

# A Comparative Study of Corporate Social Responsibility Practices in India

Dr Kiran S. Kakade

Assistant Professor, Thakur Institute of Management Studies and Research, Mumbai, Maharashtra (India)

---

## ARTICLE DETAILS

### Article History

Published Online: 12 June 2019

### Keywords

CSR, Sustainability, Stakeholders, Society, Corporate.

### \*Corresponding Author

Email: kiranskakade1[at]gmail.com

---

## ABSTRACT

*Corporate Social Responsibility is a developing and vital piece of an organization's general system and has a responsibility towards its business entity, stakeholders as well as towards society. Thus every organizational unit must have a responsibility for the upliftment of society, which is broadly considered as Corporate Social Responsibility (CSR). Corporate social obligation is a guarantee to enhance the well - being of a group. It is not philanthropy; however, it is a central business technique of an association. It is a way which strikes a harmony between financial, social and ecological goals. The current research explores the position of Indian companies regarding corporate social responsibility and to study CSR is a part of the fundamental business framework of Indian Companies or not.*

---

## 1. Introduction

Social responsibility of business indicates rules and obligations of decision making authority to take necessary actions which can secure and improve the welfare of society as a whole along with protecting the interest of business concern. In current times, the concept is progressively more and more acceptable with changing scenario. Thus social responsibility widely refers to the obligations and duties of business to the society as a whole. The Corporate Social Responsibility is a way through which a organization usually maintain a balance between, social, environmental and economic activities. Thus, spending on CSR by a organization is a simple process of giving back to the stakeholders which it is doing its business activity and making profits for its shareholders sincerely

William J. Bowen has recommended that the "social duty of agent alludes to the commitments of business people to seek after those strategies, to settle on those choices or to take after those lines of activity which are attractive regarding the destinations and estimations of our general public."

European Commission portrayed CSR as "an idea whereby organizations coordinate social and natural worries in their business tasks and cooperation with their partners on an intentional premise."

As indicated by Forbes (2010), corporate social duty works in two ways. The organization offers back to the Society. Thus, individuals become acquainted with about the organization, which helped them most and took into account their items and administrations.

As per Infosys organizer, Narayan Murthy, "Social duty is to make greatest investors esteem, working considering the present situation, where it is reasonable for every one of its partners, specialists, purchasers, the group, government and the earth."

Corporate social responsibility (CSR) has been made mandatory by law under Companies Act, 2013 passed in August 2013. According to the law, every company net profit of

Rs 5 crore or more should spend at least 2 % of average net profits of the company towards CSR.

## 2. India and CSR

CSR isn't new to India. Improvement of CSR can be followed back in various stages, which are as per the following:

The main period of CSR was prevalently controlled by culture, religion, family custom and industrialization. Business activities and CSR engagement were constructed principally in light of corporate self-direction. Being the most established type of CSR, philanthropy generosity still impact CSR rehearses, particularly in group advancement. In the pre-modern period up to the 1850s, shippers submitted themselves for the religious reasons, sharing their riches, for example, by building sanctuaries. Additionally, "the business group involved a noteworthy place in antiquated India, and the traders gave alleviation during an emergency, for example, starvation or pandemics by opening go-downs of sustenance and money boxes" (Arora, 2004).

Under provincial manage, Western kind of industrialization achieved India and changed CSR from the 1850s onwards. The pioneers of industrialization in the nineteenth century in India were a couple of families, for example, the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhanian, Modi, Mahindra and Annamalai, who were emphatically dedicated to magnanimously propelled CSR (Mohan, 2001).

The second period of Indian CSR (1914-1960) was commanded by country's battle for autonomy and impacted on a very basic level by Gandhi's hypothesis of trusteeship, which expected to combine and open up social advancement. Amid this period, Indian organizations effectively occupied with the change procedure. Not just the organizations saw the country's financial improvement as a dissent against pilgrim run, yet also they took an interest in its institutional and social advancement (India Partnership Forum 2002).

