

# CORPORATE SOCIAL RESPONSIBILITY- AN IMPACT ON INDIAN CULTURE

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## ABSTRACT

*The main purpose of the study is to get the various relation and activities of Corporate Social Responsibility carried by different organization. How a company or organization earns the profit with caring the CSR in India.*

*Seventy (70) questionnaires were administered. Study reveals that there is a positive relationship between Corporate Social Responsibility and profitability. From the research it also was cleaed that most customers or shoppers are not aware on Corporate Social Responsibility and even understand the meaning. The reserch was however, limited to finding out exactly how much in terms of monetary value CSR programmes contribute to the overall profitability ratios of the companies.*

## INTRODUCTION- CORPORATE SOCIAL RESPONSIBILITY

**Corporate Social Responsibility (CSR)** is defined as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner.

The present-day conception of corporate social responsibility (CSR) implies that companies voluntarily integrate social and environmental concerns in their operations and interaction with stakeholders. The notion of CSR is one of ethical and moral issues surrounding corporate decision making and behavior, thus if a company should undertake certain activities or refrain from doing so because they are beneficial or harmful to society is a central question. Social issues deserve moral consideration of their own and should lead managers to consider the social impacts of corporate activities in decision making. The concept of corporate social responsibility is based on the idea that not only public policy but companies, too, should take responsibility for social issues. In more recent approaches, CSR is seen as a concept in which companies voluntarily integrate social and environmental concerns into their business operations and into the interaction with their stakeholders. The idea of being a socially responsible company means doing more than comply with the law when investing in human resources and the environment .

Today, managers of Companies have found a need that the environment in which they operate should be provided for because their intermediate and macro environments have a direct impact on the attainment of the corporate goals, objectives and mission statement. The purpose of all Profit-making organizations, and even the non-profit making organizations, is to maximize profit and in turn minimize cost, through optimal utilization of available resources to achieve the best results they are capable of. Profitability is an important factor to all companies, because it is one of the major purpose for which the companies are established.

The organizations seek to conduct CSR so that they meet their financial, social and environmental responsibilities in an aligned way. At its core, it is simply about having a set of values and behaviors that underpin its everyday activities, its transparency, its desire for fair dealings, its treatment of people, its attitudes towards and treatment of its customers and its links into the Community.

Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be funded by 2-5 per cent of the company's net profits. Although corporate India is involved in CSR activities, the central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. According to Minister for Corporate Affairs, Mr Salman Khurshid, one of the ways to attract companies towards CSR work is to develop a system of CSR credits, similar to the system of carbon credits which are given to companies for green initiatives. Moreover, in 2009, the government made it mandatory for all public sector oil companies to spend 2 per cent of their net profits on corporate social responsibility.

## **CSR IN INDIA**

Indian companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximisation goal. Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programmes in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others.

The 2010 list of Forbes Asia's '48 Heroes of Philanthropy' contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009. According to a study undertaken by an industry body in June 2009, which studied the CSR activities of 300 corporate houses, corporate India has spread its CSR activities across 20 states and Union territories, with Maharashtra gaining the most from them. About 36 per cent of the CSR

activities are concentrated in the state, followed by about 12 per cent in Gujarat, 10 per cent in Delhi and 9 per cent in Tamil Nadu.

The companies have on an aggregate, identified 26 different themes for their CSR initiatives. Of these 26 schemes, community welfare tops the list, followed by education, the environment, health, as well as rural development. Corporate Social Responsibility in India is finally a „reality“. Indian businesses realized they have to look not only at the economic dimension of their company, but also at its ecological and social impact – the three pillars of CSR. However, to become a planned strategy integral to business success, Indian companies have lot of catching up to do. CSR is also linked to the broader issue of “Corporate Governance. Needless to emphasize that Indian companies have to take a closer look at CSR and link it to corporate governance, if they really want to make a mark in all the three pillars of CSR. Further, according to a study by financial paper, The Economic Times, donations by listed companies grew 8 per cent during the fiscal ended March 2009. The study of disclosures made by companies showed that 760 companies donated US\$ 170 million , up from US\$ 156 million in the year-ago period. As many as 108 companies donated over US \$2,16,199, up 20 per cent over the previous year.

