

REVIEW OF LITERATURE ON CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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Abstract: In a current scenario the role of organisations in economy is not just the revenue generation but is also expected to integrate social, ethical and environmental aspects in their day-to-day operations. It is significant to get acquainted to the past researches done in particular field in order to recognize the opportunity and area for future research. The present study reviews the study done in a decade regarding realization, adaptation and implementation of corporate social responsibility practices in Indian organisations and its impact on their overall success in market as well as society. For this purpose, a range of research articles from numerous journals, periodicals, newspaper and internet has been studied and reviewed thoroughly at national and international level. It is found that though organisations has started taking various initiatives towards social responsibility and there is a lot of information available on CSR spending of companies, little is known about how these companies are making their CSR practices innovative and at what extent and in what areas they are contributing towards society that forms the core of their success.

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Introduction:

Corporate social responsibility is generally understood as the obligation of business towards its society and stakeholders to act in an economically, socially and environmentally sustainable way. In a present time, companies are expanding their scale of operations and going beyond their domestic boundaries and since they acquire resources from society, they are no longer expected to play their ancient role of profit making but also required to discharge their responsibility towards its stakeholders by integrating ethical, social and environmental concerns in their business operations and ensuring transparency and accountability in its reporting. According to World Business Council for Sustainable development "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." It is evident that to ensure its competitiveness in market and sustainable development of an organisation, it is essential to frame an effective CSR strategy and policies and demonstrate a close knitted relationship with society by preserving and upgrading it.

Review of Literature

Rahman (2011) explored different dimensions of CSR. Various CSR definitions were studied from the 50s until the 21st century to identify CSR

dimensions. In 1950s CSR was an obligation towards society and in the 1960s it was considered to be a relationship between corporate houses and society. CSR definitions included a few other aspects like stakeholders, ethics, voluntariness, philanthropic, environmental stewardship and triple bottom line in the '70s to '90s. 21st century's CSR dimensions have a much wider scope; apart from the above aspects it also includes improving the quality of life of citizens, human and labor rights, environmental concerns, corruption issues, issues of transparency and accountability. Majumdar et al. (2008) described CSR as an inescapable priority for corporate houses in today's modern and globalized world. They examined existing CSR models and tried to find out difficulties associated with them during actual application in developing countries. Various models based on the academic approach, institutional approach were discussed. They suggested that a conceptual framework of corporate social responsibility is needed importantly in order to bridge the gap between developed and developing countries. All five domains namely economical, ethical, legal, philanthropic and environmental are required to be addressed while practicing CSR.

Prieto-Carrón et al. (2016) aimed at incorporating new insights into the CSR study. They talked about the impacts of CSR initiatives, the relationship between business and poverty, issues of power & participation in CSR, and governance-related

dimensions of CSR. They are of the view that currently only one side view of CSR is being considered and studied, but various sensitive questions related to corporate social responsibility are ignored. There is a pressing need to deeply study the pros and cons of CSR initiatives in developing countries. They suggested that researchers and people who practice CSR must indulge in collaborative studies on CSR in order to develop better impact assessment methodologies. Attention must be given to all important issues which are unaddressed or were overlooked.

Jothi (2016) made an attempt to analyze various factors that drive a few selected public and private firms towards CSR contribution. Data was collected from 318 respondents. Nature of ownership, Hierarchy level, gender, age, qualification, experience, and CSR driving forces are some of the variables which were considered. Compliance with companies' act 2013 was ranked number one factor driving firms to contribute towards CSR followed by community pressures, increasing awareness, commercial pressures, reputation, etc. Companies today can't work in isolation; they must have a good CSR policy and should align their business goals with sustainable goals.

Nicolae and Sabina (2010) discussed various dimensions and challenges of corporate social responsibility. The focus was on the number of issues relating to CSR and also on how changes in attitudes and reorientation of efforts are required for effective and efficient CSR implementation. They discussed legal, ethical, economic and philanthropic dimensions of CSR. Increased inclination and transparency are needed in a few areas in order to make the CSR concept a hit. The areas are Code of conduct, Standards management, financial reports, audit and reporting (information), Labelling & Socially responsible investment. This behavior can definitely fulfill CSR's objective of Sustainability or Sustainable development. Saxena (2016) studied various issues and challenges associated with CSR. History of CSR in India before 1900 and after 1900 till present was reviewed by the author. Ethical models, statist models, liberal models, and stakeholder models were discussed in association with history related to each model. Currently, Indian companies work on the Stakeholder model for its CSR. The stakeholder model came into existence during the 1900s and is still continuing. It works on a triple bottom line i.e. people, planet and profit. Under this model, companies try to address and communicate with all of its stakeholder's examples, employees, customers, government, suppliers, investors, etc. Demands of customers, investors, government and various labor markets are considered to be key drivers of CSR. Issues like transparency,

narrow perspective, lack of consensus, lack of infrastructure, visibility factors are considered to be the main challenges to CSR. Creating awareness among the general public is the need of an hour for effective implementation of CSR efforts by various corporate houses.

