



CORPORATE SOCIAL RESPONSIBILITY: GLOBAL IDEA AND NATIONAL IMPORTANCE IN THE 21ST CENTURY

Dr. Joshua. O. Miluwi*

Abstract: *In recent years firms have greatly increased the amount of resources allocated to activities classified as Corporate Social Responsibility (CSR). Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe. The term is often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organization's performance against economic, social and environmental parameters. Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. In addition, a stark and complex shift has occurred in how organizations must understand themselves in relation to a wide variety of both local and global stakeholders. The quality of relationships that a company has with its employees and other key stakeholders—such as customers, investors, suppliers, public and governmental officials, activists, and communities—is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility (CSR). The main objective of this paper is to understand the issues, Basic trends, status of corporate commitment to CSR, initiatives, Challenges and Benefits of CSR in Madhya Pradesh in terms of economic, social, and ecological levels, thus resulting in a sense of responsibility beyond the traditional boundaries of the organization.*

Keywords: *CRS, Society and Environment, Organization Ethics, Work-life, Consumer Goods*

*Asst. Professor, Commerce & Management, Career College, and Visiting faculty Career institute of international management Barkatullah University Bhopal, M.P.



INTRODUCTION AND EVOLUTION OF CSR: AN OVERVIEW

A business enterprise should do business and earn money in ways that fulfill the expectations of the society. Every individual living in society has certain obligations towards society. He has to respect social values and norms of behavior, R Freeman, (2010). A Business enterprise is industrial or commercial activities and thereby earns profits. But it is obligatory on part of the business enterprise not to do anything so that is undeniable from society's point of view. Manufacture and sales adulterated goods, making deceptive advertisements, not paying taxes which reduce, polluting the environment and exploiting workers are some examples of socially undesirable practices which may increase the profit of interposes but which have adverse effect on society at large. On the other hand, supplying good quality goods, creating healthy working conditions, honestly paying taxes prevention/ installing pollution devices in the factory, and sincerely attending to customer complaints are example of socially undesirable practices which improve the image of enterprises and also make them profitable. In fact it is though socially repos bible and ethically upright behavior that business enterprises can get durable success. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. Corporate social responsibility is not a new concept in India, D.L.Owen & K.T.Maunders,(2010). However, what is new is the shift in focus from making profits to meeting societal challenges. Now-a-days, employees are actively participating in the social activities even on holidays.

The term "corporate social responsibility" came in to common use in the late 1960s and early 1970s, after many multinational corporations formed. The term stakeholder, meaning those on whom an organization's activities have an impact, was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, Strategic management: a stakeholder approach in 1984. Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. Thus, the meaning of CSR is twofold. On one hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders (customers as well as employees). On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates.



Firms can no longer continue to exploit environmental resources and escape from their responsibility by acting as separate entities regardless of the interest of the society. Organizations, now, are realizing the need to shift their focus on the interest of society. The sense of being socially responsible has to come from within. CSR involves various voluntary efforts in which companies engage themselves in order to give something back to the society. It involves providing innovative solutions to societal and environmental challenges. Organizations generally believe that acting in a socially responsible manner will create value for them. The fact that an organization is committed to social causes, also gives employees a sense that the company would also be committed to the welfare of its employees as well. Others argue CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. CSR is titled to aid an organization's mission as well as a guide to what the company stands for and will uphold to its consumers. The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times. Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment, Sankar Sen and Daniel Korschun (2012). They are also being asked to apply sustainability principles to the ways in which they conduct their business. *Sustainability* refers to an organization's activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (van Marrewijk & Verre, 2003). It is no longer acceptable for a corporation to experience economic prosperity in isolation from those agents impacted by its actions. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their frameworks, rules, and business models. To understand and enhance current efforts, the most socially responsible organizations continue to revise their short- and long-



term agendas, to stay ahead of rapidly changing challenges. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR (currently a Draft International Standard). Public sector organizations (the United Nations for example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles but with no formal act of legislation. The UN has developed the Principles for Responsible Investment as guidelines for investing entities. In 1963, Joseph W McGuire in his book, *Business and Society*, stated:

“The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations.”

