

An Examination of Literature on Corporate Social Responsibility Initiatives in India

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ABSTRACT

After the amendment of the Companies Act in 2013, Corporate Social Responsibility (CSR) has emerged as a concept that emphasizes the awareness of both society and companies. CSR involves allocating 2% of the company's profits towards initiatives that benefit society, using resources obtained from the society. This paper examines various literature surveys conducted on CSR activities in Indian companies and explores how these companies are actively developing and promoting CSR practices with positive impacts. CSR has gained significant importance in the Indian corporate landscape, as it fosters sustainable relationships with society at large, driven by increasing socio-regulatory forces. The concept of social responsibility suggests that organizations and individuals have an obligation to act in ways that benefit society as a whole. It entails maintaining a balance between the economy and the ecosystem, and every individual or organization has a duty to perform social responsibilities. The term "corporate social responsibility" was first mentioned in William Bowen's publication, "Social Responsibilities of Business," in 1953. In India, businesses have long been engaged in societal issues for national development, through activities such as social duty or charity donations, philanthropy, community service, and industrial welfare, now collectively known as CSR. Human resources are considered the backbone of every economic enterprise. The main objective of this research is to investigate the attitudes of India's future business leaders towards CSR. Companies like Tata and Nestle in India have been practicing CSR for decades, even

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before it became a popular concept. However, despite such illustrious examples, CSR in India is still in an early stage of development. Many large companies superficially undertake CSR activities and primarily focus on promoting and highlighting these activities in the media. This research paper focuses on identifying and reviewing the issues and challenges faced by CSR activities in India.

Keywords: Corporate Social Responsibility, Sustainability, Philanthropic Approach, Stakeholders.

Introduction:

Corporate social responsibility (CSR) refers to how companies manage their business operations to generate a positive impact on society. It encompasses sustainability, social impact, and ethical considerations, and should ideally be integrated into the core business practices rather than being treated as mere add-ons or philanthropic activities. CSR involves a long-term commitment by businesses to conduct themselves ethically, contribute to economic development, and enhance the quality of life for their employees, their families, the local community, and society as a whole.

The concept of CSR was first introduced in 1953 through William J. Bowen's publication, "Social Responsibilities of Businessmen." However, it gained popularity in the 1990s when the German pharmaceutical company Beta Pharma decided to implement CSR. CSR is a voluntary commitment by companies to contribute to the betterment of society and a cleaner environment. It encompasses the economic, legal, ethical, and philanthropic expectations that society places on organizations at a given time, as defined by Carroll and Buchholtz.

DEFINITIONS OF CSR:

The **World Business Council for Sustainable Development (WBCSD)** defines CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."

European Union's Official Definition of Corporate Social Responsibility (CSR): -

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“The European Union, in an attempt to offer a framework for companies wishing to invest in sustainable development, published in 2001 a Green Paper on Corporate Social Responsibility defining CSR as: “The voluntary integration of companies’ social and ecological concerns into their business activities and their relationships with their stakeholders. Being socially responsible means not only fully satisfying the applicable legal obligations but also going beyond and investing ‘more’ in human capital, the environment, and stakeholder relations.”

ISO 2600 Official Definition of Corporate Social Responsibility (CSR): - “The International Organization for Standardization (ISO) is an international standard-setting body that also addressed the definition of Corporate Social Responsibility (CSR) through its ISO 26000 standards on Corporate Social Responsibility. In these guidelines, ISO defines Corporate Social Responsibility (CSR) as: “The responsibility of an organization for the impacts of its decisions and activities on society and the environment, resulting in ethical behavior and transparency which contributes to sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; complies with current laws and is consistent with international standards of behavior; and is integrated throughout the organization and implemented in its relations.” According to the Indian Corporate:” Sustainable development implies optimizing financial position while not depleting social and environmental aspects and CSR implies supporting issues related to children, women and environment. These corporate refer in its definition of CSR to community development. In the context of Western community, development is often seen as charity. In the Indian context it is seen as a large responsibility of a corporate, not only by stakeholders but also by the local Indian management. The background of this is that stakeholders see the large western companies as capitalist islands in a developing country. This position gives them a certain responsibility towards the community. Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others

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REVIEW OF LITERATURE

The reserve bank of india (2007) directed to the Indian banks to undertake corporate social responsibility initiatives for sustainable development and also bank asked for to begin non financial reporting which is related to activities in the era of social, environmental and economic counting.

Sanjay kanti das (2012) corporate social responsibility developed very slowly in India though it was started a long time ago. CSR has been assuming greater importance in the corporate world, including the banking sector. There is trend in financial sector to improve their social and environmental activities for betterment of society. The present study is based on the case study method and efforts are also made in the present study to know the status of CSR and strategies adopted for CSR Indian banking sector. In order to attain the social objectives there is need for framing a CSR policy in every banking company for prioritization of activities on social spending and allocation of separate funds for this purpose.