## LITERATURE REVIEW

Mazurkiewicz (2004) recognized the concept has been developing since the early 1970s; there is no single, commonly accepted definition of —Corporate Social Responsibility| (CSR). Simons, J., (2008)- emphasised that the firms will experience divergent degrees of internal, external and lateral pressures to engage in CSR, as firms are embedded in different national business systems. Blomback, A. and C. Wigren, (2010) – according to him corporate social responsibility is going to be very important concept and research topic in the study of the organizations. Saeed, (2011) - depicts that CSR initiatives in India are now taken by many corporate firms. Especially for the of packaging materials, these companies are doing work in the field of Environment care, Health care, Education, Community welfare, Women's empowerment and Girl Child care. Companies like Hindustan Unilever started work on CO2 reduction also. Sharma, Nishi (2011)- recommended a list of core thrust areas for reporting CSR activities by the Indian banks as: children welfare, community welfare, education, environment, healthcare, poverty eradication, rural development, vocational training, women's empowerment, and protection to girl child, employment. Ahmed et al. (2013) suggested that the CSR can increase both long term profitability and sustainability as well as enhance the reputation. Saeed, (2011) - depicts that CSR initiatives in India are now taken by many corporate firms. Especially for the of packaging materials, these companies are doing work in the field of Environment care, Health care, Education, Communitywelfare, Women's empowerment and Girl Child care. Companies like Hindustan Unilever started work on CO2 reduction also. **Sharma, Nishi (2013)**- recommended a list of core thrust areas for reporting CSR activities by the Indian banks as: children welfare, community welfare, education, environment, healthcare, poverty eradication, rural development, vocational training, women's empowerment, and protection to girl child, employment.

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## **RESEARCH METHODOLOGY**

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. The primary data method of my research work is the interview method and survey method. Secondary data collected from books, journals and periodicals, internet, e - journals, general websites, weblogs, and financial statement reports and records.

## **PROBLEM STATEMENT**

As on date it is not mandatory for all companies to invest in CSR and more so disclose their investment or budget details pertaining to CSR. Though few companies have taken up the Global Reporting Initiative, there is still a large gap between the recommended and the actual practice. In this context it becomes relevant to study and analyse the impact of CSR activities on sales and vice versa can help researchers understand the changing face of CSR in the society. Corporate social responsibility (CSR) is emerging as a new field in the management research. In India, many firms have taken the initiatives of CSR practices which have met with varying needs of the society. The present research has an attempt to understand the status and progress and initiatives made by large firms of India in context to CSR policy framing and implementation.

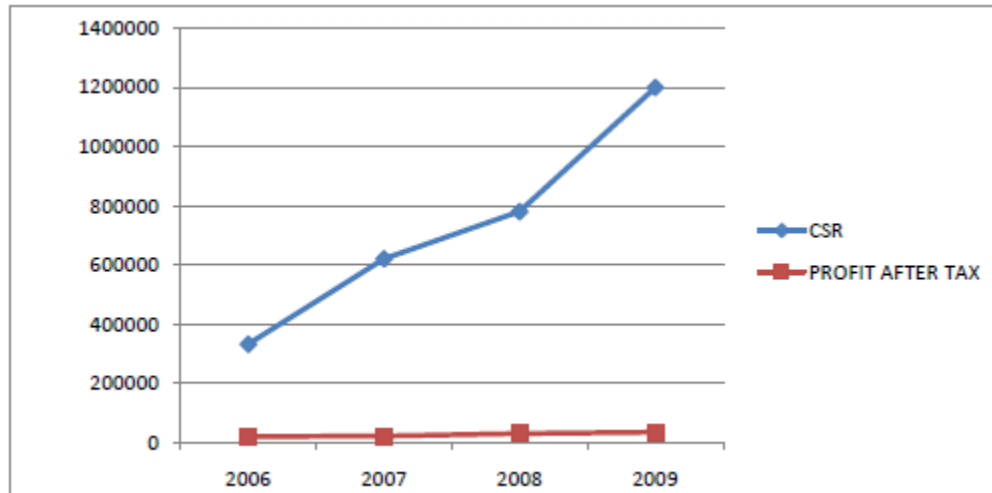
## **OBJECTIVES OF THE STUDY**

- To evaluate CSR practices in the organizations
- To find the CSR strategy adopted for profitability
- To conclude and compare CSR performance on Indian value.