The worldview of the "blended economy", with the development of public sector undertaking (PSUs) and sufficient enactment on work and condition gauges, influenced the third

period of Indian CSR (1960-1980). This stage was likewise portrayed by the move from corporate self-control to the strict lawful and open direction of business exercises. In this situation, the general society division was viewed as the prime mover of improvement. The 1960s was depicted as a "period of charge and control" because strict lawful directions decided the exercises of the private part.

The presentation of an administration of high charges, quantity and permit framework, forced tight limitations on the private segment and by implication, activated corporate acts of neglect. Therefore, corporate administration, work and natural issues ascended on the political plan and rapidly turned into the subject of enactment. Moreover, state experts built up public sector undertaking (PSUs) with the expectation of ensuring the proper dispersion of riches to the destitute (Arora, 2004).

In the fourth stage (1980 until the point that the present) Indian organizations and partners started forsaking generous conventional engagement and to some degree incorporated CSR into a sound and practical business technique, halfway receiving the multi-partner approach. In the 1990s, the Indian government started changes to change and deregulate the Indian economy by handling the weaknesses of the "blended economy" and endeavored to incorporate India into the worldwide market. Like this, controls and permit framework were somewhat cancelled, and the Indian economy encountered an articulated blast, which has held on until today (Arora and Puranik, 2004).

At present, Indian organizations are currently anticipated that would release their stakeholders' duties and societal commitments, alongside their shareholders' riches amplification objective. In India, as in whatever remains of the world, there is a developing acknowledgement that business can't succeed which bombs in general public. A perfect CSR has both moral and philosophical measurements, especially in India, where there exists a wide hole between segments of individuals regarding salary and benchmarks and also financial status. These days, India has been named among the main ten Asian nations paying expanding significance towards Corporate Social Responsibility (CSR) divulgence standards. Other than people in general area organizations, it is the private part organizations that assumed the prevailing part in CSR exercises.

### **The Key Drivers for CSR**

Numerous organizations imagine that corporate social duty is a fringe issue for their business, and consumer loyalty is more critical for them. A portion of the drivers pushing business towards CSR include:

- **Coordinate Economic Esteem/Brand Reputation:** Although the prime objective of an organization is to produce benefits, organizations can in the meantime add to social and natural targets by incorporating CSR as a key interest in to their business methodology as they turn out to be progressively mindful that Corporate Social Responsibility can be of direct monetary

esteem. They can expand their notoriety with the general population and government by receiving CSR.

- **Laws and Regulations:** Another driver of CSR is the part of free go-betweens, especially the legislature, in guaranteeing that enterprises are kept from hurting the more extensive social well, including individuals and condition. Governments should set the plan for social obligation by method for laws and directions that will enable a business to lead them mindfully.
- **Aggressive Labor Markets:** Employees are progressively looking past pay-checks and advantages and searching out businesses whose methods of insight and working practices coordinate their standards.
- **Charity:** It is the recorded driver which implies a feeling of morals or welfare. After the Second World War, an assortment of national and worldwide controls emerged through bodies, for example, the International Labor Organization (ILO) underlining the requirement for a dynamic social strategy for transnational organizations.
- **Moral Consumerism:** The ascent in prominence of moral consumerism in the course of the most recent two decades can be connected to the ascent of CSR. As worldwide populace builds, so does the weight on constrained common assets required to take care of rising customer demand. There is confirm that the moral direction of organizations apply a developing impact on the buying choices of buyers.
- **Globalization and Market powers:** Corporations need to confront numerous difficulties, i.e. government directions and taxes, ecological confinements, and so forth that can cost organizations in particular. Associations can support an upper hand by utilizing their social commitments.
- **Social Awareness and Education:** Corporate partners are applying weight on companies to carry on mindfully. Non-administrative associations are likewise playing an expanding part, utilizing the energy of the media and the web to build their investigation and aggregate activism around corporate conduct.
- **Provider Relations:** As partners are ending up progressively inspired by business issues, numerous organizations are finding a way to guarantee that their accomplices behave in a socially capable way. Some are presenting implicit rules for their providers to guarantee that other companies' arrangements or practices don't discolor their notoriety.