In India, CSR has evolved to encompass employees, customers, stakeholders and sustainable development or corporate citizenship. The spectrum of CSR includes a number of areas as human rights, safety at work, consumer protection, climate protection and caring for the environment, and sustainable management of natural resources. From the perspective of employees, CSR activities include providing health and safety measures, preserving employee rights and discouraging discrimination at workplace. This helps in fostering a healthy environment within the company. For example, after 1945, TATA implemented social welfare provisions for its employees that have since become the legislative norm. From the perspectives of customers, CSR activities may include commitment to product quality, fair pricing policies, and so. CSR taken up by various genres of companies primarily focuses on poverty alleviation, environmental protection and sustained development. Companies are taking initiatives for developing infrastructure in rural areas, e.g., TATA



Motors provides desks, benches, chairs, tables cupboards, electrical fittings and educational and sports material to various primary schools in Singur. The company has also planned similar programmes to upgrade school infrastructure and is also planning to set up a computer laboratory in one of the high schools. Similarly, TVS Electronics was involved in CSR during the Tsunami to provide relief measures to the victims. They have also participated with the government to improve sanitation in a village called Tiruvidenthai. Such initiatives will help in improving the conditions of rural people. Satyam Foundation of Satyam Computer Services Ltd., Infosys Foundation of Infosys Technologies Ltd., and GE Foundation of the General Electric Company are exemplary instances of the philanthropic commitment of the corporate sector in India. Irrespective of the profits they make, these foundations are aiming at uplifting of the poor and enhancing the standard of life in the rural sector. Within the world of business, the main “responsibility” for corporations has historically been to make money and increase shareholder value. In other words, corporate financial responsibility has been the sole bottom line driving force. However, in the last decade, a movement defining broader corporate responsibilities– for the environment, for local communities, for working conditions, and for ethical practices–has gathered momentum and taken hold. This new driving force is known as corporate social responsibility (CSR). CSR is oftentimes also described as the corporate “triple bottom line”– the totality of the corporation’s financial, social, and environmental performance in conducting its business. Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined our nation's character for millennia. India's ancient wisdom, which is still relevant today, inspires people to work for the larger objective of the well-being of all stakeholders. These sound and all-encompassing values are even more relevant in current times, as organizations grapple with the challenges of modern-day enterprise, the aspirations of stakeholders and of citizens eager to be active participants in economic growth and development, Bhattacharya and Scott Swain (2011). CSR is not philanthropy and CSR activities are purely voluntary- what companies will like to do beyond any statutory requirement or obligation. To provide companies with guidance in dealing with the abovementioned expectations, while working closely within the framework of national aspirations and policies, following Voluntary Guidelines for Corporate Social Responsibility have been developed. While the guidelines have been prepared for the Indian



context, enterprises that have a trans-national presence would benefit from using these guidelines for their overseas operations as well. Since the guidelines are voluntary and not prepared in the nature of a prescriptive road-map, they are not intended for regulatory or contractual use. While it is expected that more and more companies would make sincere efforts to consider compliance with these Guidelines, there may be genuine reasons for some companies in not being able to adopt them completely. In such a case, it is expected that such companies may inform their stakeholders about the guidelines which the companies have not been able to follow either fully or partially. It is hoped that "India Inc." would respond to the Guidelines with keen interest. After considering the experience of adoption of these guidelines by Indian Corporate Sector and consideration of relevant feedback and other related issues, the Government may initiate the exercise for review of these Guidelines for further improvement after one year. Transnational corporations (TNCs) are the for-profit type organization that has more and more come to the public light for its "ethical" behavior in developing countries scrutinizing the social and environmental impacts created. Waves of concern flagging the connection to the development goals outcomes come from a

"Wide range of sources including international trade unions, development NGOs, human rights organizations and environmental groups" (Broom hill 2007:10-11).

Once more in history the relationship of business and society has been seen to need revision as corporations have been seen "forced to respond to bad publicity surrounding their activities" (Ibid). Corporations are being 'forced' to change policies to control social and environmental impacts as closely as they do the economic ramifications of their activities regardless of location. TNCs are asked to modify activities like.

"codes of conduct, improvements in environmental management systems, improved health and safety standards, company reporting on social and environmental policy and performance, participation in certification and labeling schemes, an increase in corporate social investment in (...) community development projects" (Utting 2003).