Arevalo and Aravind (2011) surveyed a number of managers at the top level of a few selected companies that are engaged in CSR activities namely the UN Global Compact (GC), in order to represent various industry factors. Certain research questions on the model of CSR followed by Indian firms and different drivers and obstacles associated with Proper CSR implementation were answered. They found that Indian firms follow the Stakeholder approach for its CSR activities, Ethics and values are important drivers for CSR and lack of resources or sufficient funds is the major obstacle in the effective implementation of CSR initiatives. Researchers believe that Indian firms have the right framework for proper implementation of CSR; it's just that an inclusive strategy that involves a majority of the workforce is needed.

Du et al. (2010) analyzed various aspects of CSR communication namely, message content, communication channels, and stakeholder specific factors. According to them, CSR communication is a delicate matter but very important for businesses. The main challenge is to overcome the skepticism of the stakeholders and to generate CSR attributions. A number of ways may be adopted by companies to disseminate information or communicate their CSR initiatives. Corporate sustainability reports, Press Releases, Website Reporting, Advertising MediaBillboards, TV commercials, Magazines, etc., Product Packaging are a few ways companies use to communicate their CSR activities. Companies must aim for positive media coverage and CSR rating in order to have better CSR associations.

Dubbink et al. (2014) discussed the pros and cons of transparency in association with CSR. They evaluated transparency policy based on three key criteria i.e. efficiency, freedom and virtue. Transparency enhances allocation efficiency, dynamic efficiency, and innovative efficiency but on the other hand, maintaining full transparency can be really a costly affair. When information quality is good and good information can be provided at a low cost, then only transparency will be efficient.

Sharma and Mani (2013) conducted a study based on secondary data (annual report of banks) on 30 banks including public, private and foreign banks. The purpose of the study was to analyze different CSR activities carried out by the banks. Some of the activities which they analyzed were rural branch expansion, priority sector lending, environment protection, community welfare, women welfare,

farmer's welfare, financial literacy, education, etc. Now, the company's performance is not only judged based on its financial parameters but also on CSR activities initiated by them. They concluded that though Indian Banks are currently continuing with CSR initiatives still there is a dire need of putting more emphasis on Corporate Social Responsibility. Public sector banks contribute more towards CSR as compared to Private sector banks. RBI needs to be more stringent while enforcing regulatory requirements on these banks.

Rajput et al. (2012) conducted a study on the largest 500 Indian companies to test the relationship between CSR and financial performance. Sales and profit figures of companies were taken to know their financial performance and CSR rating were considered for their CSR contribution. By analyzing and interpreting the data researchers found that CSR expenditure by corporate houses leads to improved financial performance. Firms with larger sales and profit figures contribute more towards CSR. They found that a positive relationship exists between CSR rating and the financial performance of the company.

Dhawan (2019) tried to study the acceptance of Green HR practices by Indian companies and how these practices help the environment. Today, a lot of companies have started practicing Green HRM i.e. incorporating green measures in every aspect of HR practice in the company. The researcher talked about Green recruitment, green selection, green training and development, green performance appraisal, green retention, etc. Companies try to integrate their objectives of profit maximization with environmental objectives by incorporating green measures in each HR activity. Though it is in its nascent stage the future of G-HRM is really bright in India. If it is applied with proper planning and strategy it will be really fruitful. Carbon and environment footprints can be reduced, making an organization a green organization.

Prathima (2015) tried to portray the best CSR Practices of the top 10 companies globally. The researcher studied 115 companies of different industries including automobiles, banks, FMCG, power, steel and many others. Sustainability programs by corporate houses can enhance innovation; retain employees, help in building positive relationships with Government and NGOs, building industry reputation and Brand. Tata group, Infosys ITC, Indian Oil, Reliance industries, etc. are few companies that religiously contribute towards CSR. Carrying out CSR activities is no more an option. It is an obligation of corporate houses to comply with the particular act. Therefore, there is an important need to look at CSR more strategically.

Srinivasan (2007) in his article "Corporate Social Responsibility" underlined that corporate social

responsibility is more than generosity and does not mean "giving and receiving". CSR means sustainable development of the community by being taking part in their progress. The government has been making a immense amount of welfare schemes for the people but observation shows that mostly the benefits do not reach to the one who are in need. Industries are diversified in terms of departments such as human resource management, business planning etc. They can easily provide the missing factors of leadership and institution and establish the "last mile connectivity" to reach the benefits to the needful. Therefore the focus of CSR should be "unlocking" the last mile connectivity. Industry must be a mediator for social development. Rajkumar (2008) in his article "Promoting Corporate Social Responsibility" pointed out that corporate have determined an immense role to play in governance issues and they cannot run away from fulfilling their social responsibilities. There are three key dimensions of corporate social responsibility need to be recognized which are: responsible conduct of corporations, ethics in business and corporate governance and social responsibility of corporations. Corporate social responsibility ensures that undertakings are promoting corporate citizenship as a key part of their organizational culture. It highlights the reforming role of business moving from merely selling product and services to the development of the society.