### **3. The need for the CSR study**

Corporate Social Responsibility (CSR) is a compelling method for accomplishing and keeping up sound business administration. Via completing social duty, an organization can improve its financial esteem and brand picture and also benefits the general public. What's more, organizations and different associations are required to have a responsibility towards partners, for example, customers, financial specialists, representatives, neighborhood occupants, and so on while utilizing the assets of the society. This training is deliberate; however, the Indian Government Parliamentary Standing Committee on Finance has proposed obligatory corporate

social duty (CSR) by organizations as a feature of progress to companies" charge 2009 These monetary, social and biological esteem help to quantify an organization's achievement and effect on its partners. The business must offer back to the group in which they work. In an undeniably focused commercial centre purchasers are searching for organizations that deliver a quality item or administration, as well as mirror their own esteems.

CSR is a vehicle through which organizations give something back to the general public. However, the test before the organizations is to distinguish CSR needs and the zones of creation which are significant with regards to society advancement. In this way, there is a need to think about and comprehend the CSR works on being taken by various corporate houses. As we realize that the fundamental thought process of open segment undertaking is to produce business, acquire benefits and utilize this for social welfare. These days, CSR has turned out to be obligatory, and there is a need to know which part organizations (private area and open division) are improving the situation CSR rehearses. This examination will indicate astute division correlation of CSR hones amongst open and private area organizations.

The examination will likewise feature that do the Indian firms have confidence in CSR and its capacity to do social and money related great. Numerous organizations and partnerships have not yet understood the significance of CSR rehearses. In this way, there is a need to consider stakeholders" recognition towards CSR. Other than the obligation towards the general public, the organizations are mindful to work in a way, so they procure a benefit and increment their gainfulness. Organizations have a duty towards investors, speculators, lenders. Along these lines, there is a need to think about what is the effect of CSR rehearses on the benefit of the business.

To make a general investigation that to what degree the organizations in India are doing CSR rehearses, there is a need to contemplate CSR hones in various divisions of India.

#### 4. Review of literature

A writing audit is a body message that intends to survey the basic purposes of current learning, including substantive discoveries and also hypothetical and methodological commitments to a specific theme. Writing audits are optional sources and in that capacity don't report any new or unique trial work.

To outline the present examination logically, the scientist reviewed a decent measure of research work and writing did in the zone of corporate social obligation. There are a portion of the audits of the investigations which had been beforehand embraced in the field of CSR.

Omweno Nyameyio Enoch and Dr Kundan Basavaraji, Kuvempu University (2013) - Corporate Social Responsibility Of Tata And ITC Company: A Comparative Study CSR has been expecting more prominent significance in the corporate world in the 21st century. Indian Government has drafted rules for CSR rehearses, which generally proposed organizations to

contribute a rating share towards that reason (CSR). This examination thinks about the CSR exercises of Tata Company and ITC Company on various regions, i.e. natural kind disposition, social responsibility, employee's wellbeing, human rights advancement and medicinal services, and so forth. The examination likewise centers around the announcing techniques utilized by these organizations. From this examination, it is watched that all the two major privately owned businesses of the nation are specifically occupied with social duty in different zones, from advancement in farming and training to sparing the earth. It is inferred that condition, training, group association and medicinal services exercises honed as CSR by the two organizations.

Bhupinder and Vikas Kumar Joshiya, Assistant Professor, University of Delhi (2012)- Issues And Challenges Of Corporate Social Responsibility In India Over time, CSR extended to incorporate both monetary and social interests. Organizations have turned out to be more straightforward in bookkeeping and show „public reporting“ because of weights from different partners. In this exploration paper CSR status, difficulties of CSR, arrangements for CSR in India are examined. The idea of CSR is presently immovably established on worldwide business motivation.

Anupam Sharma and Ravi Kiran, School of Behavioral Sciences and Business Studies, Thapar University, Patiala, India (2012)- Corporate Social Responsibility Initiatives Of Major Companies Of India With Focus On Health, Education And Environment. In India, numerous organizations have taken the activities of CSR rehearses which have met with fluctuating needs of the general public. The present investigation has influenced an endeavour to comprehend the status, to advance and activities made by substantial firms of India in setting to CSR approach confining and execution. Even though India has entered or taken a transformational change by including into new CSR activities, yet at the same time a ton must be done around there.