Deepika dhingra (2014) in the recent years CSR has witnessed tremendous increase in awareness and control in the global areas. CSR that emerged in 1960 was an attempt to link business with society. CSR refers to strategies that corporations and firms employ to conduct their business in social, ethical, and beneficial to the society. It is a concept where business organization apart from their profitability and growth show their interest in societal and environmental welfare by taking the responsibility of impact of their activities on stakeholders, employees, shareholders, customers, suppliers and civil society. In this reference the present paper attempts to analyze the CSR practices in Indian banking sector.

Namrata Singh (2015) in this paper the main focus is made on the education. If the people will be educated then the nation will be developed. This paper tries to focus on the new concept of CSR and how banks are adopting this practice in their working. Today banks are focusing on one of the important CSR activity that is education. They are distributing books free of cost to the needy people, establishing primary school and giving scholarships to the children in the rural areas. In this study particularly talk about the ICICI bank. It is one of the biggest players of private sector banking, in the year 2012-13 its expenditure was 66.2 million towards the elementary education for the benefit of society.

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Sarita moharana (2013) in this paper the selected public sector banks are to be studied in concerned with CSR. In this the carrol's CSR model is to be studied. CSR is to be explained through these models that are economic, ethical , legal and philanthropic responsibilities. The banks need to focus more on the CSR, there are some banks which are still not aware of these kind of policies under companies act 2013.they are not following it in serious manner.

Sandeep Kaur (2016) CSR fetch a very important place in the development scenario of India today and can create as an alternative tool for sustainable development. The study shows that though the Indian banks are making efforts in the CSR areas but still there is a requirement of more emphasis on CSR. There are some banks which are not even meeting the mandatory requirement of law of priority sector lending and rural branch expansion.

Nidhi (2016) Corporate Social Responsibility of a business refers to what a business does over and above the statutory requirement for the benefit of the society. It includes a detailed study on a leading private bank i.e. HDFC bank and it shows the different efforts by the different banks as well. CSR is changing due to tough competition in an international level.

Eliza Sharma and Dr. Mukta Mani (2013) conducted a study entitled "Corporate Social Responsibility: An Analysis of Indian Commercial Banks". The main objective of the study is to analyze the corporate social responsibility (CSR) activities carried out by Indian commercial banks. This study is based on secondary data. The annual reports of the banks are taken for the study. Variables used for the study are: Rural branch expansion, priority sector lending, environment protection, community welfare, women welfare, new initiative related to CSR. The study has a scope of further research where CSR performance of banks can be related to financial performance of banks.

Rafel Bravo, Jorge Matute and Jose M.Pina (2012) had study entitled "Corporate Social Responsibility as a Vehicle to Reveal the Corporate Identity: A Study Focused on the Websites of Spanish Financial Entities". This study explores the relevance of corporate social responsibility (CSR) as an element of the corporate identity of Spanish Financial institution. Specifically, it aims to analyse the CSR actions developed by financial entities through the analysis of all the available information

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disclosed in their websites. A content analysis applied to 82 banking institutions, followed by different quantitative analyses, reveals the multidimensionality of CSR. Under this study the involvement of customers and the community is more visible, if we talk about Indian banking sector that kind of involvement is not there.

David Sigurthorsson (2012) conducted a study entitled as “The Icelandic Banking Crisis: A Reason to Rethink CSR?”. Under this study the discussion is made related to Icelandic banking crisis in relation to the term corporate social responsibility. It provides some conceptual arguments for the position that the Icelandic banking crisis illustrates the broad problem of the indeterminacy of the scope and content of the duties that CSR is supposed to address. After such crisis they rethink about the term CSR. It is so broad as to endorse virtually any approach deemed suitable by individual businesses or industries too easily reduce to mere public relation strategies in the form of corporate philanthropy.

Seema G. Sharma (2009) conducted a study entitled as “Corporate Social Responsibility in India: An Overview”. Under this study the old concept relating to the CSR and what should be the new one is studied. This article discusses the effort towards community and social development made by both state-owned enterprises and private sector business. Under this study the development of CSR in India and CSR of public sector undertaking, multinational companies, CSR on Indian Multinational corporations are to be studied with CSR activities. It is studied that India needs to grow more regarding the corporate social responsibility. CSR in India has considerable potential for improving corporate environment and social conduct.

