

## Corporate social responsibility - the way ahead

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### Keywords

CSR: Corporate Social Responsibility, CPSE: Central Public Sector Enterprise, PAT: Profit After Tax

### Abstract

*CSR is the responsibility of the corporate entity towards the society in consideration of support given by the society. Therefore they have a responsibility towards the society to share a part of their profit. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others. Main purpose of the study understands the CSR initiatives being taken by some companies. The overall study focused on the importance of company's age viz. With respect to the corporate social responsibility initiative undertaken by some companies.*

### Introduction

CSR Defined the idea of corporate social responsibility (CSR) has come a long way since Nobel Laureate Milton Friedman defined a corporation's social responsibility as generating profits. The topic of corporate responsibility has been captioned under many names, including strategic philanthropy, corporate citizenship, social responsibility and other monikers. As the names imply, each carries with it a certain perspective on the role of business in society.

CSR is centred on the idea of creating "shared value." The role of business, is to create value for its shareholders but in such a way that it also creates value for society, manifesting itself as a win-win proposition.

Corporate social responsibility refers to the voluntary activities undertaken by a firm to operate in a social, economic, ethical and environmentally sustainable manner. CSR is company's commitment to values that benefits the society as well as to the firms and to its shareholders. It includes activities that support environment protection, fair trade practices, community services, charity and other philanthropic efforts. As company gets amount for their product from customers, it is moral duty of company to spend some portion of profit in CSR. European commission states that CSR is a concept where by companies decide voluntarily to contribute to a better society and a clean environment. Companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

### Objectives

- To study several benefits of CSR to the firms as well to the society.
- To study and understand the CSR initiatives being taken by some corporations.
- To study funds allocated and utilisation for CSR by some companies.

### Data Collection

The present study is based on secondary data in the form of books, journals, periodicals, news papers and internet. In 2013 many companies are starting the New Year by examining exactly how effective their branding is and how they are perceived by their

customers and the general public. With all else being equal, companies that take an active role in promoting their corporate social responsibility programmes are generally viewed more favourably than those that do not have highly visible programmes. Having goals and a vision for company that go beyond products and profits definitely provides a warmer image of business that consumers will be more eager to engage with.

There are actually two different types of corporate social responsibility to consider. The first one consists of corporations providing funding and resources for worthwhile social causes, such as donating money or employee time to charities. For many people, this the definition used when thinking about corporate responsibility. However another type of CSR involves putting together a real plan to produce product or services that are in the best interest of society. i.e. Things like using safe materials in design and manufacture, corporate environmental initiatives, and other factors such as job creation and economic development etc.

### Glimpse of Legislative Aspects of CSR

Under the Companies Act, 2013, any company having a net worth of rupees 500 crore or more or a turnover of rupees 1,000 crore or more or a net profit of rupees 5 crore or more should mandatorily spend 2% of their net profits per fiscal on CSR activities. The rules came into effect from 1 April 2014.

Schedule VII of the company's bill directs companies to the following activities to be included in their CSR policy:

- Eradicating extreme hunger and poverty.
- Promotion of education
- Promoting gender equality and empowering women
- Reducing child mortality and improving maternal health
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other deceases.
- Insuring environmental sustainability.
- Employment - enhancing vocational skills.
- Social business projects
- Contribution to the Prime Minister's national relief fund or any other fund set up by the Central Government or the State Governments for socioeconomic development, and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes ,Other backward classes, Minorities and women's

CSR brings several benefits to the firms as well to the society such as: good public relations, motivation to employees, customer satisfaction, cost reduction, product differentiation, government relations, building a positive work place environment, business expansion, corporate image, supplier relation, protection against law suits.

### Pyramidal Structure of Corporate Social Responsibility



Source: Figure based on lecture of Bakhsheshy, A. (2007), *Corporate Citizenship, Social Responsibility, Responsiveness, and Performance*, available at: <http://home.business.utah.edu/mgtab/BS-02.ppt>

## **Notable Work by Some Companies**

### **TATA group**

TATA group companies believe returning wealth to the society they serve two third of the quality of TATA sons, the TATA promoter company, is held by philanthropic trusts that have created national institutions for science and technology, medical research, social studies and the performing arts. The trust also provides aid assistance to non government organisations working in the areas of education, health care and livelihood. TATA companies also extend social welfare activities to communities around their industrial units. The combine development-related expenditure of the trusts and the companies amounts to around 4% of the net profits of all the TATA companies taken together.

### **ICICI Bank**

ICICI bank has opened a skill training academy in Jaipur as part of its CSR efforts to provide vocational training to youth for economical weaker sections of the society. The vocational training course provides sustainable livelihood opportunities to the beneficiaries. This invitation aims to promote institutional growth in India, and intends to train 5000 youth at nine training centres across India in 2014 and 15,000 thousand youth by 2016. The courses offered include selling skills, office administration and web design for graduates; and electrical & home appliances' repair, refrigerator and air conditioning repair, diesel generator and pump repair for classes' tenth pass out.

