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Corporate Social Responsibility: Past &Present Context

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Introduction

India has had a very long tradition of social responsibility the act of giving by the business person. Giving in action is also known as the philanthropy or charity, the contribution from the corporates in cash or kind. Corporate social responsibility (CSR) refers to the corporations' responsibility to pursue business goals in a socially acceptable manner. Corporate social responsibility is also termed as social responsibility, corporate sustainability, sustainable business or corporate citizenship. The phase of CSR began in 1950 and 1960 in the west, since than many scholars, academicians and practitioners are being defining this concept, however there has been no single definition of CSR until lately when the world bank gave a comprehensive definition. We in India had adopted the mixed economy after the independence period when Prime minister Jawaharlal Nehru's priority was to build the newly independent nation into the leader among the third world. The industrial sector was crucial for development, which was more favoured for the public sector companies than the private sector companies. Gandhian ideals of self-sufficiency were integrated with Nehru's plans for economic progress with heavy industrialization and investment in science/technology. The corporate social responsibility was influenced by individual models. These models are the ethical, Statist, neoliberal, and stakeholder models. The eight broad aspects of mainstream CSR that have been highlighted are philanthropy/trusteeship emphasis, education/training, environmentalism, religious codes, State partnership, techno. In the 1990s, following a severe economic crisis, the Indian State embarked on a policy of controlled liberalization, forcing firms to restructure their operations as a result of the ''competitive shock'' (Kedia et al. 2006). Changes in organizational culture and ideology were central to this revamping, as Khandwalla (2002). Though India has had the long tradition of philanthropy which had its

ISSN: 2394-3114
Vol-40-Issue-27-February -2020

roots in the religion and culture, the focus and scope of social responsibility by the corporates had been changing. The corporates were also contributing towards the social cause and aimed for upliftment of society and the marginalised or weaker section of the society. All this has been voluntary act by the corporates until 2009.Keeping the pace with the globalisation, liberalisation and the economy the government has been reforming the concept of corporate social responsibility. Being socially responsible business has been important for the corporates to combat with the market and competition. The government had issued voluntary guidelines in 2009 and 2011 which had made the disclosure of CSR activities to the stakeholders. The Companies Act of 2013, specifying the rules and regulations for implementation of ‘Corporate Social Responsibility’ by the businesses is a landmark or milestone in the history of India. As India has become the first country in the world to mandate corporate social responsibility.

Earlier the nation- building programme was based upon the Gandhian ideals but post-1990s India embraced competition and consumption as key to socio-economic development. Liberalization, being carefully controlled (and still ongoing), did not completely erode the State’s influence, and the State evolved into a crucial partner for private industry (Mitra in press). There were several companies to partner with State agencies on both CSR and normal business operations. Indian corporations regularly align their CSR with State objectives and use State generated data for their CSR programs (Kumar 2004; Mehta et al. 2006; NASSCOM Foundation 2007; SHRM 2007). A survey of large-scale industries had revealed that most of the companies had acknowledged the positive role of state in CSR, but three fourth of them wanted a government policy on CSR to be put in place, with consultation of private companies. (Times Foundation 2008) Tata Motors, India’s largest automotive company, noted in a recent annual CSR report (Tata Motors 2008) that ‘‘the traditional role of the State is evolving from government led and government-owned training systems towards creating and enabling environment for enterprises and individuals, employers and employees.’’ While older and larger companies (like Tata) are perceived to be more socially responsible, firms in new-age sectors, others such as information technology (IT) and pharma, bellwethers of economic liberalization, are also regarded as very responsible (Kumar et al. 2001; Mehta et al. 2006; NASSCOM Foundation 2007). Education and healthcare are

ISSN: 2394-3114
Vol-40-Issue-27-February -2020

important areas for CSR work, crucial in both Gandhian and Statist frameworks: more than 50% of the IT industry's CSR budget is dominated by educational initiatives, and 86% of IT companies say their educational initiatives ‘‘contributed to a wider national goal’’ (NASSCOM Foundation 2007, p. 17)

Research Methodology: This paper is based on Ph.D study of the author. One of the objectives of the study was –To understand the social responsibility undertaken by the companies in the past and present era.

Research Design: Descriptive research design was used.

Sampling: Probability Sampling with inclusive criteria was adhered to ,the respondents were workers and Managers from companies in Pune region,

The author has reflected upon the data of 75 managers who were interviewed at the time of data collection.

