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A STUDY OF TRENDS IN CSR INITIATIVES OF INDIANCOMPANIES

Ponmathi[1] Reg. No: 2222115012001 and Dr. S. Sheik Abdullah[2]

[1]*Research Scholar (Part Time), PG and Research Department of Commerce, Pasumpon Muthuramalinga Thevar College, Melaneelithanallur, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli – 627012. Faculty of Commerce (CA), Ayya Nadar Janaki Ammal College, Sivaksi*

[2]*Assistant Professor and Guide, PG and Research Department of Commerce, Pasumpon Muthuramalinga Thevar College, Melaneelithanallur, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli – 627012.*

Abstract

With its duty to "disclose or explain," the Companies Act of 2013 has elevated the concept of corporate social responsibility (CSR) and encouraged increased transparency and disclosure. Communities are recommended to be the main focus of CSR efforts, as listed in Schedule VII of the Act. On the other hand, the draft regulations implied that CSR needed to transcend communities and the idea of charity by talking about a company's relationship to its stakeholders and incorporating CSR into its fundamental activities. It's interesting to see how this has been put into practice on the ground and how, in the five years since the new Act went into effect, people's perceptions of CSR have changed. This research gives in to the full range of CSR initiatives in India, from the beginning to the present trends in Indian companies' efforts.

Index Terms: CSR Trends, Models of CSR, and CSR Initiatives.

Introduction

The concept of corporate social responsibility, or CSR, gained popularity in the 1960s and refers to a business's obligation to not only its shareholders but also to society at large. Since then, the global academic and professional groups have begun to pay more attention to CSR. Although there have been arguments and concerns over whether it is appropriate for corporations to extend their reach beyond shareholder value, a growing number of businesses have made deliberate commitments to tackling more significant societal issues. Offering diverse avenues for business involvement in both local and mainstream society, corporations have established specialized organizational units to efficiently handle their social responsibilities. The number of specialized organizations working at the national and international levels that provide advice on and frequently carry out I focused on either short-term initiatives or longer-term, ongoing community-level initiatives.

Review of Literature

Previous CSR research examined how managers' traits affected their attitudes or commitment to the environment (Henriques & Sadorsky, 1999; Sharma, 2000; Weaver, Treviño, & Cochran, 1999). Subsequent studies investigated unethical corporate behavior from the viewpoint of upper management and directors, addressing issues like goal-setting (Schweitzer, Ordoñez, & Douma, 2004), managerial preferences (Cullen et al., 2004), director interlock (Kang, 2008), and gender diversity on boards (Cumming et al., 2015). Work on the cognitive and motivational factors, however, that cause stakeholders to assess corporations' social efforts differently, is still limited. What, for instance, drives personal motivations for CSR initiatives? Is it motivated by profit, or does it represent charitable managerial/firm ideals (Koh, Qian, & Wang, 2014, for example) or a longer-term dedication to addressing a larger societal difficulty? What indicators do stakeholders look for when assessing motivation and effectiveness? From the standpoint of the firms, how do they control the perceptions of their stakeholders in order to successfully communicate their CSR initiatives to those stakeholders (e.g., Crilly et al., 2016)? By examining these issues, more sophisticated models of corporate-stakeholder relations would be developed, giving us a better understanding of how CSR affects people on a personal level.

In her work "Corporate Social Responsibility research: the importance of context," Carol A. Tilt (2016) discusses the various contextual issues or elements that have the potential to have an impact on CSR and reporting in developing nations. It focuses on three particular problems and offers a research agenda for further study of the impact of context on studies on CSR reporting. The format of the paper is as follows. A few general contextual variables that should be taken into account in the literature on CSR reporting are introduced in the first part. After that, three distinct contextual factors are looked at: the impact of historical economic backdrop, the role of political ideology and hegemony, and the influence of cultural understandings. The development and reporting of corporate social responsibility (CSR) activities are influenced by many political, social, cultural, and economic circumstances. This has an impact on the activities' potential to help society and the environment.
Dr. Arvind Jain, Senior Manager (SMEs), Axis Bank Ltd., Rajkot (2012): An Investigative Study of Corporate Social Responsibility a lot of businesses have made corporate social responsibility (CSR) a central component of their operations, which has turn into the center of their prosperity and edge over competitors. This paper's main goals are to explain the meaning of corporate social responsibility and to summarize the body of research that has been done in this field.

Globalization of Corporate Social Responsibility: Soheli Ghose, Assistant Professor, Department of Commerce, J.D. Birla Institute, Jadavpur University (2012) Putting Indian Markets First Globally, CSR has a significant impact, particularly in developing nations. According to some theories, CSR activities include integrating social features and characteristics into goods and manufacturing processes (such as environmentally friendly technologies and aerosol products free of fluorocarbons), implementing progressive HRM practices that empower employees, raising environmental performance standards through recycling and pollution abatement (lowering emissions), and furthering the objectives of community organizations (collaborating closely with groups like United Way). This study has examined the theoretical aspects of corporate social responsibility (CSR), encompassing the Global Reporting Initiative, CSR Legislation standards, and the globalization of CSR in India. A few particular instances of CSR violations and activities in India have been examined in this research.