Rajul Dutt & Himani (2018) conducted a study entitled as “Corporate Social Responsibility in Indian Banking Sector: An Empirical Study on SBI”. Under this study the main objective is to do the inspection of the understanding, aspiration and evaluation of corporate social responsibility of SBI by its different stakeholders. This study is descriptive and exploratory in nature. Primary and secondary type of data has been collected for the study. A well-structured questionnaire is prepared for primary data collection. Moreover, secondary data has been collected from existing literature, published books, articles, journals, news, papers, magazines etc for this research. A regular committee in the CSR exercise is necessary which should satisfy the objective of the institute and which also promise a productive and sustainable

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expansion of the study. Under this paper the annual report of last 5 years since 2014-2018 has been analyzed. This study reveals that the main focus of SBI's CSR investment is on skill development and livelihood creation. This study also reveals that the employees think that SBI is quite serious about the sustainable development of the society. This paper concluded that the media coverage of the events is done at a higher scale but actual implementation of the activities is somehow lacking. The work of CSR movements for the main area is bound to the education, skill development and health care sector.

Priyanka Aggarwal and Astha Dewan (2015), conducted a study entitled as "Corporate Social Responsibility Practices of Banking & Finance Companies in India With Special Reference to New Companies Act,2013". The present study analyses the Corporate Social Responsibility Act undertaken by the topmost listed banking & finance companies in India in the light of recent CSR development. In this study the relationship between CSR & various financial performance variables – size, profitability, leverage and growth. The results propose that financial services companies with higher profitability have higher CSR spending but they confirm their CSR activities to a limited domain. Also the study highlights the CSR areas which have not been focused upon by the Indian financial services companies and suggests companies to make concerted efforts in all dimension of CSR.

Sanaa Bellari, Mathieu Goran Guillaume Pijourlet (2019), conducted a study entitled as "Corporate Social Responsibility & Bank Efficiency". This paper examines the impact of CSR on bank efficiency by using A DEA (Dynamic Network Model) on an international sample of 184 banks in 41 countries over the 2009-2015 period, our empirical investigation reveal a positive impact of CSR on bank efficiency. Existing studies show that CSR impacts the financial performance of firms their market value and their financial risk. DEA model that focus on single period, this can be significant limitation especially for banking industry.

Shafat Maqbool & M.Nasir Zameer (2018), conducted a study entitled as "Corporate Social Responsibility & Financial Performance: An Empirical analysis of Indian Banks". Under this study the secondary data has been collected for 28 Indian Commercial banks listed in Bombay Stock Exchange (BSE) for the period of 10 years (2007-16). The results indicate that CSR exerts positive impact on financial

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performance of the Indian Banks & to renovate their business philosophy from traditional profit oriented to socially responsible approach. CSR has broad end the domain of corporate social responsibility towards all those initiative which are affected by the company 's CSR helps in building the positive relationship with customers, attracting motivated employees, lowering companies risk and spreading positive word of mouth which might otherwise improve a cost. In this paper panel regression model is also used to design to examine the relationship between CSR & CSR market measures. The composite variables, profitability have employed as dependent variables, which as an independent variable. It should be integrated with long term business strategy.

Dr Srinivas Kola China (2011), conducted a study entitled as "A Brief Study on Corporate social Responsibility in Indian Banking sector". The main objective of this study is to analyze the CSR activities carried out by selected private banks of India. They list out the existing CSR practices of two private banks i.e. ICICI and HDFC bank. The CSR activities by the banks can be possibly value added with more & more social development activities diversified across. They provide a new name to corporate social responsibility as Social Action Programs (SAP). RBI senses the lack of adequate awareness on the issue in India. A clear bifurcation has to be done by RBI between banks conducting CSR practices and those not participating basis their involvement in social banking and spending on CSR activities. A proper monitoring need to be looked into by an appropriate committee so that banks do increase their contribution of profit towards CSR activities because CSR is just not charity but a practical implementation of ethical ideas towards the society.

Parthiban R, Aiswarya S Sajeev, Dinesh Kumar (2018), conducted a study entitled as "CSR Practices: Public and Private Sectors Banks in India". India was first country to quantify CSR and make it a mandate. This study aims to analyze the public and private sector banks CSR and their trends of CSR spending post 2013 to 2018 in India and made an attempt to forecast the future. CSR spending of the selected banks through least square method technique of forecasting. The data has been collected from the annual reports, CSR Report and official websites of banks. There is need to discover the performance of both public and private banks. Currently the stand point of CSR in India is headed towards a positive direction as there are already

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existing regulatory body is such as Ministry of Corporate Affairs (MCA), Department of Public Enterprise (DPE), Indian Institute of Corporate Affairs (IICA) along with RBI already set the wheels in movement and are playing an imperative role in making CSR as well-known practices.

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