

Corporate Social Responsibility: Emerging Trends and Societal Relevance

Amritjot Kaur

School of Business Studies, PAU Ludhiana-141001, Punjab
E-mail: amritjotkaursekhon@gmail.com

Abstract—In recent years, the concept of corporate social responsibility (CSR) has gained a lot of attention from government, social activists, media and scholars. The Ministry of Corporate Affairs has issued new CSR guidelines under Companies Act, 2013 making it mandatory for the business firms to contribute towards various social causes like eradication of poverty, reducing inequalities faced by socially and economically backward classes, women empowerment, funding rural development and water development projects, promotion of agriculture etc. This paper, in the light of these revised corporate social responsibility guidelines will try to explore the contributions made by selected big companies like Nestle India Ltd., ITC Ltd., Ambuja Cements Ltd., SBI Ltd. towards these social causes. It will critically evaluate the corporate social responsibility initiatives carried out by these business houses towards above mentioned causes and how the selected companies have aligned their social goals with their business goals and made huge contributions to the society. This paper is divided in five parts. The first part introduces the concept of corporate social responsibility. The second part tries linking the corporate social responsibility with competitive advantage and tries guiding that how companies can strategically align their business goals with the social goals so as to provide maximum benefits to the society as well as to other stakeholders of the company. The third part tries explaining how the concept of corporate social responsibility is relevant to the society and can be beneficial to the society. The fourth part explores the emerging corporate social responsibility initiatives being undertaken by selected Indian firms. Finally in the conclusion part our findings and suggestions from exploration of the whole concept will emerge.

1. INTRODUCTION

In recent years, the concept of corporate social responsibility (CSR) has gained a lot of attention from government, social activists, media and scholars. Although this concept of contributing towards society and its wellbeing is not a new phenomenon and has been in practice since long time; for instance companies like Tata steel were very involved in trying to tackle many social problems even before the term corporate social responsibility formally entered the vocabulary of management texts (Singh, 2008 cited in Arevalo and Aravind, 2011); but the term corporate social responsibility has gained popularity and caught the eyeballs of various stakeholders in last two decades only. Nowadays the corporate social responsibility activities done by a firm have become one

of the major criteria for evaluating the performance of a company.

Although the debate on the relationships between business and society, and the implied responsibilities, has been ongoing for decades, there is still no consensus on a commonly accepted definition of CSR (Davies *et al.*, 2005). According to Mc Williams and Seigel (2001), corporate social responsibility is defined as “actions that appear to further some social good, beyond the interest of the firm and that which is required by the law”. The European Commission defines Corporate Social Responsibility (CSR) as “a management concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntarily basis.”

Companies and society are interdependent upon each other. Society serves as home for corporation. Health of a firm is directly or indirectly affected by the health of society. Business creates wealth and generates employment for the society and society in turns provides various resources required by a company to prosper and serves as a platform for consumption of goods and services provided by the firm. In today’s competitive environment corporate social responsibility serves as a very important strategic element which can become a major source of competitive advantage.

For India, corporate social responsibility is not a new concept and it has had a major influence on business, government and social relationships (Balasubramanian *et al.*, 2005 cited in Arevalo and Aravind, 2011). Government of India has made certain provisions regarding corporate social responsibility thus mandating the business houses to perform social responsibility activities. In the light of these provisions various big firms have started contributing big chunk of funds towards issues like rural development, water development, women empowerment etc., thus making a major contribution towards social and economic development of our country. So in this paper we will discuss the contributions made by major four business houses of our country towards various social causes and fulfilled their responsibility towards society.

