EVOLUTION AND SIGNIFICANCE OF CORPORATE SOCIAL RESPONSIBILITY IN MODERN BUSINESS STRATEGIES

Abstract

Corporate Social Responsibility (CSR) is a principle asserting that both private corporations and public organizations bear a responsibility towards the communities they operate within. This commitment not only helps in reducing costs and risks but also enhances a company's brand value and reputation. In the words of Howard Bowen, CSR encompasses the responsibilities of business entities to adopt policies and make decisions that align with the objectives and values of our society. Effective strategic alignment is essential for CSR activities to contribute to sustainable progress in environmental, social, and economic aspects. This article explores diverse CSR initiatives undertaken by various Indian companies, delving into their growth and the significant challenges encountered in carrying out these CSR activities.

Keywords: CSR, Modern Business Strategies, Roles, Social Responsibility and Sustainability.

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I. INTRODUCTION

Corporate Social Responsibility (CSR) encompasses the actions and initiatives undertaken by businesses in areas related to social causes, environmental concerns, disaster relief, and community support. In India, the introduction of CSR as a mandatory practice for companies dates back to 2013 when it was established by an Act. The term itself was invented in the year 1953 by American economist Howard Bowen, often hailed which is known as the father of Corporate Social Responsibility(CSR). In its early iterations, CSR primarily revolved around philanthropy and charitable donations. Influential figures like Andrew Carnegie and John D. Rockefeller in the early 20th century directed their wealth toward various charitable endeavors, including education, healthcare, and cultural enrichment.

The introduction of Corporate Social Responsibility (CSR) in India is in line with the country's dedication to incorporating social, environmental, and human development concerns into the fundamental operations of corporations. The primary objective of CSR is to contribute to the community, engage in charitable initiatives, and generate a positive impact on society. Increasingly, businesses are embracing CSR as a way to make a meaningful contribution and cultivate a favorable corporate image.

Notably, India made a significant move on April 1, 2014, when it became the first nation to legally require corporate social responsibility. According to Section 135 of India's Companies Act, companies meeting certain revenue and profitability criteria must allocate 2% of their average net profit from the past three years to CSR activities.

Corporate social responsibility represents a business approach in which companies strive to operate in a manner that enhances rather than diminishes society and the environment. CSR not only contributes to various facets of societal improvement but also fosters a positive brand image for corporations.

II. CORPORATE SOCIAL RESPONSIBILITY (CSR) OBJECTIVES

Corporate Social Responsibility (CSR) is a multifaceted concept with a wide range of aims and purposes. Essentially, CSR aims to tackle various critical issues such as human rights, education, health, and safety. It doesn't stop there; it also encompasses corporate governance, working conditions, environmental sustainability, and more. This comprehensive approach reflects the essence of CSR, which goes beyond mere profit generation to promote a holistic approach that considers economic, social, and environmental dimensions simultaneously.

One of the core objectives of CSR is to foster positive social and environmental progress. It acknowledges that businesses have a duty not only to their shareholders but also to society at large and the planet. This perspective aligns with the idea of the "triple bottom line," which stresses that a company's success should be evaluated not only by its financial profits but also by its beneficial impact on people and the environment.

In recent times, CSR has gained substantial prominence in both India and the global context. As businesses face increasing scrutiny and pressure to make positive contributions to

society, the significance of CSR has continued to grow. Companies are increasingly realizing that CSR is not merely a moral responsibility but also a strategic necessity for long-term sustainability and prosperity.

The future of CSR in India appears promising. A comprehensive analysis suggests that CSR's significance will likely continue to grow, driven by global trends that emphasize the importance of responsible business practices. Moreover, India itself has come to understand the vital role that CSR plays in achieving long-term sustainability in the global economy.

In India, the Ministry of Corporate Affairs (MCA) has played a pivotal role in shaping the CSR landscape. As of 2019-20, over 16,000 companies in India were required to allocate funds for CSR activities, amounting to a total spending of Rs. 24,954.78 crore (equivalent to $3.05 billion). This financial commitment underscores the substantial resources dedicated to CSR initiatives in the country

Education, healthcare, and rural development emerged as the top three sectors in terms of CSR spending. These sectors address critical areas of need in India, where access to quality education, healthcare, and rural development remains a priority. By channeling resources into these areas, businesses aim to make a tangible difference in the lives of individuals and communities.

The education sector holds a special place in CSR initiatives, given its transformative potential. Investments in education not only empower individuals but also contribute to the overall development of the nation. Improving educational infrastructure, enhancing access to quality education, and supporting skill development programs are some of the ways in which businesses are making a positive impact.