CONCEPT AND DEFINITION OF CSR

Social responsibility of business refers to its obligation to take those decisions and perform those objectives and values of our society. The assumption of social responsibilities by business enterprises implies that they respect the aspirations of society and world try their best contribute to the achievements of these aspiration along with their profit interests. This idea is in contrast to the common notion that business exists only for maxims sing profits for its owners and its is irrelevant to talk of public good, John (April 6–7, 2010). It follows that a responsible business, and indeed any responsible member of society, must act with due concern for the effects on the lives of other people. A single globally-accepted definition giving a universal definition of Corporate Social Responsibility is bit difficult as there is no common definition as such. However, there are few common threads that connect all the perspectives of CSR with each other; the dedication to serve the society being most important of them. Most ideal definition of Corporate Social Responsibility (CSR) has been given by World Business Council for Sustained Development which says,

“Corporate Social Responsibility 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”.

The language used in relation to CSR is often used interchangeably with other related topics, such as corporate sustainability, corporate social investment, triple bottom line, socially responsible investment and corporate governance.” “Its refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all



other members of the public sphere. CSR is the deliberate inclusion of PI into corporate decision-making, that is the core business of the company or firm, and the honoring of a triple bottom line: people, planet, profit. Some of the definitions of CSR are as follows.

- **'The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life' (World Business Council on Sustainable Development).**
- **'The integration of business operations and values whereby the interests of all stakeholders including customers, employees, investors, and the environment are reflected in the company's policies and actions' (The Corporate Social Responsibility Newswire Service). It is important to differentiate CSR from charitable donations and 'good works', i.e. corporate philanthropy and human rights.**

From the above definitions, it is imperative to note that the 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times, Friedman, Milton (1970-09-13). This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers. Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined our nation's character for millennia. India's ancient wisdom, which is still relevant today, inspires people to work for the larger objective of the well-being of all stakeholders. These sound and all-encompassing values are even more relevant in current times, as organizations grapple with the challenges of modern-day enterprise, the aspirations of stakeholders and of citizens eager to be active participants in economic growth and development. CSR is not philanthropy and CSR activities are purely voluntary- what companies will like to do beyond any statutory requirement or obligation. To provide companies with guidance in dealing with the abovementioned expectations, while working closely within the framework of national aspirations and policies, Voluntary



Guidelines for Corporate Social Responsibility have been developed. While the guidelines have been prepared for the Indian context, enterprises that have a trans-national presence would benefit from using these guidelines for their overseas operations as well. Since the guidelines are voluntary and not prepared in the nature of a prescriptive road-map, they are not intended for regulatory or contractual use. While it is expected that more and more companies would make sincere efforts to consider compliance with these Guidelines, there may be genuine reasons for some companies in not being able to adopt them completely. In such a case, it is expected that such companies may inform their stakeholders about the guidelines which the companies have not been able to follow either fully or partially. It is hoped that "India Inc." would respond to these Guidelines with keen interest. The Indian corporate sector has seen the current decade as a period of high growth and the emergence of a strong India Inc. having a significant global footprint. The decade also saw the financial crisis that shook the global markets. While the corporate sector is recovering from the jolt of the global financial crisis, the future is looking bright. However, the corporate sector is also standing in the midst of a sustainability crisis that poses a threat to the very existence of business. What we have before us is a cross-road where one path leads us to inclusive growth and the other may lead to unsustainable future. We have seen the business sector generating wealth and value for the shareholders in the last sixty years, but simultaneously we also have the problems of poverty, unemployment, illiteracy, malnutrition etc. facing the nation. The corporate growth is sometimes seen as widening the gap between the India and Bharat through its income – skewing capability



Figure :1 CSR Model



Source: K. C. John Wei (2011). Corporate Social Responsibility – A Comparison between Vietnam and China, International Journal of Governance. Vol. 1, No.1, July 2011.

REVIEW OF LITERATURE

CSR may be based within the human resources, business development or public relations departments of an organization (Wood, 1991). Corporate Social Responsibility is what an organization does to influence the society positively in which it exists. The concept of CSR has been evolving for decades. CSR is a multidimensional concept. While some take CSR as an obligation, others consider it as a strategic tool. CSR focuses on the social, environmental and financial success of the company, McKibben, Bill (November/December 2010). The increasing relevance of CSR in India has stemmed from the fact that a business cannot succeed by ignoring the human and social needs of our society. Corporations have emerged as one of the foundations of modern global society. With this increased power has come the



demand by society for social accountability, commonly referred to as corporate social responsibility (Wilson, 2000). CSR is a company's activities and status related to its perceived societal or stakeholder obligations (Brown, 2001). The concept of CSR has become more and more common in business practices and customers today almost expect companies to be socially responsible. And India has been the home to a number of Multinational companies. In fact, since the financial liberalization in 1991, the number of multinational companies in India has increased noticeably (Raj Kumar, 2008). Globalization and development of the new market economy in the last decade have brought the global multinationals and investment houses to India for competing in the domestic and international markets. As many as 90 percent of the Fortune 500 companies now have explicit CSR initiatives (Kotler and Lee 2004).