2. LINK BETWEEN CSR AND COMPETITIVE ADVANTAGE

The prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society. If, instead, corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed; it can be a source of opportunity, innovation, and competitive advantage. Rather than merely acting on well-intentioned impulses or reacting to outside pressure, the organization can set an affirmative CSR agenda that produces maximum social benefit as well as gains for the business. (Porter and Kramer, 2007)

By carefully analyzing the elements of competitive context, a company can identify the areas of overlap between social and economic value that will most enhance its competitiveness. By focusing on contextual conditions most important to their industries and strategies, companies ensure that their corporate capabilities will be particularly well suited to helping grantees create greater value. And by enhancing the value produced by philanthropic efforts in their fields, the companies gain a greater improvement in competitive context. Both the corporations and the causes they support reap important benefits. There is no inherent contradiction between improving competitive context and making a sincere commitment to bettering society. Indeed, as we've seen, the more closely a company's philanthropy is linked to its competitive context, the greater the company's contribution to society will be. If systematically pursued in a way that maximizes the value created, context-focused philanthropy can offer companies a new set of competitive tools that well justifies the investment of resources. At the same time, it can unlock a vastly more powerful way to make the world a better place. (Porter and Kramer, 2002)

3. SOCIETAL RELEVANCE

Business and Society are interdependent upon each other. The basic reason for existence of companies is to satisfy the needs of people by providing them with the required goods and services and thus earning profit in the process of fulfilling their needs. The society in turn supports the sustenance and existence of the business firms.

Successful corporations need a healthy society. Education, health care, and equal opportunity are essential to a productive workforce. Safe products and working conditions not only attract customers but lower the internal costs of accidents. Efficient utilization of land, water, energy, and other natural resources makes business more productive. Good government, the rule of law, and property rights are essential for efficiency and innovation. Strong regulatory standards protect both consumers and competitive companies from exploitation. Ultimately, a healthy society creates expanding demand for

business, as more human needs are met and aspirations grow. At the same time, a healthy society needs successful companies. No social program can rival the business sector when it comes to creating the jobs, wealth, and innovation that improve standards of living and social conditions over time. If governments, NGOs, and other participants in civil society weaken the ability of business to operate productively, they may win battles but will lose the war, as corporate and regional competitiveness fade, wages stagnate, jobs disappear, and the wealth that pays taxes and supports nonprofit contributions evaporates (Porter and Kramer, 2007).

It is well established that business is the biggest creator and contributor to the Gross Domestic Product. So, it being an important constituent of society, cannot afford to remain lukewarm towards the societal issues and challenges (Kansal and Singh, 2012) Thus, keeping in consideration the importance of business in our society we can expect that it being a major and influential force can contribute a lot towards our social development and eradication of various evils through its wide reach and resources.

4. CSR IN INDIA

Keeping in view the strengths of Indian industries at one side, and the crisis in health care, underprivileged unemployment, poor agricultural performance on the other hand, it seems that business enterprises can play a vital role to solve the aforesaid problem by promoting corporate social responsibility (Das, 2009).

The Ministry of Corporate Affairs has notified in Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 which came into effect from April 1, 2014. With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2 percent of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Contribution to any political party is not considered to be a CSR activity and only activities in India would be considered for computing CSR expenditure. The net worth, turnover and net profits are to be computed in terms of Section 198 of the 2013 Act as per the profit and loss statement prepared by the company in terms of Section 381 (1) (a) and Section 198 of the 2013 Act. The activities that can be undertaken by a company to fulfill its CSR obligations include eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological

balance, animal welfare, protection of national heritage and art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympics or Olympic sports, contribution to the prime minister's national relief fund or any other fund set up by the central government for socio economic development and relief and welfare of SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the central government and rural development projects (Ministry of Corporate Affairs, 2014)

So as per new guidelines by government of India, the corporate social responsibility work done by various companies in order to contribute towards social development of our country has been discussed here:

