

Corporate Social Responsibility In India: Some Evidences

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Introduction

Corporate Social Responsibility (CSR) is a much misunderstood concept. A corporate organization is started with a profit motive and CSR contradicts that. CSR is presumed to be a charitable do good activity that appears to be contradictory to the prime objective of the organization that is to grow in revenues and profits. CSR can actually be in the best interests of organization contributing significantly to its growth, revenues, profits and employee retention. There are several good reasons why corporate should pursue corporate social responsibility. CSR as a business process, where the institution and individuals are sensitive and careful about the direct and indirect effect of their work on internal and external communities, nature and the outside world. Mr. Anant Nadkarni, GM, CSR, Tata Group of India clarifies that CSR is not another separate activity. It is an outcome of business models that go beyond just financial viability. Cost of helping communities to develop becomes cost of the business- like material or labour.

Corporate Social Responsibility has been influence by two major concepts- stakeholder model wherein it is recognized that good business practice entails engaging all stakeholders in company's business. Therefore, good business is not only seen as maximizing shareholder value but also stakeholder value. The other concept is triple bottom line where companies would no longer be judged by the conventional single that is financial bottom-line, but also on their performance in social and environmental bottom-lines. It can be concluded that CSR is the commitment of business to

contribute to sustainable economic development, working with employees and their families, the local community and society at large to improve their quality of life in ways that are good for business and good for development.

Concept of Social Responsibility

Social responsibility of an enterprise refers to what the business does, over and above the legal requirement for the benefit of the society as a whole. The term responsibility connotes that the enterprise has some moral and ethical obligations to the society. The term which is very much relevant to the social responsibility in the current scenario is Corporate Citizenship; it refers to the moral obligations of enterprise to the society in the same way of responsibility of an individual.

The Trueblood Committee report (1973) observes that 'an objective of financial statements is to report on those activities of the enterprise affecting society which can be determined and described or measured and which are important to the role of the enterprise in its social environment.' In India, in the 1977, Government of India appointed a committee known as Sachar Committee(1977) to consider and report inter-alia on (i) measures by which workers participation in the share capital and management of company could be brought about and (ii) measure by which re-orientation of managerial out look in the corporate sector could be brought about so as to ensure the discharge of social responsibility of companies.

There is a growing recognition that the enterprise should pay due attention to the long-term welfare and care of society. The marketing concept which has gained terrific popularity indicates that the key to satisfying organizational goals is customer satisfaction while societal marketing concept which has been gaining recognition over the marketing concept. As Philip Kotler(1972) points out, 'the addition of long-run customer welfare asks the businessman

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to include social and ecological considerations in his product and marketing planning. He is asked to do it not only to meet his social responsibilities but also because failure to do this may hurt his long -run interests. As Niall Fitzgerald,(2007) former CEO of Unilever described the CSR,' Corporate social responsibility is a hard edged business decision. Not because it is a nice thing to do or because people are forcing us to do it.....because it is good for our business.' Finally the whole concept of CSR can be depicted from the views of William Ford Jr. Chairman, Ford Motor Co. (2007)' Social obligation is much bigger than supporting worthy causes. It includes anything that impacts people and the quality of their lives.'

Factors affecting social responsibility

Significance factors which influence the social responsibility of an enterprise include (i) Promoters and top management (ii) the attitude of the members of the Board of Directors (iii) stakeholders and internal power relationship (iv) societal factors include the expectations of society regarding social responsibility of an enterprise (v) industry and trade associations influence the behavior of the enterprise by establishing ethical and professional codes and norms (vi) government and laws (vii) political influences (viii) social responsibility of an enterprise is also influenced by competitive forces and (ix) ethical influences.

Purpose of Study

The study has been conducted with a view of analyzing the work of corporate social responsibility in Indian corporate sector. The selection criterion of corporate sector were (i) organization should be listed either in Bombay Stock Exchange or National Stock Exchange (ii) net worth should be more than 10 crores and (iii) they should be the giant of their sectors. On these parameters, Oil and Natural Gas Corporation Ltd., (ONGCL) , ICICI Bank, Steel Authority of India Ltd (SAIL) , and National Thermal Power Corporation (NTPC) have been selected for the study. The sources to collect the information on their social responsibility activities were the annual reports of selected corporate, websites of these corporates and views expressed by the expert directly or indirectly related to the selected

corporate in the newspapers. This study refers only the social responsibility aspects of the Indian companies and does not consider the relevance and adequacy of such work.