All types of CSR practices receive positive influences by one or more types of relational marketing practices. In the process of building and engaging in relationships, networks, and interactions with customers and other stakeholders, managers look for CSR practices that can generate trust, loyalty and support from stakeholders, especially as product differentiation becomes increasingly difficult. A key implication, therefore, is that to reap the positive benefits of CSR, companies need to work harder at raising awareness levels (Sankar Sen, Bhattacharya and Daniel Korschun, 2006). Reactions of consumers to CSR reveals its company- favoring effects on an array of cognitive and affective (e.g., beliefs, attitudes, attributions, identification) as well as behavioral (e.g., loyalty, even during product- harm crises) outcomes. Consumers' ability to accurately identify the CSR activities of the firms they consume from is, in general, quite low. Awareness of the CSR initiative to be associated with a set of four company specific outcomes - beliefs, attributions, attitude, and identification - that are internal (i.e., pertaining to thoughts and feelings) to consumers (Bhattacharya and Sen, 2003). The origins of the first ethical model of corporate responsibility lie in the pioneering efforts of 19th century corporate philanthropists such as the Cadbury brothers in England and the Tata family in India. The pressure on Indian industrialists to demonstrate their commitment to social progress increased during the Independence movement, when Gandhi developed the notion of 'trusteeship', whereby the owners of property would voluntarily manage their wealth on behalf of the people.



“I desire to end capitalism almost, ‘if desire to end capitalism the most not quite, as much as advanced socialist. But our methods differ. My theory of trusteeship is no make-shift, certainly no camouflage. I am confident that it will survive all other theories.”Gandhi (1939), cited in Bose (1947)

Gandhi’s influence prompted various Indian companies to play active roles in nation building and promoting socio-economic development during the 20th century. Indeed, the worldwide trend towards privatization and deregulation can be said to be underpinned by a third model of corporate responsibility— that companies are solely responsible to their owners. This approach was encapsulated by the American economist Milton Friedman, who in 1958 challenged the very notion of corporate responsibility for anything other than the economic bottom line.

“If our anything is certain to destroy free society, to undermine its very foundation, it would be a widespread acceptance by management of social responsibilities in some sense other than to make as much money as possible. This is a fundamentally subversive doctrine.”Friedman (1958)’

However, it was not until the 1990s that the idea of the stakeholder corporation gained prominence in business practice. The essence of the stakeholder model was captured by David Wheeler and Maria Sillanpaa (formerly with The Body Shop) as follows.

“The long term value of a company rests primarily on: knowledge, abilities and commitment of its employees; and its relationships with investors, customers and other stakeholders. Loyal relationships are increasingly dependent upon how a company is perceived to create ‘added value’ beyond the commercial transaction. Added value embraces issues like quality, service, care for people and the natural environment and integrity. It is our belief that the future of the development of loyal, inclusive stakeholder relationships will become one of the most important determinants of



commercial viability and business successes.” Wheeler and Sillanpaa (1997)

Many companies in India are facing new pressures, not simply to comply with legislation, but also to meet the requirements of international and national business partners, for example, through codes of conduct related to labour and environmental standards in their operations as well as their supply chains. Indeed, there is a growing consensus throughout the world that companies need to go beyond their traditional ‘economic’ roles; the following analysis from the Centre for Development and Enterprise in South Africa demonstrates this aptly.

“It is in the and interests of the corporation the business sector as whole to become more self conscious social actors. Both the individual firm and the voluntary business association need to think hard and strategically about their role in society, and their relationships with government and others. To do anything else is counterproductive.” Bernstein and Berger (2000)

Alternatives to existing order can be put into three categories: alternatives to the state, alternative community and alternatives to the market. (Schwabensland 2006) In India, alternatives to the state and alternative community seem to be prevailing, while market alternatives are less noticeable. This point is reiterated in a recent speech by the President of India, Pratibha Devisingh Patil, at the presentation of the Lucknow National Leadership Awards in New Delhi, February 2008:

“.....Most importantly, Indian companies should fulfill their duty towards those who have less, those who are disadvantaged and those who have been inadvertently left behind in the race for development. Corporate entities cannot for long remain aloof from the society in which they operate. They need to set up mechanisms to ensure that they give back to society by transforming the quality of life around them. It is only when you give back, in the form of educational institutions, healthcare, social service or



environmental protection that you will have shown visionary leadership and also have truly earned the real profit, that is the goodwill of society...”