Healthcare is another crucial sector where CSR is making a substantial difference. Access to quality healthcare services is a pressing need in India, and CSR initiatives are addressing this by supporting healthcare infrastructure, providing medical assistance to underserved populations, and promoting preventive healthcare measures.

Rural development is a critical aspect of India's growth story. By investing in rural development initiatives, businesses are actively participating in the nation's inclusive development. CSR projects in this sector often focus on infrastructure development, livelihood enhancement, and community empowerment.

Beyond these sectors, CSR extends its reach to environmental sustainability. Recognizing the pressing challenges of climate change and environmental degradation, companies are increasingly incorporating sustainability practices into their operations. CSR initiatives related to environmental conservation, energy efficiency, and waste reduction are becoming more prevalent.

Moreover, CSR promotes corporate governance and ethical business practices. By adhering to high standards of governance, businesses not only build trust with stakeholders but also contribute to a transparent and accountable business environment.

III. CORPORATE SOCIAL RESPONSIBILITY (CSR) CONCEPT

In modern times, there has been an increasing desire to understand the concept of Corporate Social Responsibility (CSR), especially within the context of emerging economies. CSR represents a voluntary and self-regulating business approach where companies assume social accountability not only to themselves but also to their stakeholders and the general public. Through the practice of CSR, companies proactively assess and manage the impact they have on various facets of society, encompassing economic, social, and environmental dimensions.

The principles and strategies that corporations embrace with regards to CSR should ideally have a constructive impact on the world. This is based on the fundamental idea that a business's influence on society doesn't have to be solely harmful; in fact, businesses can make positive contributions to global betterment through their actions while also minimizing their adverse effects on society and the environment. This viewpoint has encouraged a rising number of companies across the globe to participate in CSR initiatives, resulting in greater transparency and the sharing of social and environmental information with the public.

IV. ANCIENT EVOLUTION OF CORPORATE_SOCIAL _RESPONSIBILITY (CSR)

The idea of Corporate Social Responsibility (CSR) takes a rich historical backdrop. While the modern understanding of CSR largely emerged in the 20th century, its roots can be traced back to the early days of the Industrial Revolution. Companies have been practicing various forms of social responsibility for decades, but the formalization of the concept took shape in the 1950s. Even though responsible business practices existed for over a century before, the term "Corporate Social Responsibility" was officially invented in 1953 by American economist Howard Bowen. Bowen is widely recognized as the father of CSR for his pioneering work in this field. In 1971, the idea of a 'social contract' between businesses and society was introduced by the Committee for Economic Development. This concept highlighted that businesses operate with the consent of the public and, therefore, bear an obligation to contribute to societal needs.

At first, this approach had more of a philanthropic character, resembling an endeavor to establish institutions, like providing funding for research and educational institutes. Nevertheless, views on CSR have transformed over the years.

In the present day, corporations see CSR as a strategic effort that combines philanthropy and social responsibility, with a focus on fostering community development through a range of projects. The shift in thinking is marked by the recognition that CSR, while a responsibility, is not mandatory but follows a "comply or explain" framework. Companies can choose to engage in CSR activities or provide an explanation for their decision not to. Corporations are broadening their CSR investments to encompass areas such as road safety, pollution control, and the development of slum areas. Some align their CSR expenditures with government objectives, participating in social impact schemes such as "Skill India" and "Swachh Bharat." Some contribute to the Prime Minister's Relief Fund. The rationale behind concentrating on certain areas is that it benefits a broader segment of the community.

Prominent organizations, some with global reach, have established foundations that serve as vehicles for championing causes dear to their founders. Other companies invest in the betterment of the regions they operate in or the groups they originate from. For companies that traditionally practiced CSR, the legal framework provided an opportunity to reevaluate and realign their existing efforts to meet legal requirements. In summary, the historical evolution of CSR reflects its gradual development from informal philanthropy to a more strategic and accountable approach. While the roots of CSR can be traced back to earlier times, it has evolved into a dynamic field where businesses balance their public, environmental, and economic responsibilities, making a positive impact on society while striving for long-term sustainability.

V. THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIA

India marked a significant milestone on April 1, 2014, as it became the world's first nation to legally enforce corporate social responsibility (CSR). The introduction of regulations through Section 135 of India's Companies Act mandated that companies meeting specific turnover and profitability criteria allocate two percent of their average net profit from the previous three years to CSR initiatives. In contemporary times, CSR has firmly integrated itself into the practices of Indian organizations, gaining widespread acceptance among shareholders and various other stakeholders in society. CSR has become the new standard for Indian businesses, emphasizing the responsible utilization of profits for the betterment of society. Larger corporations see CSR as a fundamental element of their business framework, contributing to sustainable development. These companies view CSR as an approach aligned with Social Profit, emphasizing the triple bottom line of economic, environmental, and social performance.