## **RESEARCH DESIGN**

Sample of 12 large scale organizations at random from different sectors and collected the details of their annual reports and official websites. The study population is very large, 100 respondents selected from the top level management, middle level management, CSR managers, and others which should be a good representation of the population based on stratified sampling. This cuts across the various departments in the organisation such as corporate affair department, customer services department, retail department, marketing department and others.

**DATA ANALYSIS & INTERPRETATION**



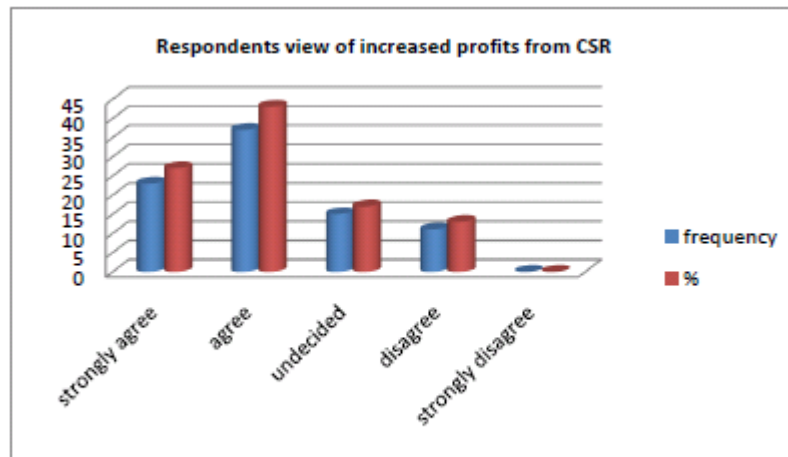
**FIG : A GRAPH SHOWING THE IMPACT OF CSR ON THE PROFITABILITY OF ORGANIZATIONS (AVERAGE CONSOLIDATED DATA OF TWO ORGANIZATIONS)**

**TABLE : RESPONDENT RESPONDS TO IMPACT OF THE CSR PROJECTS/PROGRAMME ON THE COMMUNITY**

RESPONSES	FREQUENCY	%
Positive	70	81
Negative	0	0
Neutral	16	19
<b>TOTAL</b>	<b>86</b>	<b>100</b>

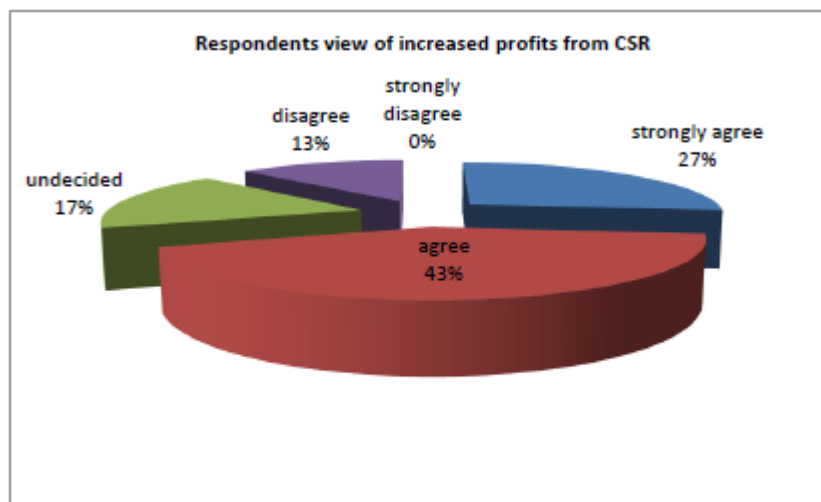
*Source-Field survey*

The table above reveals that a high proportion (81%) of the respondents felt the impact of CSR is positive, none of the respondents felt it is negative and 19% felt it is neutral.