4.1. Nestle India Ltd.

The Company focuses its activities on the areas, where it is in a position to create maximum value like, improving nutrition awareness of communities particularly school children, helping farmers reduce water usage in agriculture, raising awareness on water conservation, providing access to water and sanitation and supporting the sustainable development of farmers. Nestle constructs 'Clean Drinking Water Projects' like drilling water wells and constructing storage tanks in government schools to provide access to clean drinking water in rural areas. 'Water committees' are set up in schools to involve students in the upkeep of the project, water samples are tested periodically for pot ability and the Company ensures regular maintenance and repairs. In 2014, over 35 projects were built, benefitting about 15,000 students. The Water Awareness Programme is conducted to create awareness among students regarding water conservation and protection of water resources to ensure responsible use of water with the help of posters and purifying demos, such as the Drip method, Solar Water Disinfection Process and Rain water harvesting models. In the year 2014, the programme reached out to over 19,000 students and Rs 5.1 million was spent on this Clean Drinking Water Projects and Water Awareness Programme.

In an effort to promote the UN Millenium Development Goals of Universal Primary Education and to ensure availability of sanitation facilities, the Company constructs sanitation facilities for girl students in village schools. In 2014, the Company has built about 70 projects benefitting over 20,000 girl students The company spent Rs.10.2 million on sanitation projects and contributed Rs. 50 million to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water in the year 2014.

The Nestlé Healthy Kids Programme is conducted with the objective to raise Nutrition, Health and Wellness awareness among school age children. The Company partnered with the Department of Home Science/Food Science and Nutrition, across six Universities in India - National Dairy Research

Institute, G.B. Pant University, Punjab Agricultural University, Goa University, Rajiv Gandhi University of Health Sciences and CSK Himachal Pradesh Agricultural University to leverage this university-industry linkage and provide opportunities to research fellows/post graduate students of Nutrition to conduct the programme which covers information regarding basic nutritional requirements, good cooking practices, healthy eating habits, hygiene, physical activity and lifestyle diseases. The programme is conducted over a period of six weeks with two hours of nutrition training each week. In 2014, over 9,200 students across India received nutrition awareness training. The company spent Rs. 7.2million on Nestle healthy kids programme with universities.

Over years company has built a very good reputation among local communities by contributing towards their development . The development of Moga district from a backward area by involving marginal farmers in Nestle's milk business is a very good example of competitive advantage and social development .So by aligning companies business benefits with local communities social benefits company has established a very good example of strategic corporate social responsibility.

4.2. Ambuja Cements Ltd.

The company has established Ambuja Cement Foundation (ACF) which acts as its CSR arm which operates in 12 states and 22 locations reaching out to 14 lakh people over 860 villages. To implement CSR programmes Community Engagement Plans are prepared in close engagement with community. Overall it spent Rs.38.4 crores on various CSR activities out of which Rs. 7.53 crores were spent on 'Water resource development projects' in year 2014 and has ensured access to quality water in its neighboring communities. The work was initiated in salinity ingress areas of Kodinar which has now spread to the dry arid territories of Rajasthan and hilly regions of Darlaghat. Micro irrigation has ensured optimum utilization of water and continued water management programmes have contributed significantly for the company to be four times water positive.

The farmers have benefitted from availability of quality water and numerous training programmes conducted by the company. The company foundation manages the Krishi Vigyan Kendra at Ambujanagar, a one stop shop for latest and best agriculture technologies in the region and has reached out to 265 villages through training programmes and fairs. In Darlaghat, the Pashu Swasthya Sevika (PSS) have been trained to ensure animal care. Based on geographical suitability, programmes like organic farming in north and systematic rice intensification in east have enhanced agricultural practices. The Better Cotton Initiative (BCI) a global initiative for sustainable cotton production reaches out to over 17200 farmers. Implementing BCI practices has guaranteed work ethics on farms, ensured soil health and better profit margins coupled with safe environment practices. In 2014, 70565 tonnes of cotton was produced by our farmers, all licensed as "Better Cotton". The company foundation has

also partnered with farmers through establishment of Producer Companies to provide biomass to the company to be used as Alternate Fuel Resource. An amount of Rs.7.64 crores was spent on 'Agro based projects' by the company in year 2014.