CSR in Selected Companies

Some Indian companies have made attempts to provide information on their social responsibility activities in published annual reports available in hard form and soft form that is through web-sites. Some of these companies have given social income statements and social balance sheet in their annual reports. Few enterprises preferred to give narrative disclosure on social responsibility actions.

Corporate social responsibility policies and projects reported by their web sites and annual reports along with details published in the newspaper, in respect of the companies selected for study are given in this section.

Oil and Natural Gas Corporation Ltd. (ONGCL) - ONGCL ,under public sector , has well laid out clearly defined corporate citizenship policy. ONGC group of companies as responsible corporate citizens, promote education, health care and entrepreneurship in the community and support water management and disaster relief in the country. The corporate citizenship practice of ONGC is to promote community projects selected on the basis of following parameters in following focus areas- shared contribution by corporation and community, sustainable impact of project on the well being of the community , process credibility to enhance corporate image, creating enduring values, satisfactions and recognition and support national cause in the focus areas. ONGC is committed to allocate funds equivalent to 0.75% of net profits of the previous year towards socioeconomic development programmes every year. The company has been making significant contributions, both in the areas of its operations and the country at large.

Recently, ONGC has initiated a project christened 'PURA' that is Providing Urban Amenities in Rural Areas, which envisage bridging the rural urban gap through achieving a balanced socio-economic development involving identification of rural clusters with growth potential. 'PURA' is the vision of the

then President of India His Excellency, Dr. APJ Abdul Kalam. The 'PURA' involves creating four types of connectivity-(a)Physical-road, transportation and power (b) Electronic-reliable telecom, internet and IT services. (c) Knowledge-good education and training institutions and (d) Economic- enable farmers to get the best price for their products. The company initiative plans in PURA to set up in Tripura, Assam, Nagaland Andhra Pradesh, Maharashtra and Gujarat as these states where ONGC carries out operational activities. As per the views of Shri Subir Raha, CMD, ONGC on long term vision of the PURA - ' we will equip the panchayats with facilities of learning computers and internet, running generators during power cuts as well as community centers and public libraries.' The first ONGC PURA project was launched in East Kalabaria, Maichara village of Tripura in April, 2005. The village- 150 kilometres from the state capital Agartala has been provided with urban facilities such as power house, community centre, school library and community kitchen.

ONGC has an abiding commitment to principles of CSR and is deeply conscious of its role as a responsible corporate citizen. The vision behind genesis of ONGC was to advance the socio-economic status of the nation. Throughout its 50 years, company has remained true to its mission.

ICICI Bank- largest private sector bank in India, and believe that the bank has a vital role in India's development and need to participate not only as economic agents but also as catalysts of human development in the country. The social initiatives of the banks are therefore focused on building the capacity of India's poor to participate in the larger economy. The bank seeks to generate increased socio-economic participation by supporting efforts to address chronic under nutrition amongst very young children, ensure quality of elementary education and enhance access to basic savings, banking, credit, derivatives and insurance facilities. The bank set up a team of dedicated professional to develop and drive social initiatives. Recruited from the best rural management and social development institutions in India and abroad, these employees are responsible for understanding the key challenges in the areas of

Early Child Health , Elementary education and micro financial services, identifying non-governmental organizations (NGO) and other organizations who have developed effective strategies for overcoming these challenges and building partnerships to scale these strategies.

In area of health, bank helped set up four action research sites that represent innovative partnerships between states and NGOs and have both strong research and implementation components. They are expected to contribute substantially to the knowledge base on community level as well as systemic interventions to improve the nutritional status of young children and women. The bank also supported a technical resource organization to build the capacity of NGOs to participate in the National Rural Health Mission in three States of India. In education, the bank assisted five voluntary organizations to function as resource centres providing technical support to state education structures as well as other NGOs in the areas of teaching learning processes and material. These organizations are working in four States of India to improve the quality of education provided by government schools and have contributed towards the development of the National Curricular Framework.