Such deontological rationales in promoting CSR activities don't seem similar to the ones found in the following remark by Gordon Brown, Former Prime Minister of the U.K.:

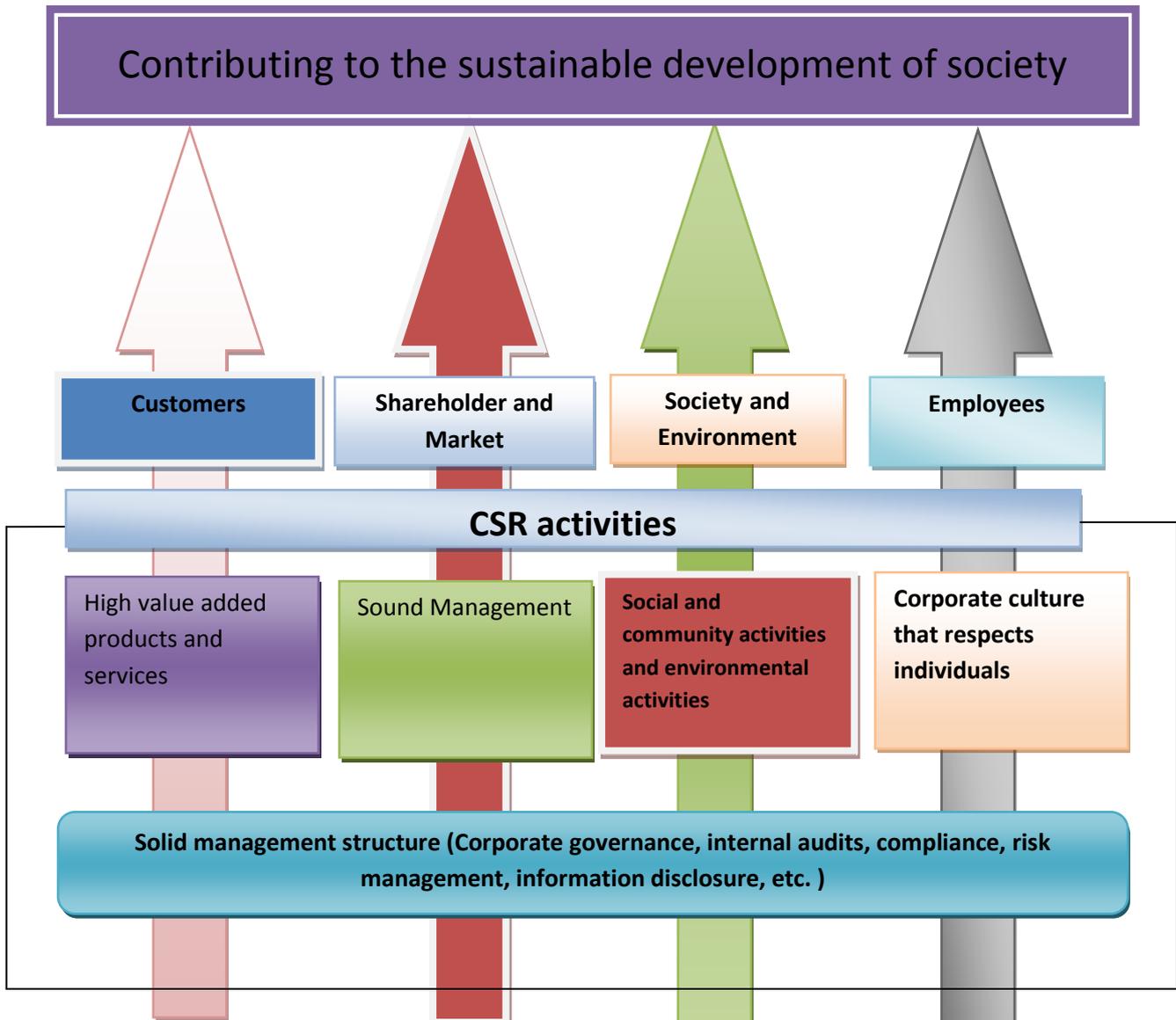
“Today, corporate social responsibility goes far beyond the old philanthropy of the past – donating money to good causes at the end of the financial year – and is instead an all year round responsibility that companies accept for the environment around them, for the best working practices, for their engagement in their local communities and for their recognition that brand names depend not only on quality, price and uniqueness but on how, cumulatively, they interact with companies’ workforce, community and environment. Now we need to move towards a challenging measure of corporate responsibility, where we judge results not just by the input but by its outcomes: the difference we make to the world in which we live, and the contribution we make to poverty reduction.”