Need for the Study

Being a responsible corporate citizen (CSR) is a good strategy to attain and keep up good corporate management. A business that practices social responsibility not only benefits society, but it may also increase its own market worth and brand recognition. Additionally, when using societal resources, businesses and other organizations must be accountable to stakeholders including customers, investors, employees, and local residents, among others. Although this is a voluntary practice, the Parliamentary Standing Committee on Finance of the Indian Government has recommended making corporate social responsibility (CSR) by firms mandatory as part of a modification to the firms Bill of 2009. According to the committee, any business with a net worth of at least Rs. 5000 crore, a turnover of at least Rs. 1000 crore, or a net profit of Companies that generate annual revenue of at least Rs. 5 cr. or more must allocate 2% of their average net profit to corporate social responsibility initiatives. Guidelines and a defined framework for CSR procedures do not exist. Although the majority of businesses adhere to the GRI criteria, clear guidelines for CSR procedures still need to be established. In order to create a set of universal guidelines for CSR activities, it is necessary to examine the many ideas and CSR practices that are already in use worldwide.

Goals for the Research

A study's objectives give any research endeavor a clear and appropriate direction. The researcher has created the following goals in order to improve the study's scientific rigor:

1. To research different theories and recommendations for national CSR practices.
2. To research the patterns of Indian corporations' CSR initiatives and practices.

The study's methodology

The secondary data used in this investigation. Secondary data was gathered for this purpose from websites, government publications, books, journals, conference proceedings, brochures, and annual reports of businesses.

Study Scope

The research provides a summary of CSR initiatives undertaken by businesses exclusively in India.

Findings of the Study

India and CSR: India has a long history with CSR. There have been several stages in the development of CSR, which are as follows: The main determinants of CSR during its initial phase were industrialization, family tradition, religion, and culture. Corporate self-regulation served as the primary foundation for business operations and CSR participation. CSR methods are still influenced by charity and philanthropy, which is the oldest type of CSR, particularly in community development. During the pre-industrial era up until the 1850s, merchants dedicated themselves to religion, donating their wealth through the construction of temples, for example. In addition, "the merchant class played a vital role in ancient India, and they opened treasure chests and go-downs of food to help during times of famine or epidemics" (Arora, 2004).

Western-style industrialization arrived in India during the colonial era and altered CSR starting in the 1850s. A select group of families, including the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Mahindra, and Annamali families, were among the first to industrialize in 19th-century India. These families were deeply committed to CSR driven by philanthropic principles (Mohan, 2001). Gandhi's trusteeship idea, which sought to both intensify and consolidate social development, had a major impact on the second phase of Indian CSR (1914–1960), which was dominated by the nation's independence movement. Indian enterprises actively participated in the reform effort during this time. In addition to participating in the institutional and social development of the nation, the firms viewed its economic growth as a protest against colonial control (India Partnership Forum, 2002).

The third phase of Indian CSR (1960–1980) was impacted by the concept of the "mixed economy," which saw the rise of PSUs and extensive laws on labor and environmental norms. The transition from corporate self-regulation to stringent legal and public regulation of business operations was another feature of this phase. The public sector was viewed as the main driver of development in this scenario. Because the private sector's operations were governed by stringent legal constraints, the 1960s were referred to as a "era of command and control." Tight limits on the private sector were enforced by the implementation of a regime of high taxes, quotas, and license systems, which inadvertently led to business malpractices. Consequently, the political agenda began to include corporate governance, labor, and environmental issues, and these topics swiftly gained attention of laws. In addition, PSUs were created by state authorities to ensure that the poor received the proper allocation of money (Arora, 2004).

During the fourth phase (1980–present), Indian businesses and stakeholders started to give up on conventional charity involvement. They also partially adopted the multi-stakeholder approach and partially integrated CSR into a cogent and sustainable business plan. The Indian government tackled the drawbacks of the "mixed economy" and attempted to integrate India into the international market by implementing reforms to liberalize and deregulate the Indian economy in the 1990s. As a result, restrictions and the licensing system were partially removed, and the Indian economy saw a significant growth that continues to this day (Arora & Puranik, 2004).

Indian businesses are currently expected to fulfill their stakeholder obligations and social responsibilities, in addition to their shareholders' purpose of maximizing money. Like the rest of the globe, India is beginning to understand that a business cannot thrive if society fails. An ideal corporate social responsibility program should incorporate ethical and philosophical aspects, especially in India where socioeconomic status, income, and standards of living vary greatly between populations. India is currently ranked among the top ten Asian nations giving corporate social responsibility (CSR) disclosure standards more weight. In addition to public sector businesses, private sector businesses were the main players in corporate social responsibility initiatives.