In India, the term "Corporate Social Responsibility" is commonly used, but it encompasses related concepts and terms such as business responsibility, sustainable development, philanthropy, sustainability, corporate citizenship, responsible business, triple bottom line, shared value, value creation, business ethics, socio-economic responsibility, bottom of the pyramid, stakeholder management, corporate responsibility, and corporate social performance. For Indian companies, CSR signifies a commitment to promoting sustainable economic development. It entails collaborating with employees, their families, local communities, experts, and society at large to enhance livelihoods in ways that benefit both business and overall development. In the public sector, CSR is closely tied to the principle of sustainable economic development, which requires organizations to base their decisions and actions not solely on financial factors but also on the immediate and long-term social and environmental implications of their operations and activities.

Businesses in India have displayed a keen awareness of societal concerns and are dedicated to conducting their core operations in a socially responsible manner. They prioritize the broader interests of the community and the environment, reflecting their commitment to making a positive impact on society while ensuring the sustainable growth of their enterprises.

1. **Challenges in Advancing Corporate Social Responsibility (CSR)**

- **Community Engagement Deficiency:** A significant challenge is the lack of active participation and involvement from local communities in CSR activities. This can be attributed to a general lack of awareness and understanding of CSR within these communities. Efforts to raise awareness and establish trust between companies and local communities have been limited, leading to inadequate communication at the grassroots level.

- **Capacity Building Needs:** To effectively contribute to ongoing CSR initiatives, there is a pressing need for capacity building among local non-governmental organizations (NGOs). Currently, there is a shortage of trained and capable organizations that can meaningfully participate in CSR activities. This scarcity hampers the scaling up of CSR projects and restricts their potential impact.

- **Transparency Concerns:** Transparency emerges as a significant issue in CSR efforts. Companies often express dissatisfaction with the lack of transparency on the part of local implementing agencies. These agencies may not adequately disclose information about their programs, audit processes, impact assessments, and fund utilization. The absence of transparency has a detrimental impact on the establishment of trust between companies and local communities, which is a vital component for the success of CSR initiatives.

- **Limited Availability of Organized NGOs:** In remote and rural areas, the presence of well-established non-governmental organizations is often scarce. These organizations have a crucial role in evaluating and identifying the authentic needs of the community and partnering with companies to ensure the effective implementation of CSR initiatives. This underscores the importance of investing in local community capacity-building for grassroots development projects.

- **Visibility Factor:** Media plays a crucial role in highlighting successful CSR initiatives, raising awareness among the local population. However, the pursuit of visibility and branding sometimes leads NGOs to engage in event-based programs, potentially overlooking more meaningful grassroots interventions.

- **Perception Challenges:** NGOs and government agencies often perceive CSR initiatives as primarily donor-driven rather than community-oriented. This narrow outlook can make it challenging for them to decide whether to participate in CSR activities over the long term.

- **Lack of Clear CSR Guidelines:** The absence of well-defined statutory guidelines or policy directives creates ambiguity in CSR initiatives. Clear guidelines could establish a definitive direction for companies' CSR efforts. There is a suggestion that the scope of CSR initiatives should be commensurate with the size and characteristics of the business, implying that larger companies should involve themselves in more extensive CSR initiatives.

- **Consensus Building Issues:** Local agencies frequently lack consensus when it comes to CSR projects. This lack of alignment often leads to corporate entities duplicating their efforts in the areas where they are involved. Instead of fostering collaboration, it leads to competitive approaches among local implementing agencies. This, in turn, hinders the ability of companies to conduct periodic impact assessments of their initiatives.

2. **Corporate Social Responsibility and the Companies Act of 2013:** The concept of Corporate Social Responsibility (CSR) found its formal introduction through the Companies Act of 2013 in India. Prior to this legislative development, the notion of CSR was not part of the regulatory landscape under the earlier Companies Act. The Companies Act of 2013 specifically incorporates CSR under Section 135, accompanied by the Companies (Corporate Social Responsibility) Rules of 2014. Remarkably, India holds the distinction of being the first country worldwide to institute statutory CSR through this pivotal enactment. Despite this being a significant legislative step, it's essential to acknowledge that CSR was not entirely new to India, with historical evidence indicating its presence in various forms.

