

# Corporate social responsibility in the indian context

Israeli commercial organizations can get in these activities in India linking up with existing NGOs or forming their own

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## Concept

Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

The increased awareness of CSR has also come about as a result of the United Nations Millennium Development Goals, in which a major goal is the increased contribution of assistance from large organizations, especially Multi-National Corporations, to help alleviate poverty and hunger, and for businesses to be more aware of their impact on society. There is a lot of potential for CSR to help with development in poor countries, especially community-based initiatives. In the UK, the term "Corporate Responsibility" is increasingly used instead of CSR, as a conscious move to expand the boundaries away from purely social or community issues to include broader areas of governance and environmental sustainability. India has been named among the top five Asian countries that lay heavy emphasis on corporate social responsibility disclosure norms, according to the social enterprise CSR Asia's Asian Sustainability Ranking.

Corporate Social Responsibility (CSR) is often referred to as Business Responsibility and an organization's response on environmental, social and economic issues. Positive actions

that reduce the negative impact of an organization on these issues can be seen as a way of managing risk.

## Background

Preceding the independence of India, in 1944, a set of concerned industrialists came out with a development plan for India called the Bombay Plan. During 1950s, 1960s, influenced by Gandhian philosophy of 'trusteeship' an ancient idea revived and reinterpreted by Mahatma Gandhi most of the businessmen in India saw their business empires as a 'trust' held in the interest of community at large. Businesses made significant contributions to support schools, colleges and hospitals, and emphasis later shifted to supporting technical training, public health and rural development. Also, post-independence, with a mixed economy framework, India experienced the elements of state-sponsored CSR activities through large public sector companies.

As the Indian economy moved from agrarian to industrial, concerns were raised about the consequences of economic growth with an innate tendency to be imbalanced. The importance of businesses' social responsibility to multi-stakeholders was emphasized, and a declaration adopted stated that social responsibility of an enterprise is responsible to itself, its customers, workers, shareholders and the community. The emergence of non-family-owned businesses in 1960s and 1970s also saw an increase in numbers of 'trusts' setup by businesses. Changes in India's economic paradigm in 1990s significantly affected the corporate sector, bringing freedom from controls and increased roles.

Companies across India reveal that

philanthropy is the most significant driver of CSR, followed by image building, employee morale and ethics respectively. The perception about the role that companies have to play in CSR activities has increased.

## Evolution of CSR

CSR activities can be said to have evolved over the following three phases:

- Community engagement
- Socially responsible production process
- Socially responsible employee relations

While the initial phase of CSR efforts focussed on community engagement, the responsibility of corporate now extend far beyond the realms of their immediate communities only. The underlying motto of CSR has now expanded considerably to encompass the concept of 'people-planet-profit'. Particularly in developing countries like India, business can succeed only if industries maintain good relationships with all their stakeholders. These relationships can be strengthened, if organizations fulfil their obligations towards the stakeholder.

## Identifying Stakeholders

### Overview of Current Trends in CSR in India

CSR in India reflects the initiatives undertaken by Indian business houses, the private sector companies and the public sector companies in India till date to tackle the development issues faced by the country in the form of poverty, illiteracy, environmental degradation, good governance, etc. Some of the initiatives include those in:

- Human Resources
- Labor and Human Rights



- Environmental Management
- Corporate Structure and Governance
- Community Involvement and Economic Development
- Business ethics
- Accountability

## Role of Non-Governmental Organisations (NGOs)

NGOs have an important role to play in catalyzing CSR efforts in corporates. The corporates have the capital and NGOs have the wherewithal of executing such activities and so the efforts need to get aligned and merge for the larger benefit to the stakeholders. **It is here that companies can work towards engaging the stakeholders towards a common goal.**

## Role of Media

Media can and should play an important role to promote and strengthen the initiatives in CSR. There is a need to streamline the efforts of media to strengthen CSR initiatives. Media essentially needs to get proactive in this area rather being reactive as is has traditionally been. Media has a responsibility and can be widely used as a strategic tool for mass sensitization and awareness of CSR efforts.

## Challenges for CSR

CSR is still sometimes seen as "green wash" to clean the sins of pollution, or "white wash" to provide a facelift to the company's public image. It is often seen as just another trendy name for good old philanthropic initiatives by companies. It is not uncommon to hear that in many cases no actual work was done and projects were shown on paper to gain tax exemptions. There is need to move beyond such transitory illusions about corporate social responsibility. On the other hand, it would give a cleaner societal reputation and socially responsible identity to companies, involving the companies and their employees in the long-term process of positive social transition

## Steps in implementing a CSR project

Success of a CSR project is dependent upon a number of critical factors that define the objectives, ways of implementing the project, physical and financial resources committed and the desired outputs or end results. For a successful and effective CSR activity, a

systematic and well thought out strategy needs to be in place. The overall steps that should go into such a plan would be:

### Macro-level understanding

- Outline of the proposed plan
- Identification of programme/activity
- Geographical coverage
- Defining the Objectives of the CSR plan
- Identifying the Stake holders
- Budget for the CSR activity

### Implementation

- Implementation strategy – in-house/external/jointly
- Organisation structure
- Defining roles and responsibilities

- Defining road map and milestones

### Evaluation of Benefits of the CSR programme

- Fiscal benefits
- Efficiency improvement, cost reduction, etc (based on activity carried out)
- Soft benefits – improvement of brand image, perceived as a responsible corporate citizen etc.

### Understanding the Regulatory issues

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