By providing access to finance and knowledge of running small businesses the company has boosted the confidence of many women. In Kodinar and Chandrapur, women have federated from small self help groups of 15-20 members, to form a confederation consisting of 2000-3000 women. The Sorat Mahila Mandal in Kodinar, Gujarat has opened its retail outlet, and runs a stitching course for its members. These initiatives have played a critical role in ensuring an elevated status of women. Company spent Rs.0.66 crores on 'Women empowerment projects' and Rs. 8.09 crores on 'Rural infrastructure development projects' in the year 2014. The company is working vigorously to ensure complete sanitation in rural areas by contributing Rs.2.67crores towards 'Health and sanitization development'. The programme is being run in a campaign mode and till date 11 villages have received the Nirmal Gram Puraskar. It has facilitated construction of over 12000 individual and community toilets apart from soak pits and drains.

Over years company has expressed deep commitment to the communities by completely involving them in their CSR activities through stakeholder engagement approach. By making huge contributions towards water development projects and alternative fuel development projects it has very successfully aligned and integrated its CSR initiatives with its business strategy. For instance through its water recharge programme the company's tract of mined land which otherwise would have been fallow has become useful, now company can offer this land with good water to farmers in return for more land to mine. Hence these initiatives have benefitted company as well as the surrounding communities. So Ambuja cement has earned competitive advantage by strategically aligning its social goals with its business goals.

4.3. State Bank of India Ltd.

SBI had a CSR budget of Rs.109 crores for the year 2014-15, but it spent Rs. 115.80 crores on various CSR initiatives. To support school education especially in the schools for the under privileged children, bank has provided large number of computers across the country and spent an amount of Rs.7.21 crores. Also Infrastructural support by way of furniture, scientific instruments, other educational accessories and donation of large number of school buses/vans for the benefit of physically/visually challenged children and children belonging to economically weaker section of society have been provided by spending a total of Rs. 41.20 towards this cause.

In order to deliver quality healthcare to the underprivileged and economically weaker sections of the society, Bank has donated 79 ambulances and medical vans in rural and semi urban centers of various States and Union Territories. Further,

bank has donated various medical equipment to eye hospitals, blood banks and cancer hospitals by allocating Rs.28.56 crores in support of this cause.

Under 'Swachh Vidyalaya Campaign' bank has donated Rs.13.64 crores for construction of 435 toilets in 398 schools especially girls schools in nine districts. For skill building of the rural youth, bank has provided infrastructure support of Rs.21 crores to 24 Rural Self Employment Training Institutes (RSETIs). SBI Youth for India is a unique Indian rural fellowship programme initiated, funded and managed by State Bank of India (SBI) in partnership with reputed NGOs of the country to provide a framework for India's bright young minds to join hands with rural communities and empathize with their struggles and connects with their aspirations. The selected fellows, mostly from the urban areas and from some of the top institutes/corporate work with experienced NGOs on challenging grass root development projects. An amount of Rs.24.24 crores is spent on this vocational training project.

Rainwater Harvesting Projects have been implemented in a number of bank's buildings across the country. Tree plantation drives undertaken during monsoons, across all Circles with more than 450,000 trees having been planted in last three years. The Bank has lent its helping hand to the States of Jammu & Kashmir and Andhra Pradesh with a donation of Rs 4 crores to the Chief Minister's Relief Fund of the respective States to provide succour to the people affected by flood/cyclone.

The CSR initiatives undertaken by SBI have received wide attention and appreciation all over the world. The bank has made huge contributions towards various philanthropic causes and sectors as identified by the government and in the process has earned lots of respect both nationally as well as internationally. But it has failed to align its sustainability initiatives with its core business. Rather than merely acting on well-intentioned impulses if the organization could have set an affirmative CSR agenda it would have produced maximum social gains as well as business gains. For instance, the rainwater harvesting projects though quite important from social perspective falls out of competitive context for the bank. It could have earned more benefits by making context focused philanthropic efforts.