The above two speeches both are aiming to promote corporate involvement in CSR. However, one is appealing from the moral (intrinsic) motive, meaning that CSR is a moral duty of companies towards society while the strategic (extrinsic) motive, which holds that CSR contributes to the financial success of the company in the long run, seems more resonant in the British Prime Minister's words. By advocating corporate social responsibility (CSR), TNCs partake in the evaluation and change of their relationship with the different stakeholders as seen in Figure 5. It is an attempt to uphold fair practices, giving more importance to other factors than only the shareholder's profit when making decisions.



Fig. 2:

CSR and Development of Society



Even in smaller companies there are concerns towards the balance that profit- seeking companies have to make when having CSR as part of their doctrine working on becoming “profit consistent with social considerations”.

CASE STUDY: CSR Initiatives of Companies / Corporates in Madhya Pradesh

An attempt has been made to analyze the current trend and status of CSR in Madhya Pradesh to understand its contribution towards inclusive growth. The progress towards inclusiveness in growth and development is the most difficult to assess, because



inclusiveness is a multi-dimensional concept, Thiemann, J. (2010). The result of inclusive growth should be a reduction in the incidence of poverty, significant improvement in health outcomes, and universal access for children to school, increased access to higher education and improved standards of education, including skill development. There should also be an improvement in employment opportunities, increase in wage rates, and betterment in livelihoods and improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. All these can be made possible through the social commitment of corporate through their CSR initiatives.

OBJECTIVES OF THE STUDY

- To identify the basic trends and status of corporate commitment to CSR in Madhya Pradesh.
- To track the key focus area of CSR initiatives of corporates in Madhya Pradesh.
- To understand the contribution of CSR towards inclusive growth.
- To know the reasons for implementing CSR initiatives.

METHODOLOGY

The samples for the purpose of analysis were drawn from the address list contained in Federation of Madhya Pradesh Chambers of Commerce and Industry (MPCCI). Only large scale industrial units in Madhya Pradesh mainly engaged in manufacturing or service activities and representing the private, public and multinational enterprises were chosen. A stratified disproportionate random sampling technique is adopted to choose the respondent companies in Madhya Pradesh. The survey was conducted between April and October 2011. The samples were drawn from six industrial sectors occupying pivotal positions in the economy representing Banking, Software, Automobile, Construction, Iron & Steel and Electronics sectors. The size of the sample is 63 comprising 10 from Banking, 13 from Software, 08 from Automobile, 09 from Construction, 07 from Iron & Steel and 16 from Electronics sector.

DATA ANALYSIS

An inter sectoral study is attempted relating to involvement and importance of CSR initiatives of companies in Madhya Pradesh. These industrial segments occupy prime position in the industrial scenario resulting from their relevance and relative contribution to the economic development of the country. An analysis of corporate commitment to CSR and



reasons for implementing CSR initiatives is also made to understand the existing truth as far as CSR is concerned.

KEY FINDINGS

It has emerged from the survey that all 63 companies have CSR initiatives.

Table 1: Involvement in CSR initiatives- Inter Sectoral Study

S. No.	CSR Initiatives	Banking	Soft ware	Automobile	Construction	Iron & Steel	Electronics
1	Rehabilitation	√	-	-	√	√	√
2	Child Welfare	√	-	-	-	√	√
3	Disaster Mgt.	√	-	-	√	√	-
4	Woman Empowerment	√	√	-	-	√	√
5	Livelihood Promotion	√	-	-	-	√	√
6	Slum Improvement	√	√	-	-	√	√
7	Charitable Events	√	-	√	-	√	-
8	Micro finance	√	-	√	-	√	√
9	Environment	√	√	√	√	√	√
10	Education	√	√	√	√	√	√
11	Health Care	√	√	√	√	√	√
12	Sanitation	√	-	√	√	√	√

Source: Madhya Pradesh Chambers of Commerce and Industry (MPCCI)..