Dr Arvind Jain, Senior Manager, Explorative Review Numerous organizations have built up a corporate personality utilising CSR as a central movement of their business, which has turned into a point of convergence of their prosperity and the upper hand. The essential goal of this paper is to know the idea of corporate social obligation and audit existing learning accessible around there.

Lokaranjan Guha, Professor says It has examined especially those organizations who have crossed the different points of reference of the standard to be, specific ISO 9000, ISO 14000, ISO 18000, natural dependability, security and social responsibility, and so on. At that point it examines the part, the foundation structure and the conceivably of CSR evaluations got from Karmayog.com stage that may go about as reasonable intends to drive the business additionally up the step of social duty.

Ms Nidhi Khurana Asia Pacific Institute of Information Technology, Panipat (2011)- Strategic Corporate Social Responsibility: Challenging Sustainable Actions In India. Taking a gander at the current financial state of India, there is a quick

need of vital CSR conveying an offer to the majority. The paper centres around the motivations to break down the keyhole between CSR execution and CSR viability and to recognize the engaged parts where feasible activities of key CSR are required to make cooperative energies in India. The paper asks the Corporate not to look CSR as a non-benefit action in certainty over the long haul, consumption in CSR can help expand productivity.

Sweta Singh says about the motivation behind this paper is to inspect the pattern of CSR in all its many-sided quality and look forward to the potential effect and real concerns identified with it. This paper incorporates different methodologies, joined the investigation of focal archives and distributions on CSR with an examination of articles identified with CSR. It tosses advance experiences in the pervasive patterns of CSR in different corporate in India

Santhosh Jayaram, partner and head, sustainability and CSR advisory at KPMG, India says "The functioning of the CSR committee has shown significant development as an increasing number of top executives are involved and CSR is also a boardroom discussion."

**5. Objective**

- To study what is the position of Indian companies regarding corporate social responsibility.

- To study CSR is a part of basic business framework of Indian Companies or not

**6. Research Methodology**

In this research, Mixed Research Approach is used in which Quantitative (survey) and Qualitative (is used for case studies) approach both are used. Sampling method for current research study is restricted to some reputed companies, so according to the convenience they are being picked, so the sampling method used in this study is Convenience Sampling from 100 respondents through structured questionnaire. Tools for study is used to measures of central tendency such as Mean (for averages) and then interpreted with the help of the graphical device.

**7. Discussion**

The companies reviewed were:

- Benchmarks: Tata and BP
- Information Technology: Wipro, Infosys
- Two-wheelers: Hero Honda, Bajaj
- FMCG: Dabur, Godrej
- Rural Marketing: Hindustan Unilever, ITC
- Telecom: Airtel, BSNL
- Real Estate: DLF
- Oil and Gas: ONGC, IOC

**Table 1**

	Community	Environment	Education	Health
ITC	High	High	Medium	Medium
HLL	Medium	Medium	Medium	Medium
AIRTEL	Medium	Medium	Medium	High
BSNL	Medium	Not yet started	Not yet started	Not yet started
INFOSYS	Medium	Medium	High	Medium
WIPRO	Medium	Medium	High	Medium
IOC	Medium	Medium	Medium	High
ONGC	High	High	Medium	Medium
Godrej	Medium	High	Medium	High
Dabur	Medium	Medium	High	Medium
Bajaj	Medium	Medium	Medium	High
Hero Honda	Medium	Medium	High	High
DLF	Medium	High	Medium	Medium
Tata	High	High	High	Medium
BP	High	Medium	High	High
<b>High</b>	<b>Medium</b>	The companies have been ranked high, medium or low based on their focus as reflected by the financials & organizational resources devoted to CSR causes, along with the number & size of initiatives		
<b>Low</b>	<b>Not yet started</b>			