### **Coal India**

Coal limited has contributed rupees fifty crore for the rehabilitation of cyclone phailinaffected victims of Odisha. CIL has donated this fund to the chief ministers relief fund's to Odisha under its CSR policy for the relief and rehab activity in the cyclone affected areas of Odisha. Coal India has been responsible corporator citizen and has been actively contributing for the welfare and betterment of society at large. In 2013, CIL contributed rupees 16.50 crore for construction of Trauna centre at Leh (J&K). During the natural calamity (2013) in Uttara Khand Coal India contributed more than rupees 25 crore towards relief work in Uttara Khand.

### **Model Villages of A.V.Birla Group**

One of A.V.Birla group's unique initiatives is to develop modern villages, so each of the groups' major companies (GRASIM, HINDALCO, ADITYA BIRLA NUVO,& ULTRA TECH) is working toward the total transformation of a number of villages in proximity to our plants. Making of a model village in tails ensuring self-reliance in all accepts viz., education, health care and family welfare, infrastructure, agriculture and water shed management, and working towards sustainable livelihood patterns. Fundamentally, ensuring that their development researches a stage wherein villages' committee's takes over the complete responsibility and teams become dispensable.

### **Infosys**

The Infosys Science Foundation, set up in 2009, gives away the annual Infosys Prize to honour outstanding achievements in the fields of science and engineering. The company supports causes in health care, culture and rural development. In an interesting initiative undertaken by it, 100 school teachers in Karnataka, who were suffering from arthritis, underwent free surgery as a part of a week-long programme.

### **Mahindra & Mahindra**

Nanhi Kali, a programme run by the KC Mahindra Education Trust, supports education of over 75,000 underprivileged girls. The trust has awarded grants and scholarships to 83,245

students so far. In vocational training, the Mahindra Pride School provides livelihood training to youth from socially and economically disadvantaged communities. M&M also works for causes related to environment, health care, sports and culture.

#### Ashok Leyland

Operates a FunBus in Chennai and New Delhi. This bus, equipped with a hydraulic lift, takes differently abled children and those from orphanages and corporation primary schools on a day's picnic. The company also runs AIDS awareness and prevention programmes in its Hosur factories for about 3.5 lakh drivers.

#### Hindalco Industries

Its CSR activities are concentrated in 692 villages and 12 urban slums, where it reaches out to about 26 lakh people. It has constructed check dams, ponds and bore wells to provide safe drinking water. In education, it awards scholarships to students from the rural schools it supports. Its other interests include women's empowerment and health care, in which it treats patients in hospitals, runs medical camps and operates rural mobile medical van services.

#### CPSEs (Central Public Sector Enterprises) Spending on CSR

	Name of the CPSE	Year	Total funds allocated for CSR (Rs. Crore)	Funds utilized for CSR (Rs. Crore)
1	Coal India Limited	2009-10	43.81	40.14
		2010-11	262.28	152.33
		2011-12	553.33	113.03
2	Indian Oil Corporation Limited	2009-2010	37.69	46.85
		2010-11	131.11	128.41
		2011-12	95.60	82.73
3	National Thermal Power Corporation Limited	2009-10	16.74	20.4
		2010-11	72.37	72.21
		2011-12	45.52	49.44
4	Oil and Natural Gas Corporation Limited	2009-10	322.52	268.87
		2010-11	335.35	219.03
		2011-12	378.48	121.08
5	Steel Authority of India Limited	2009-10	80.00	78.79
		2010-11	94.00	68.27
		2011-12	64.00	35.52

Source: <http://www.ijesmjournal.com/issues%20PDF%20file/apr.-june-2013/3.pdf>

#### Some Indian companies net Sales for the Financial Year 2012

Sr.No	company	Revenue	Avg PAT(Profit after Tax)	Actual spend	2% of PAT
1	Reliance Industries	368,571	21138	288	423
2	Tata Motors	170678	8437	15	169
3	Mahindra & Mahindra	63030	2948	22	59
4	ICICI Bank	37995	6366	24	127
5	INFOSYS	33,734	7128	26	143
6	Maruti Suzuki of India	40,050	2162	12	43
7	BAJAJ AUTO	20,541	2,709	10	54

Source: <http://forbesindia.com/printcontent/34893>

## Conclusion and Suggestions

Contribution through CSR by companies will uplift the lives of the poor community and environmental development. CSR works a morale booster for private sectors. Competitiveness in private sector for its application helps in overall social welfare. From the various examples given in the paper it shows that though companies are making efforts in CSR areas but still there is a requirement of more emphasis on CSR. Corporate sector should spend more and more funds for CSR. As government cannot be involved in all spheres of social development and public welfare hence CSR is a framework which enables to attain social upliftment with the help of corporate sector involvement. Corporate sector should spend more and more funds for CSR

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