4.4. ITC Limited

In the financial year ending on March 31, 2015; ITC Limited spent Rs. 214.06 crores on various corporate social responsibility activities. Recently in a report by The Economic Times, ITC Limited was declared as the best company for CSR in 2014 as it has been able to generate sustainable livelihood opportunities for around 6 million people through its CSR initiatives.

ITC through its "Women's Empowerment Programme" creates supplementary incomes for rural women by engaging 7,731 women in micro-enterprises and providing self-employment to almost 31,034 women. The programme

currently supports 1,682 operational Self Help Groups (SHG) with 20,230 members and cumulative savings of Rs 3.52 crores. Additionally, 3,800 poor women are meaningfully engaged through the agarbatti rolling programme, currently operational in the states of Bihar, Uttar Pradesh, Tamil Nadu, Andhra Pradesh, Madhya Pradesh and Maharashtra.

The Company's "Watershed Development Programme" promotes local management of water resources by facilitating community-based participation in planning and executing watershed projects. The total area covered under the watershed programme cumulatively stands at 149,000 hectares. During the year 2014, the Company signed three new MoUs with the Government of Maharashtra for Satara district and the Government of Madhya Pradesh for Sehore district to implement the Government's Integrated Watershed Management.

Under the "Social Forestry Programme" which promote livelihoods through afforestation by providing financial, technical and marketing support to farmers; and is specially targeted at small and marginal landholders from the economically weaker sections of the society, the total area afforested during the year was 20,355 ha. During the year 521 farmer field schools played a pivotal role in disseminating advanced agri-practices to over 21,000 farmers through 7,736 demonstration plots covering over 18,000 ha under different crops in order to increase farm productivity and minimise cost of cultivation. In pursuit of the Company's long term sustainable objective of increasing soil organic carbon, 3,668 compost units were constructed during the year.

Company's "Read India Programme" benefitted almost 400,000 children. Infrastructure support was provided to 47 primary schools during the year, taking the total number to over 1,158. As part of skill development initiatives, more than 2,400 youths were covered this year. In order to promote a hygienic environment 3,578 Individual household toilets were constructed during the year.

The "Dairy Development Programme" aimed at genetic improvement of cattle through artificial insemination to produce high-yielding cross-bred progenies has been given special emphasis as it reaches the most impoverished and has the potential to enable them to live with social and economic dignity. Through the year 2014, 261 Cattle Development Centres (CDCs) were functional in over 10,000 villages, which facilitated 2.55 lakhs artificial inseminations, thus taking the total to 13.37 lakhs artificial inseminations performed at enhancing milk production, increasing dairy farm productivity and ensuring remunerative prices to farmers in multiple locations. A unique cashless milk payment system that enables direct electronic payment into farmers' bank accounts was initiated in Munger (Bihar) during the year.

The biggest reason for ITC's CSR success is the way it has linked its sustainability initiatives with its core business. For instance, the sustainability programmes aimed at farmers are

linked to company's packaged food business and are beneficial for company's Agri Business sector by providing an input source for business and by providing backward integration. Also, company's "Read India Programme" benefits and promotes its stationery products business; similarly, its social forestry programme supports the paper and paperboard business. So ITC has made a big leap by integrating its business needs with the social needs and thus earning a competitive advantage over other players in the market.

5. CONCLUSION

Thus, corporate social responsibility is about how firms carry out a positive impact on the society through their actions and understanding of their duties towards the society in which they operate. By being a little bit thoughtful companies can integrate their social responsibility work with their overall strategies and build competitive advantage; thus creating a mutually beneficial relationship where both businesses as well as society are in gain. Also with the growing importance of the concept government of India has become more concerned about social work done by companies so has made it mandatory for big business houses to contribute development and upliftment of the society on which it thrives. So companies have started allocating huge funds towards social issues like development of rural and backward areas, women empowerment, water development etc.

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