**DATA ANALYSIS**

	N	Mean	Std. Deviation	Skewness
	Statistic	Statistic	Statistic	Statistic
High CSR involvement for Company	100	1.5400	.50091	-.163
Companies Responsibility With CSR	100	2.6500	1.47966	.302
Issue of India Comapnies.	100	2.1600	1.04175	.547
CSR Is Part of Basic Business	100	1.5200	.50212	-.081
Valid N (list wise)	100			

**Responsible Companies in India Doing CSR**

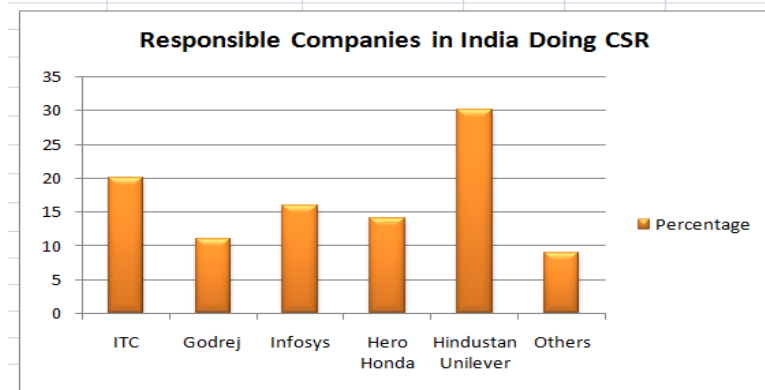


Figure 1

Table stating the percentage of responses towards responsible companies doing CSR

is very low awareness among the students about their activities.

**Analysis**

- ITC and HUL are perceived to be the most responsible companies among the group. Infosys also figured high in the responsibility ranking. Though Godrej, Hero Honda has several CSR initiatives, there

- HUL's Project Shakti and ITC's e-choupal programs had the highest top of the mind recollection, with a sizeable percentage of respondents being able to recall the name of the program.

**Indian Inc. to Be Considered Top Issue in**

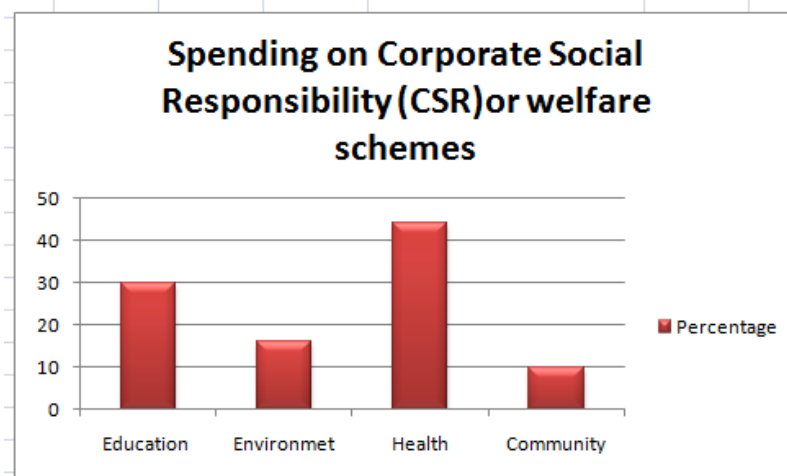


Figure 2

Table stating the percentage of responses towards top issues in Indian companies

- 30% feel that they should invest in education.
- Followed by environment and community with 10% and 16% respectively.

**Analysis**

- Majority of the respondent feel that Indian companies should invest more in health (44%).

