each element of the external environment, such as promoting testing, job preparation, and transparency, would help reduce

competition.<sup>2</sup>

## **BENEFITS OF CSR**

Businesses can benefit from CSR both internally and internationally. Externally, the advantages are vastly in favour of the workers and co-workers. It may create temporary jobs by taking part in municipal projects like building or maintaining public parks and sports facilities, for instance. Dealing with the demands of the neighbourhood gives a wide range of market benefits. Companies also have an effect on the environment. In addition to recycling discarded goods, many businesses also operate plantations, farms, and other highly recognised enterprises. And makes additional contributions to the decrease in waste.

Internal advantages include increased productivity, quality, revenue, and financial growth for both, as well as the recruitment and retention of skilled and qualified employees, as well as employee happiness. In particular, it offers a change of pace from the usual. Workplace activities provide a sense of purpose and self to the entire workforce. In addition, businesses benefit from CSR in areas including market sustainability, competitive advantage, and easier regulatory enforcement.

## **CONCLUSION**

The practise of allocating a portion of a company's income to aid the less fortunate is no longer considered to be philanthropy. Making a decision requires careful consideration:

- How to integrate CSR with objectives and plans for, among other things, community development, sustainable development, and environmental stewardship.
- on how much money will be allocated for corporate social responsibility.
- How to effectively publicise it for brand expansion, client retention, stakeholder satisfaction, and other goals in an unobtrusive manner.
- on CSR recruiting to make sure the company is aware of social concerns that have an impact on its corporate social outcomes.
- To assess the major CSR takeaways, such as a cost, as well as the long- and short-term CSR investments.

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<sup>2</sup> Kramer, M.E. , *Strategy and Society: The link between Corporate Social Responsibility and Competitive Advantage* (Harvard Business Review, 2006)

A significant addition is made by the paper's chronological timeline, which enables the analysis of the concept's development. The results demonstrate a link between social expectations of business behaviour and how CSR is viewed and practised, opening the door for more research. As a result of this study, it is evident that there is a void in the CSR literature on pertinent studies on how to handle basic market practises using CSR. This appears to be one of the factors limiting the application of CSR, and it might also raise questions about its benefits.

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