Steel Authority of India Ltd. (SAIL)- The SAIL was formed in the year 1973, as the successor to Hindustan Steel Ltd. While continuing to be the leading steel producer of the country, steering the growth of the domestic steel production and supporting the economic development of the country over the following decades. SAIL, as a public sector enterprise, has been making giant strides in introducing and implementing various initiatives geared to substantially ameliorate the lives and living conditions of the people.

The company's actions are guided by its central philosophy- making a meaningful difference in people's lives. Born with the ethos of nation building- SAIL espoused its responsibility to the society as the principal motive for its existence and operation.

With steady improvement of its financial reputation, company proposes to make more vigorous and tangible contribution to different social causes. Some of these social areas in which SAIL contributes in substantial measure include-

Education, Roads, Medical welfare, Engendering development, Ancillary development, Improved water resources and Preservation of art & culture.

Making education accessible to every Indian has been the motto of SAIL as a corporate citizen. It is not only the wards of SAIL who have benefited by this education facility but the community at large has reaped a lot of benefits from it. SAIL schools have a girl: boy ratio of 1:1 and a primary school survival rate of 90 per cent. The company has been actively involved in the construction and repair of 40 Km. of pucca roads (constructed) per year thereby providing access to nearly 0.2 million people across 329 villages per year. The company has established 39 primary health centres, 18 reproductive and child health centres and 4 super specialty hospitals to provide specialized health care to almost 22 million people. The company has been working hard towards gender equality. The Mahila Samitis at the various plants/units of SAIL work towards the uplift of women workers. SAIL has identified various Small Scale Industries like mechanical and electrical engineering, medicine, paint, fibre glass, among others as ancillary industries thereby giving them special preference when procurement is done. On an average, company placed an order of Rs. 6,001 million on ancillary industries operating in areas around its units. On an average, approximately 5,000 people benefited from each of the water supply systems created by SAIL. The company is also doing its bit in preserving ancient form of art by promoting various dying art-forms.

National Thermal Power Corporation (NTPC)-NTPC has developed a multi dimensional framed work to fulfill its social obligation. The stress in the approach is on sustainability. The dimensions are- (i) to contribute in a substantial and sustainable manner for a neglected segment of our society (ii) to contribute in a substantial and sustainable manner in the area of its competency that is power generation for bringing electricity to households in those remote villages who have never experienced the benefits of electricity. (iii) to uplift the standard of living in the community around its power stations and (iv) to help and mitigate the sufferings of people affected by

national calamities. NTPC contributes towards community development surrounding the NTPC stations by providing infrastructural development as well as providing educational and medical facilities to people in surrounding villages besides its own employees.

Conclusion

The study shows that companies in India are doing excellent work towards their social responsibility. The basic cause of this may be the Indian philosophy that is to serve the community. However, there are certain norms with respect to fulfill the social obligations in case of corporate but in the public sector enterprises it is common phenomena to perform major activities for the benefits of the community at large. The enterprises selected for study did remarkable efforts towards social responsibility. In India, there are some statutory provisions regarding environment pollution. Every enterprise has to take no objection certificate from the Ministry of Environment Protection, to start the operation. It meets the social obligation but created by law not voluntary.

In spite of these, there are several emerging areas of corporate social responsibility-social responsibility, business responsibility, environmental responsibility and stakeholder involvement. Areas of social responsibility include - respecting human rights, contributing to social economic development, employee welfare and consumer protection by providing right to information. Areas of environmental responsibility include- respect for environment and environment friendly technologies. Use conservation and discharge of energy, material and water in eco-friendly manner. Adopting preventive and precautionary measure for environment pollution control, Rectifying environmental damage at source, Treating waste before disposing it. Areas of business responsibility include -compliance with tax laws and other regulations, investing in developing science and technology, fostering ethical trade practices. It is needless to say that social issues require the immediate attention of the business as well as of the people. The government has to be very vigilant imposing controls and regulations and must check that all the statutory

requirements are properly followed by the business enterprises.

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