**CSR is a Part of Basic Business Framework of Indian Companies**

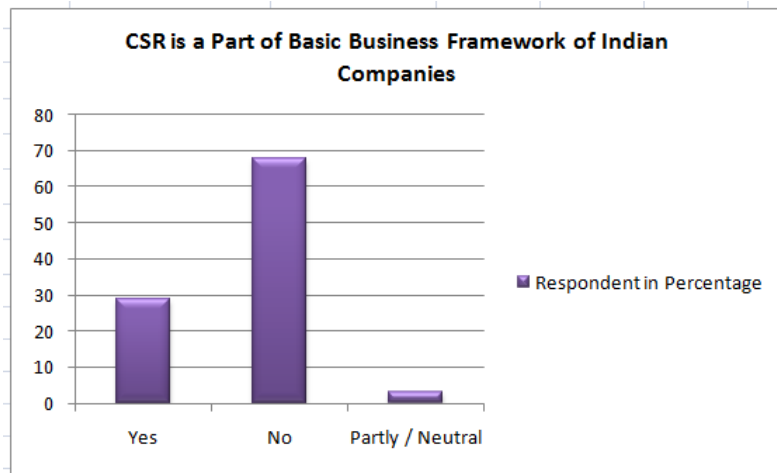


Figure 3

Table stating the percentage of responses towards CSR as a basic business framework

**Analysis**

- Majority of the respondent consider CSR is not yet considered as a basic business framework (i.e.68%).
- Whereas 29% feel that CSR is considered as a basic business framework in Indian companies,
- While remaining 3% feels neutral/partly.

Although there was no clear consensus among the HR as to whether CSR acted as an attraction policy for employees, all agreed that with CSR was going to play a more important role over time. According to them, the overriding motive for companies to invest in CSR is to satisfy their stakeholders.

It is observed from respondent survey that “It does to an extent. Organizations of late are laying focus on CSR having realized the importance of giving back to the society in some form or the other, what they have accrued from them. This also throws some light on the ethics which the organization practices and hence it also in a way contributes to their brand building strategy. Candidates, before joining make a holistic assessment of the company that they are likely to join. It may be irrespective of levels. “Companies which believe in it, view it as an integral component of their business model. The best examples of course are companies like the TATA Group, Infosys and Wipro.” Interestingly “It reflects on good corporate governance”

