Corporate Social Responsibility of Business: A Conceptual Study in India

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ABSTRACT

Corporate social responsibility (CSR) gained popularity throughout the late 1960s and early 1970s, referring to companies that emphasized a new paradigm in business The paradigm is rooted in the belief that businesses have an obligation to care for their surroundings and by doing so, and will realize greater success .CSR is also described as the corporate "triple bottom line"–the totality of the corporation's financial, social, and environmental performance in performing its business. It generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for creating their impact on people. People include the company's stakeholders, its employees, customers, business partners, investors, suppliers and vendors, the government, and the community. Thus this paper will focus on the concept of CSR and how an organization can be benefited with CSR concept.

Key Words: *Social Responsibility, Business.*

I INTRODUCTION

CSR can be discerned from the three words contained within its title phrase: 'corporate,' 'social,' and 'responsibility.' Therefore, in wider broad terms, CSR covers the responsibilities corporations (or other for-profit organizations) have towards the societies within which they are based and operate. CSR specifically involves a business identifying its stakeholder groups and incorporating their needs and values within the strategic and day-to-day decision-making process. CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment. It is the continuing commitment by business to behave fairly and responsibly, and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large."In other words, CSR refers to ensuring the success of the business by inclusion of social and environmental considerations into a company's operations. It means satisfying your shareholders' and customers' demands while also managing the expectation of other stakeholders such as employees, suppliers and the community at large. CSR is not only includes the activities that a company undertakes in order to utilize their profit to enable social and environmental development but also include that a company employs in order to earn these profit including socially responsible investments, and transparency to various stakeholders responsible business practices. The basic objective of CSR is to maximize the company's overall impact on the society and stakeholders while considering environment and overall sustainability.

II OBJECTIVES

(a) To explain about the concept of CSR.
(b) To explain Importance of CSR
(c) To study about the benefits & government policy of CSR in India.

III HISTORY OF CSR IN INDIA

The term CSR itself came into common use in the early 1970s. The last decade of the twentieth century witnessed a shift in focus from charity and traditional philanthropy toward more direct engagement of business in mainstream development and concern for disadvantaged groups in the society. **In India**, there is a growing realization that business cannot succeed in isolation and social progress is necessary for sustainable growth. There are scores of CSR organizations and business associations promoting corporate social responsibility, with a collective membership of thousands of companies-big, small, and medium-sized – in diverse industries.. In developing countries such as India, Indonesia, Brazil, Egypt, and the Philippines, neighbor" within its host community. India has the world's richest tradition of corporate social responsibility. Though the term CSR is comparatively new, the concept itself dates back to over a hundred years. CSR in India has evolved through different phases, like community engagement, socially responsible production and socially responsible employee relations. Its history and evolution can be divided into four major phases.

IV PHASES OF EVOLUTION

Phase 1(1850 – 1914)	Phase2 (1910 – 1960)	Phase3 (1950 – 1990)	Phase4(1980 onwards)
Purely philanthropy and charity during industrialization; corporation is only responsible to owners and managers.	CSR as social development during the Independence struggle; corporation is responsible to owners, managers and employees.	CSR under the "mixed economy paradigm"; corporation is responsible to owners, managers and other target environments.	CSR in a globalised world is in a confused state; corporation is responsible to owners, managers, other target environments and the public at large.

V METHODOLOGY OF CORPORATE SOCIAL RESPONSIBILITY

CSR is the procedure of assessing an organization's impact on society and evaluating their responsibilities. It begins with an assessment of the following aspects of each business:

   (i) Customers
   (ii) Suppliers
   (iii) Environment
   (iv) Communities
   (v) Employees

The most effective CSR plans ensure that while organizations comply with legislation, their investments also respect the growth and development of marginalized communities and the environment. CSR should also be sustainable – involving activities that an organization can uphold without negatively affecting their business goals.

Organizations in India have been quite sensible in taking up CSR initiatives and integrating them into their business processes. It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large. Companies now have specific departments and teams that develop specific policies, strategies, and goals for their CSR programs and set separate budgets to support them. Most of the time, these programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain.

VI IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY

(a) Corporate social responsibility allows organizations to give a little bit for the society, environment, customers or for that matter stake holders.

(b) The term corporate social responsibility gives a chance to all the employees of an organization to contribute towards the society, environment, country and so on.

(c) Corporate social responsibility goes a long way in creating a positive word of mouth for the organization on the whole.