Table 1: shows that companies in Madhya Pradesh undertake variety of CSR initiatives while pursuing their organizational goals. The diversification in CSR initiatives is evident from the range of activities displayed in the table 1. Among the 12 different CSR initiatives, Health care, education and environment are commonly pursued by companies across different sectors, whereas child welfare, disaster management, livelihood promotion and slum improvement have not received sufficient attention. It is also evident from the table 1 that CSR initiatives on sanitation, micro finance, charitable events, women empowerment and rehabilitation are also popular among companies. However the study revealed lack of consensus among the corporates regarding the activities to be undertaken on the CSR front which call for direction from policy makers.



Table 2: Relative Importance of CSR initiatives – Inter Sectoral Study

S. No.	CSR Initiatives	Banking	Soft ware	Automobile	Construction	Iron & Steel	Electronics
1	Rehabilitation	85%	70%	66%	80%	90%	80%
2	Child Welfare	80%	72%	64%	90%	84%	95%
3	Disaster Mgt.	84%	88%	68%	88%	90%	90%
4	Woman Empowerment	83%	84%	80%	80%	80%	85%
5	Livelihood Promotion	88%	72%	80%	80%	80%	95%
6	Slum Improvement	70%	68%	72%	85%	83%	70%
7	Charitable Events	68%	72%	80%	70%	96%	65%
8	Micro finance	76%	76%	84%	64%	64%	60%
9	Environment	72%	92%	96%	70%	96%	100%
10	Education	96%	100%	96%	90%	84%	96%
11	Health Care	100%	100%	96%	95%	92%	100%
12	Sanitation	96%	88%	76%	80%	88%	95%

Source: Madhya Pradesh Chambers of Commerce and Industry (MPCCI).

Table 2 explores the relative importance of different items in the CSR portfolio of the companies in Madhya Pradesh. Data provided in the table will be helpful to make a study of the relative importance of various CSR initiatives at the inter sectoral level. It is quite clear from the table that there exists inter sectoral difference with regard to the relative importance of various CSR initiatives practiced by companies in Madhya Pradesh. Among the 12 different CSR initiatives, education and health care generally received top priority among companies at the inter sectoral level. The acceptability of health care ranges from 92% to 100% across different sectors of the industry. The importance placed for the next best priority initiative viz: education ranges from 84% to 100%. Among the remaining 10 CSR initiatives Environment and sanitation received higher importance compared to other initiatives. CSR initiatives directed towards rehabilitation, child welfare, disaster management, women empowerment, livelihood promotion and slum improvement also received attention of companies across different industry groups except in the case of automobile sector the importance given to rehabilitation, child welfare and disaster management is comparatively less. With regard to other CSR initiatives such as charitable events and micro finance the importance attached by the companies seems to be less. This is mainly because the choice of the CSR initiatives is based on several factors that influence the sustainability of the companies.



Table 3: Basis of Corporate Commitment to CSR

Sl. No.	Basis	Percentage	Rank
1	Business Ethics	76.74	1
2	Corporate Governance	53.48	2
3	Sustainability	39.53	3
4	Philanthropy	37.20	4
5	Legal Compliance	32.55	5

Source: Madhya Pradesh Chambers of Commerce and Industry (MPCCI).

The results (table 3) showed that highest percentage of the respondents believe that Business ethics is the main factor in influencing the corporate commitment towards CSR initiatives. Corporate governance (53.48%) ranked second, sustainability and philanthropy ranked third and fourth respectively (39.53% & 37.29%). Legal compliance ranked least influential (32.55%) in determining the corporate commitment to CSR. These results show that corporates are undertaking CSR initiatives as a responsible corporate citizen not as a policy matter. CSR is now considered as a strategic weapon to ensure growth and survival. Unlike other strategic tools that focus internally, CSR is externally focused to ensure survival by maximizing stakeholder welfare.

Table 4: Reasons for Implementing CSR initiatives.