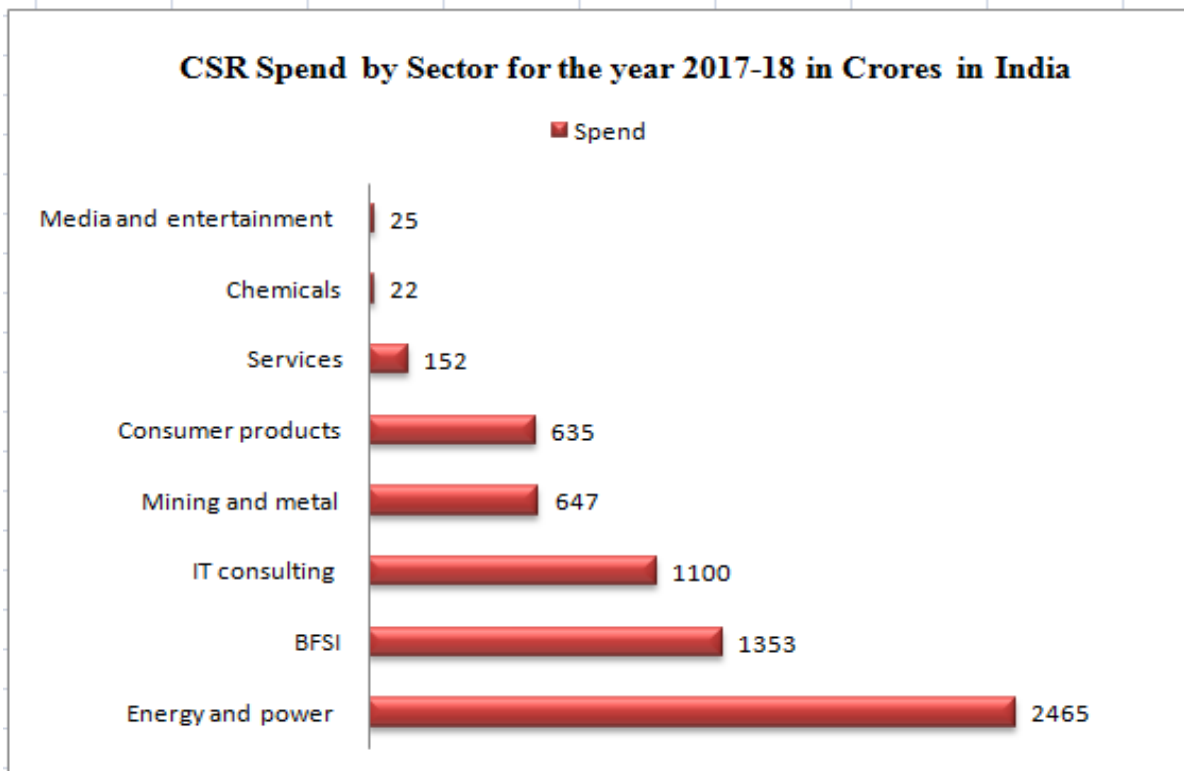


Figure 4 Source: KPMG India CSR Reporting Survey 2018

It is found that the Indian companies spend 47% more in 2018 compare to 2014 after amendment in companies act for mandatory spend 2 % of their net profit on CS.

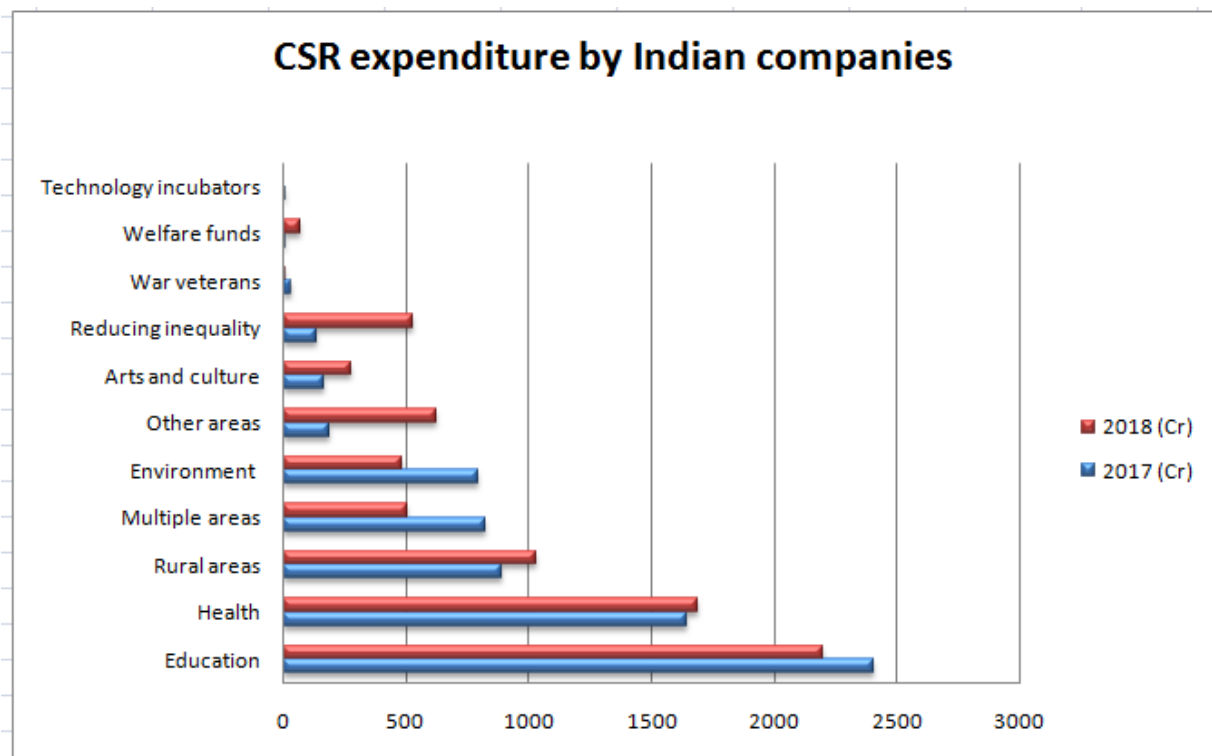


Figure 5 Source: KPMG India CSR Reporting Survey 2018

According to survey done by KPMG (The survey analyzed the CSR spending of India's top 100 listed companies) India says that the India's largest firms stood at Rs7,536.30 crore (around \$1 billion) in the financial year that ended in March 2018 on welfare schemes like health and education under CSR which matches the figures in above table.