Source- Field survey

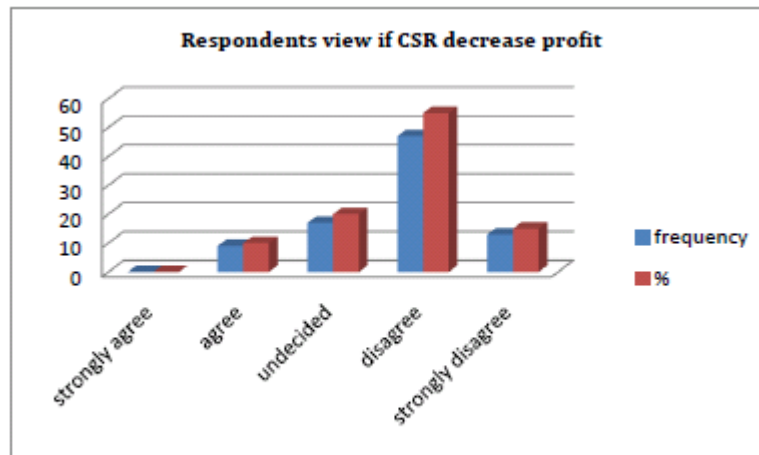
**FIG: HOW CSR INCREASES THE FIRMS PROFITABILITY**



Source- Field survey

**FIG: HOW CSR INCREASES THE FIRMS PROFITABILITY**

The above shows that 27% of the respondent strongly agreed, 43% of the respondent agreed, 17% of the respondent were undecided, 13% of the respondents disagreed while 0% of the respondent strongly disagreed that Profit is increased by the activity of corporate social responsibility of the company.



Source- Field survey

**FIG: RESPONDENTS VIEW IF CSR DECREASES THE FIRMS PROFITABILITY. (PIE CHART)**

The above shows that 0% of the respondent strongly agreed, 10% of the respondent agreed, 20% of the respondent were undecided, 55% of the respondents disagreed while 15% of the respondent strongly disagreed that Profit is decreased by the activity of corporate social responsibility of the company.

**TABLE : RESPONDENTS RESPOND ABOUT OTHER BENEFITS TO GAIN APART FROM PROFITABILITY**

RESPONSES	FREQUENCY	%
Large Customer Base	43	50
Customer Confidence	22	26
Good corporate Image	15	17
Other Benefits	6	7
<b>TOTAL</b>	<b>86</b>	<b>100%</b>

Source- Field survey



From the table above, 50% of the respondent believes also benefit Large Customer Base, 26% believes it will have Customer Confidence, 17% believes Good Corporate Image and only 7% believes other benefit could be gained from the execution of CSR projects apart from Profitability.

## CONCLUSION

CSR does not give immediate results. The same CSR initiative will also not work for all types of organisations. Designing CSR initiative requires careful planning and implementation mechanism. Corporate organisations should integrate the innovative CSR strategies into different marketing communication strategies to build and sustain a competitive advantage. Corporate social responsibility has a significant impact on the profitability of MNCs, and it is a positive impact, which includes good business relationship, good will among other benefits. In today's competitive market, CSR offer an opportunity for companies to explore other areas of improving profitability. Customers have become very sophisticated and very much aware of their environment against the perception that corporate organisations make a lot of profits, it becomes imperative for these companies to put back into the society through corporate social responsibility programmes. Even though the benefits from CSR are over a long time of time, it is such that it gives a lot more intangible benefits to the organisations. Such benefits include, customer loyalty, brand image, improved corporate image, market share and community presence. For academic and industry discourse it is recommended that further study should be conducted to establish the real value in monetary terms how much CSRs contribute to the organisations profitability. Also further research should be conducted to quantify how much or to what degree these CSR programmes have impacted on the society and its corresponding value generation for the company. As a result, the environmental aspect of CSR is seen as the duty to cover the environmental implications of the company's operations, products and facilities; eliminate waste and emissions; maximize the efficiency and productivity of its resources; reward for externalities and minimize unethical practices that might adversely affect the enjoyment of the country's resources by future generations. In the emerging global economy, where the internet, the news media and the information revolution shed light on business practices around the world, companies are more frequently judged on the basis of their environmental stewardship (CIBN). Partners in business and consumers want to know what is inside a company. This transparency of business practices means that for organizations, CSR is no longer a luxury but a requirement.

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