(d) Corporate social responsibility also gives employees a feeling of unparalleled happiness such as an employees take pride in educating poor people or children who cannot afford to go to regular schools and receive formal education.

(e) When one considers the fact that the RBV or the Resource Based View of the firm is all about how well the firm exists in harmony with its external environment and how this exchange of inputs and outputs with the environment determines the quality of its operations.

(f) Socially responsible business practices ought to be the norm rather the exception and the various readings surveyed for this paper do seem to indicate that it is high time for businesses to engage in responsible behavior.

(g) CSR as a concept and as a paradigm ought to be woven into the DNA of the corporations and when the very fabric resonates with the threads of social responsibility; the goals of conscious capitalism and compassionate corporations would be realized.

VII BENEFITS OF CSR

Today, more and more companies are realizing that in order to stay productive, competitive, and relevant in a rapidly changing business world, they have to become socially responsible for long-term sustainability. In the last decade, globalization has blurred national borders, and technology has accelerated time and masked distance. Because of globalization, there is also fierce competition for skilled employees, investors, and consumer loyalty. How a company relates with its workers, its host communities, and the marketplace can greatly contribute to the sustainability of its business success. Companies can be benefited with CSR by many ways, some are given below-

(a) **Improves Public Image**-Corporations can improve their public image by supporting nonprofits through monetary donations, volunteerism, in-kind donations of products and services, and strong partnerships. By publicizing their efforts and letting the general public know about their philanthropy, companies increase their chances of becoming favorable in the eyes of consumers.

(b) Increases Media Coverage-It doesn't matter how much is the company is doing to save the environment if nobody knows about it. How much good a company can do in its local communities, or even beyond that, is corporate social responsibility and the better the benefits, the better the media coverage. On the other hand, if a corporation participates in production or activities that bring upon negative community impacts, the media will also pick this up. Unfortunately, bad news spreads quicker than good news. Media visibility is only so useful in that it sheds a positive light on your organization.

(c) Boosts Employee Engagement-Employees like working for a company that has a good public image and is constantly in the media for positive reasons. Happy employees almost always equal better output. Nearly 60% of employees who are proud of their company's social responsibility are engaged at their jobs. When companies show that they are dedicated to improving their communities through corporate giving programs (like matching gifts and volunteer grants!), they are more likely to attract and retain valuable, hardworking, and engaged employees.

(d) Attracts & Retains Investors-Investors who are pouring money into companies want to know that their funds are being used properly. Not only does this mean that corporations must have sound business plans and budgets, but it also means that they should have a strong sense of corporate social responsibility. When companies donate money to nonprofit organizations and encourage their employees to volunteer their time, they demonstrate to investors that they don't just care about profits. **Instead, they show that they have an interest in the local and global community.**

Investors are more likely to be attracted to and continue to support companies that demonstrate a commitment not only to employees and customers, but also to causes and organizations that impact the lives of others.

VIII ADVANTAGES OF CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) has many advantages that can apply to any business, regardless of its size or sector.

(i) better brand recognition
(ii) positive business reputation
(iii) increased sales and customer loyalty
(iv) operational costs savings
(v) better financial performance
(vi) greater ability to attract talent and retain staff
(vii) organizational growth
(viii) easier access to capital

IX GOVT. POLICY FOR CSR IN INDIA

Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs, Government of India has recently notified the Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility. As mentioned by United Nations Industrial Development Organization (UNIDO), CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders.

CSR Activities The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

(a) Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;

(b) Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;

(c) Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;

(d) Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;

(e) Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;

(f) Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water; vii. Employment enhancing vocational skills.

(g) Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;

(h) Measures for the benefit of armed forces veterans, war widows & their dependents;

(i) Training to promote rural sports, nationally recognized sports, sports & Olympic sports

(j) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;

(k) Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;

(l) Rural development projects, etc

(m) Slum area development.

All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society. Contribution towards C.M relief fund shall be a part of CSR activities above 2% of Net profit other than the activities mentioned above.

X   CONCLUSION

In the business community, CSR is alternatively referred to as "corporate citizen. CSR is generally seen as the business contribution to sustainable development which has been defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs", and is generally understood as focusing on how to achieve the integration of economic, environmental, and social imperatives. In the world of globalization and competition, social responsibility entails legal, ethical, economic or other accountability to expectations that society has towards companies and also make decisions that balance the needs of all stakeholders. The conclusion of the study to identifying the knowledge and implementation of the concept regarding the implementation of corporate social responsibility practices. In the research it was found that although organizations largely acknowledge social responsibility, most have not yet been able to plan and implement CSR-oriented management practices.

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