## 8. Findings

- CSR is not considered as a basic business framework in every company.
- CSR in India is focused on the ethical considerations area.
- Tata group stands first for aggressively pursuing several CSR initiatives in India.
- Apart from its major thematic areas (community, education, environment and health), now CSR is creating Brand awareness among people, enhances

the reputation of company.

- Only few of the companies (11%) had a written policy though more than 85% of the companies agreed that they have a responsibility towards society.
- CSR varies among companies to companies depending upon the size and turnover of respective company.

## 9. Conclusion

Based on the research done by myself, I can say depending upon the size and turnover of respective company CSR varies because if the size of a company is small and they operate at a very less profit margin then they will not be able to do CSR at a large extent, though there is common thematic areas across all companies, by which they can do CSR in all the areas or they can choose any of them.

## References

1. Amit Kumar Srivastava, G. V. (2012). "Corporate Social Responsibility: A Case investigation of Tata Group". *IOSR Journal of Business and Management*, Vol.3, Issue 5(Sep.-Oct), pp. 17-27. , 17-27.
2. Anwar, M. S. (Summer 2012). "Effect of Corporate Social Responsibility Towards Firm esteem and Profitability". *Business Review, Cambridge*, Vol. 19, No. 2, .
3. Babalola, Y. A. ( 2012). "The Impact of CSR on Firms' benefit in Nigeria",. *European Journal of Economics, Finance and Administrative Sciences*, ISSN 1450-2275 Issues 45 .
4. Basavaraji, O. N. (March2013). "Corporate Social Responsibility of Tata organization and ITC organization: A near report" . *International Journal of Business and Management Tomorrow (IJBMT)* , 1-12.
5. Devinney, T. M. ( May). "Is the socially dependable partnership a myth? The great, the terrible and the appalling of corporate social obligation", . *Academy of Management Perspectives*, Vol.23 No.2, , pp.44-56.
6. Edmans, A. (Nov.2012). "The connection between work fulfillment and firm esteem, with suggestions for corporate social duty", . *Academy of Management Perspectives*, Vol.26, No.4, , pp.1-19.
7. Ghose, S. (July- June 2012). Globalization of corporate Social Responsibility focusing on Indian MARKets. *IOSR*

- Journal of Business and Management* , 41-48.
8. Guha, L. (2011). "Corporate social obligation rating: India center", . *The IUP Journal of Management Research*, Vol. 10, No.3, , pp. 28-41. .
  9. Jain, A. (October 2011-March 2012). "Corporate Social Responsibility: An Explorative Review", . *Journal of Accounting and Finance*, Vol.26, No.1 , pp. 13-19.
  10. Radha, D. K. (April-June 2012). "A view on corporate social obligations in India",. *The Economic Challenger*, No.14, Issue 55 , pp. 72-75.
  11. Singh, R. G. (2010). " Corporate social duty rehearses in India: An investigation of best 500 Companies", . *Global Business and Management Research: An International Journal (GBMR)*, Vol. 2, No.1, , pp. 41-56.
  12. Singh, S. (5, December 2010). "Altruism to Corporate social duty: An Indian Perspective",. *Review of International Comparative Management*, Vol. 11, Issue , , pp. 990-1000.
  13. Taj, H. M. (April-September 2011). "Social and natural issues-corporate social obligation, maintainable improvement: execution measures and markers". *Journal of Accounting and Finance*, Vol. 25, No.2 , pp. 93-99 .
  14. Kwat, N. (n.d.). *Corporate Social Responsibility (CSR): Concept and Activities*. Retrieved June 1, 2019, from Corporate Social Responsibility (CSR): Concept and Activities:
  15. Tandon, S. ( 2018, December 27). *Charted: Which Indian industries spend the most and the least on social welfare*. Retrieved May 28, 2019, from <https://qz.com>: <https://qz.com/india/1508321/how-indian-companies-spend-on-csr>