Prasad (2009) in his research paper "Corporate Social Responsibility initiatives of Indian companies- A Study", conferred that corporate social responsibility is a concept where activities are done by the organizations for the societal interest which is possible by taking up responsibilities of their key stakeholders, along with their communities and the environment. The societal approach by the corporation assist them in improving their financial performance, profitability, accountability, employee commitment, stronger relationships, improved reputation and branding. When the head of the organization personally takes up the responsibility of initiating and promoting corporate social responsibility initiatives then only desired results can be obtained. Mishra and Damodar (2010) in their paper "Does Corporate social responsibility influence firm performance of Indian companies" empirically reviewed CSR impact on financial and non-financial performance of Indian firms and inferred that listed firms adopts more responsible business practice and better financial performance in comparison to non-listed firms. Findings indicated that responsible business practices towards primary stakeholders results in profitability for Indian firms. Arevalo and Aravind (2011) in their paper "Corporate Social Responsibility Practices in India: Approach, Drivers, and Barriers" explain the

four approaches of CSR i.e. ethical, statist, liberal and stakeholder approach. He finds that the most favoured CSR approach by firms is stakeholder approach. He further examines the drivers and barriers for CSR approaches. He concluded that the moral motive followed by the profit motive is the significant drivers for Indian firms to adopt CSR. He recognises the lack of resources and complexity in implementation of CSR as barriers to carry out the CSR activities.

Shastri and Singh (2012) in their paper “An Empirical Study on Corporate Social Responsibility Practices of Indian Public Sector Companies” attempted to analyze the contributions of Indian companies i.e. HPCL, BPCL, IOCL, Power Grid GAIL, EIL, BHEL and BPC belonging to different categories of PSUs towards corporate social responsibility. The activities covered include education, healthcare, community welfare, women empowerment, rural development, environment protection, children welfare, disaster management, charity/donations and supporting civil society. The findings revealed the facts about the policy framing for corporate social responsibility, implementation, pattern of allocation of budget for corporate social responsibility, and purpose for adopting corporate social responsibility practices in public sector organizations.

Dhanesh (2014) in his article “CSR as organization-employee relationship management strategy: A case study of socially responsible information technology companies in India” examined CSR as relationship management strategy that strengthen relationship between organisation and employees in terms of trust, mutuality, commitment and satisfaction. Active participation of employees in CSR activities give them the sense of collaboration and feeling that their opinions are taken into consideration thus increasing their thought of control over their relationship with organisation. Singh and Sharma (2015) in their paper “Corporate social responsibility practices in India: Analysis of Public companies” explain the regulatory framework and CSR policies and activities carried out by public sector units i.e. Coal India Ltd. and GAIL. The initiatives taken include education, skill development, women empowerment activities, development of poor and needy section of society, nutrition, health & sanitation facilities and rural development. It also follows the mandatory clause of contributing 2% of the average profit of three immediate preceding financial years towards CSR activities. The findings revealed the facts that these companies are tremendously working for social responsibility and they are not only covering activities under Section 135 of Companies Act, 2013 but are also going beyond that.

Singh (2016) in her paper “Corporate social responsibility: Its roles and challenges in Indian context” explains the role of corporate social responsibility and resistance faced in its implementation and remedial measures for it. It recognizes that CSR actions have been perceived by the companies in order to enhance its impact on society and stakeholders. But the participating organisation also faces some challenges like lack of community participation in CSR activities, transparency, lack of community participation in CSR activities, Non-availability of clear CSR guidelines etc. It is important for the corporate sector to locate, promote and implement successful policies and practices that attain triple bottom line results.

Chatterjee and Mitra (2017) in their paper “CSR should contribute to the national agenda in emerging economies - the Chatterjee Model” state that India has its own challenges and dilemma i.e. high population, that means having low life expectancy, education etc on one hand and burden of under developed and disturbed population on the other. They also formulated another model of CSR i.e. “The Chatterjee Model” which lay emphasis on projectivisation of CSR activities by the stable and large organisations that ensures complete transparency and accountability. There is greater need in India, than in the West, to build systems to serve the societal needs for health care, education etc. It urges that CSR should contribute to the national agenda of country, assisting it to accelerate its shift from emerging to developed nation. At International Level Idowu and Loanna (2007) in their paper “Are corporate social responsibility matters based on good intentions or false pretences? A critical study of CSR report by UK companies” studied twenty companies in U.K. and propounded that the U.K. companies has now become ethical and responsible in terms of social responsibility as companies disclose its CSR with a view of public benefits, government request and issue information to stakeholders because the companies think that stakeholders of twenty first century are better educated than past. Mcdonald and Rundle-Thiele (2008) in their paper “Corporate social responsibility and bank customer satisfaction: A research agenda” inspected the relationship between corporate social responsibility, customer outcomes and customer satisfaction. The evidence highlighted by the authors suggested that socially responsible companies are likely to be viewed more favourably by consumers than less socially responsible companies. The authors further reported that finding directed towards customers' centric initiatives may create better customer satisfaction than corporate social responsibility initiatives. The researchers further suggested that retail banking customers have a positive

attitude towards corporate social responsibility initiatives and they prefer these initiatives.

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