   While researching CSR and CSR policies, one might get the impression that India adopted this concept from foreign countries. However, it is crucial to recognize that the roots of CSR are deeply embedded in India's ancient wisdom and traditions. India's rich cultural heritage and ancient wisdom have laid the groundwork for contemporary CSR practices in the corporate world. In fact, the roots of CSR can be traced back to ancient Indian texts like the Upanishads, Puranas, and Vedic literature such as the Ramayana, Mahabharata, and Bhagavad-gita. Indian companies have a longstanding tradition of engaging in CSR, charity, and philanthropy that dates back to ancient times. These contributions took on various forms, including factories investing in local communities to reduce dependence on transient labor, business leaders supporting their communities or causes close to their hearts, foundations building places of worship to promote community cohesion, and numerous other ways in which corporate entities gave back to society. In most cases, these actions were regarded as acts of charity or philanthropy, reflecting the owners' desire to make a positive impact on society.

VI. EXEMPLARY CORPORATE SOCIAL RESPONSIBILITY INITIATIVES BY LEADING COMPANIES

1. **Ashok Leyland**

- Manages a FunBus service in Chennai and New Delhi, complete with a hydraulic lift, to enable day trips for differently abled children, orphans, and students from corporation primary schools.
- Conducts AIDS awareness and prevention initiatives, reaching approximately 3.5 lakh drivers at its Hosur factories.

2. Axis Bank

- The Axis Bank Foundation oversees Balwadis, educational centers for children residing in large urban slum clusters.
- Conducts skill development programs (PREMA and Yuva Parivartan) covering various trades like motor driving, welding, mobile repairing, and tailoring for youth in underserved districts.

3. Bharat Petroleum Corporation

- Implements the rainwater harvesting project "Boond" in partnership with the Oil Industries Development Board, aimed at transforming drought-affected villages from water-scarce to water-positive.
- Engages in diverse social programs, including village adoption, HIV/AIDS prevention and care, and rural healthcare.

4. Hindalco Industries

- Focuses its CSR efforts on 692 villages and 12 urban slums, benefiting around 26 lakh individuals.
- Constructs check dams, ponds, and bore wells to ensure access to safe drinking water.
- Provides scholarships to students from rural schools it supports.
- Empowers women and delivers healthcare services through hospitals, medical camps, and rural mobile medical van services.

5. Indian Oil Corporation

- Operates the Indian Oil Foundation (IOF), a non-profit trust dedicated to preserving and promoting the country's heritage.
- Grants 150 sports scholarships annually to promising young athletes.
- Initiatives span clean drinking water, education, healthcare, and hospitals.

6. Infosys

- The Infosys Science Foundation, established in 2009, presents the annual Infosys Prize to acknowledge remarkable achievements in science and engineering.
- Supports various causes in healthcare, culture, and rural development.
- Conducted a unique initiative offering free surgery to 100 school teachers in Karnataka suffering from arthritis as part of a week-long program.

7. Mahindra & Mahindra

- Administers the Nanhi Kali program through the KC Mahindra Education Trust, backing the education of over 75,000 underprivileged girls.
- Provides grants and scholarships to 83,245 students.

- Operates the Mahindra Pride School, offering livelihood training to youth from disadvantaged backgrounds.
- Engages in initiatives related to the environment, healthcare, sports, and culture.

8. Oil & Natural Gas Corporation (ONGC)

- Provides community-based healthcare services in rural areas through 30 Mobile Medicare Units (MMUs).
- Supports the ONGC-Eastern Swamp Deer Conservation Project to safeguard the rare Eastern Swamp Deer species at Kaziranga National Park in Assam.
- Invests in education and women's empowerment.

9. Tata Consultancy Services (TCS)

- Implements the Computer Based Functional Literacy (CBFL) initiative, benefiting 1.2 lakh individuals with adult literacy programs available in nine Indian languages.
- Engages in skill development, healthcare, and agriculture.

10. Tata Steel

- Develops the Human Development Index (HDI) to evaluate the impact of its CSR efforts in rural areas, focusing on health, education, and income levels.
- Prioritizes healthcare and operates the Tata Steel Rural Development Society to enhance agricultural productivity and farmers' living standards.

VII. CONCLUSION

Corporate Social Responsibility (CSR) has become an integral part of business strategy and performance. While CSR has long been emphasized, its importance is growing due to increased awareness of the risks associated with unchecked corporate growth focused solely on financial outcomes. Thinkers, researchers, activists, and global organizations increasingly recognize the need for corporate involvement in social, economic, and environmental initiatives, although approaches to corporate social engagement vary. There is a noticeable shift toward a strategic approach in CSR activities, moving away from traditional philanthropy. This transformation is leading companies to assign greater significance to CSR efforts, resulting in increased resource allocation and personnel commitment. This global trend is gaining momentum in India as well. Early indications from the CSR initiatives of Indian companies highlight the growing emphasis on social engagement and sustainability. As Indian corporations increasingly adopt social responsibility and sustainability on a broader scale, this trend is expected to gain further traction in the coming years.

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