S.No.	Reason	Percentage %
1	CSR forms part of the organizations policy	84
2	CSR enables the organization to be a good corporate citizen	97
3	CSR provides transparency in the areas of environmental impacts and human rights	93
4	CSR enhances organization's corporate image	95
5	CSR increases visibility as a community leader	91
6	CSR ensures sustainable development of both the organization and the community in the long-run.	91
7	CSR is a business obligation	63
8	CSR contributes to welfare of employees	77

Source: Madhya Pradesh Chambers of Commerce and Industry (MPCCI).

Table 4 shows that out of the 9 statements 5 statements had more than 90 percent agreement by the respondents in this study. Of the respondents, 97 percent agreed with the statement that "CSR enables the organization to be a good corporate citizen". About 95 percent of them agreed with the statement that "CSR enhances organization's corporate image". 93 percent of them agreed that CSR provides transparency in the areas of environmental impacts and human rights. Nearly 91percent of the respondents also agreed



that “CSR increases visibility as a community leader and CSR ensures sustainable development of both the organization and the community in the long-run”. There was also high agreement on the statement that “CSR forms part of the organizations policy” (84%). Nearly 77 percent of the respondents agreed that “CSR contributes to welfare of employees” and 63 percent of the respondents agreed that “CSR is a business obligation”. On the other hand, the results showed that respondents disagreed less than 10% as far as five statements are considered. But with regard to the statement “CSR forms part of the organizations policy and CSR improves employee morale and commitment” there was disagreement to the extent of 16%. Further, 23 % of the respondents disagreed that “CSR contributes to welfare of the employees”, while 37% of the respondents disagreed that “CSR is a business obligation”.

In recent years CSR has become a fundamental business practice and has gained much attention from the management of large companies. They understand that a strong CSR program is an essential element to be a good corporate citizen and enhances corporate image. Companies have explored that their impact on the economic, social and environmental sector directly affects their relationship with investors, employees and customers. Although the prime goal of a company is to generate profits, companies can at the same time contribute to social and environmental objectives by integrating CSR as a strategic investment into their business strategy. A major challenge for companies today is attracting and retaining skilled workers. There is not only an image gain for the companies using CSR, but it is also important for the employees. Within the company, socially responsible practices primarily involve employees and relate to issues such as investing in human capital, health and safety and managing change.

CONCLUSION

CR is a difficult and elusive topic for companies to deal with. It can often be very costly and yield benefits that are hard to quantify. Perhaps this is one reason why companies, according to the survey, have put so much focus on the internal improvements that can be made, such as improving corporate governance and transparency. This could also explain why the most important stakeholders, after customers, are the traditionally important employees and shareholders. There’s also the issue of just what standard of CR should companies use and how far companies should go to perform their responsibilities beyond



what the laws call for. The issue of what is the “responsibility” of a corporation is far from being settled, and there is unresolved argument over what CR means. Companies face a plethora of options among the various standards, guidelines, benchmarks and other proposed measures of CR. One point that all can agree on is that CR is not a neutral topic. There is a persistent debate about whether the CR “movement” represents an unjustified intrusion into corporate affairs, and whether companies should invest profits in their own CR projects or return the money to shareholders to let them invest as they see fit. But there is no denying that CR has become an important issue facing the global business community and one that promises to grow in importance in the coming years.

The findings of this study showed that corporates in Madhya Pradesh have positive attitude towards CSR and the extent of their involvement in CSR activities has improved. It is emerged from the survey that large scale companies in Madhya Pradesh have maintained their support for CSR initiatives. Although charity and micro finance registered less important among CSR initiatives, companies are putting effort into integrating CSR with their business strategy and expanding support for education, health care and environmental sustainability initiatives. Companies prefer to undertake CSR initiatives more as a part of business ethics, corporate governance, sustainability etc. not for legal compliance. Among the companies surveyed only 6 companies have CSR policy. Majority of them have no plans of formulating a CSR policy. They understand that a strong CSR program is an essential element in achieving good business practices and effective leadership. Greater amount of transparency and standardization may be brought in for CSR reporting by companies by introducing suitable amendment in relevant legislations by regulatory agencies. Government support in implementing CSR initiatives will be helpful for channelizing firm commitment on social responsibility is an important component for inclusiveness in India.

Scope for Future Research: The study is related to the corporates in Madhya Pradesh. The future researches can be conducted in other parts of India. A comparative analysis of SME’s (Small and Medium Enterprises) and large scale units can be made as far as CSR initiatives and their Contribution towards inclusive growth. A study can also be made to know the contribution of the various sectors of the economy taking into consideration a particular CSR initiative.



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