Initial Views of CSR and Evolution of CSR Models

According to the Tata Energy Research Institute's (TERI) 2001 State of Corporate Responsibility in India Poll, the development of CSR in India has followed the sequential development of four thought processes:

Model of ethics (1930-1950): This model's emphasis on trusteeship, which Gandhi revitalized and reinterpreted, is one of its key features. This idea inspired the firms to run their companies as if they were a trust maintained for the benefit of the community. Numerous family-run enterprises were inspired by this idea to support socioeconomic development. In this perspective, the Tata Group's efforts to promote societal well-being are equally noteworthy.

1950s–1970s statist models: In the post-independence era, this paradigm was created under Jawaharlal Nehru's leadership. An economy that was both mixed and socialist fueled the period. This model's key component was that company obligations were determined by state ownership and regulatory requirements.

Model liberal (1970s–1990s): Milton Friedman summed up the concept. Corporate accountability is limited to its financial bottom line under the Perth model. This suggests that it is adequate for businesses to follow the law and produce wealth that can be used for social purposes through private charitable giving and taxation.

Stakeholder model (since 1990): The model emerged in the 1990s as a result of the understanding that firms had social responsibilities to uphold in addition to increasing financial gains. The "triple bottom line" strategy is the performance standard that the model expects from businesses. The companies are concentrating on openness and accountability using a number of methods. It is important to comprehend CSR in the context that the development-oriented CSR framework captures.

Initial Challenges to CSR initiatives in India

- Community participation: When a corporation or organization takes an initiative, it has been seen that the communities that will benefit from it show less interest. This results in a lack of community participation in CSR initiatives.
- Own benefit: In India, the corporate sector typically engages in CSR mostly to avoid paying taxes to the government. This is because it has been seen that the cash that corporations raise for CSR activities will be classified as tax-free, leading many corporates to operate under this assumption.
- Capacity building: Many businesses lack the technical know-how and specialized labor necessary to create CSR strategies that work. To create effective CSR policies and initiatives, this is necessary. The amount that has been CSR decisions are closely related to the CSR policies that are being developed.
- Corporate social responsibility (CSR) is more than just a concept: Businesses need to realize that CSR encompasses social, environmental, and economic aspects and requires them to investigate it from a philanthropic standpoint. This goes beyond simply adhering to a concept and making financial or other contributions.
- CSR review: To achieve the intended outcome, policies that are being developed and put into practice need to be assessed. An organization that invests in corporate social responsibility (CSR) must evaluate how a given CSR initiative affects society or the targeted population. However, the situation in India remains unclear. Businesses only invest in CSR initiatives for both notoriety and personal benefit. There is no consideration for the long-term advantages of CSR.
- Transparency issue: No oversight organization exists to verify the amount of money allocated to CSR initiatives. Therefore, there isn't a single regulation in place or lined.

Conclusions and Suggestions

CSR trends for India since 2017

A great deal of anticipation around the signing of the Paris Agreement at the start of 2016. Even though 2017 did not get off to a particularly strong start, there was optimism that India's historic ratification of the Paris Agreement in 2016 would provide the much-needed acceleration of the country's sustainable path. Although governments, investors, and customers have long demanded greater transparency from the private sector, businesses are now taking the initiative to reduce the danger of being accused of negligence. There are numerous threats facing businesses. Environmental elements that impact production, including a lack of water or essential resources, are on the one hand. Conversely, societal variables such economic disparity, living wages, working conditions, and human rights. A great deal of anticipation around the signing of the Paris Agreement at the start of 2016. Even though 2017 did not get off to a very strong start, there was hope that problems were beginning to surface. As a result, in certain businesses, social and environmental issues—once thought to be distinct—are merging. Companies will have the chance to coordinate their activities around international initiatives like COP21 in the upcoming years. Additionally, there will be more pressure placed on highly specific targets by frameworks like the Sustainable Development Goals (SDGs).

CSR as Strategy and not Charity

Corporate India is finally waking up to the fact that it is no longer prudent to take the short-term approach of sending a check to the CEO's preferred charity. Given that CSR investments must be made annually and with adequate disclosure, many businesses in 2016 withheld CSR funding from those that couldn't find suitable initiatives. According to our research, leading Indian corporates donated less than 4% of their CSR expenditures to charitable causes. As mandated by law, businesses are now considering ways to increase strategic brand value through these initiatives, even if they have nothing to do with their line of work. Since 2017, businesses have been requesting from NGOs comprehensive reporting on ongoing programs and resource sharing among leading corporations to create bigger effects.

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