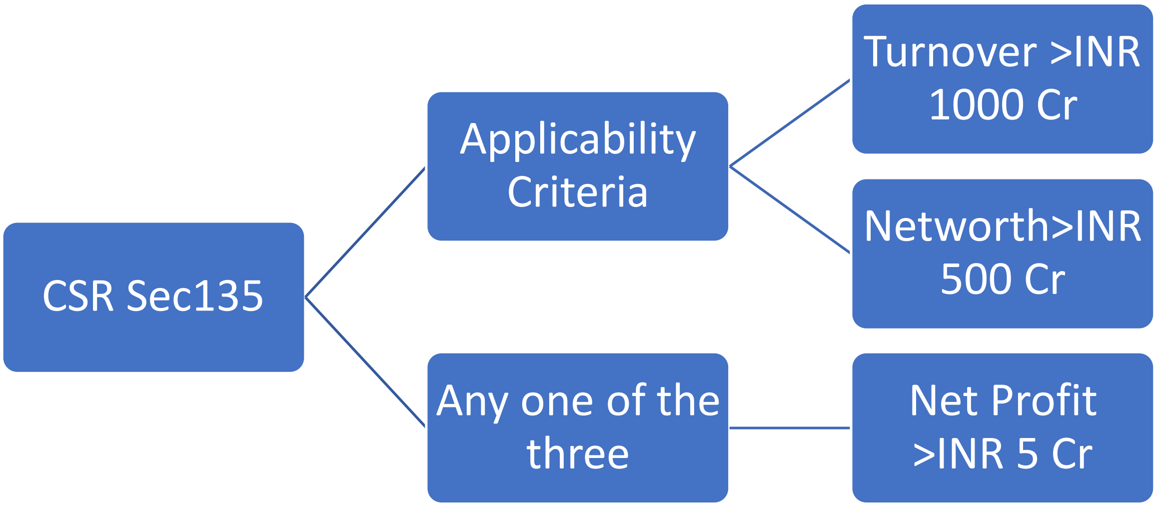
The views of the managers about social responsibility in the past and present is highlighted in the form of tables and graphs.

Corporate Social Responsibility the present Scenario:

The Company Act Of 2013 (Section 135 Schedule VII)

The Company's Act of 2013 has specified the applicability criteria for companies, to contribute 2% of their profits for the corporate social responsibility activities.

ISSN: 2394-3114
Vol-40-Issue-27-February -2020



There are various activities that have been provided in the Act that the companies can undertake in lieu of Corporate Social Responsibility.

Activities for CSR Expenditure- --Schedule VII

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water,
2. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day-care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward.

ISSN: 2394-3114
Vol-40-Issue-27-February -2020

4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water.
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
6. Measures for the benefit of armed forces veterans, war widows and their dependents.
7. Training to promote rural sports, nationally recognised sports, Para-Olympic sports and Olympic sports.
8. 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 the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
10. Rural development projects.
11. Slum Area Development

Expenditure that will not Qualify for CSR

1.Spending on any project which is not included in in any activity mentioned in schedule VII

2.Spending an amount in the ordinary course of business

3.Spending outside the local area of operations of the company(this is marked as preferable)

4.Spending outside India by a foreign company to which this section applies.

5.Spending that benefits only the employees and their families

6.Spending on projects not specified in the CSR policy

7.Spending on 'One-off' events

8 8.Spending beyond the limit specified for any activity in the policy

9.Contribution given to any political party with objective of carrying out any such specified activity

10Expenses incurred for fulfilment of any other Act or Statute or Regulations , e.g. Labour laws, the Land Acquisition Act 2013,the Apprentice Act 1961 etc.

ISSN: 2394-3114
Vol-40-Issue-27-February -2020

11.Spending in contravention of any other laws of the land including Cigarettes and other Tobacco Products Act of 2013.

The social responsibility activities were undertaken by industries for last five to six decades ,these activities were conducted on the basis of the industrialists will and wish and also the need of the near by communities. Most of them had implemented the programmes in the areas nearer to the industrial area which made them convenient to monitor and evaluate .Since the pre independence period the education levels of large number of masses was the problem in our country so also the data revels that in all three time period educational programmes had been the priority according to the respondents, followed by this the activities for the empowerment of women and health had been the priority. Many of them had adopted urban and rural communities for the social development, also environment related activities had been on increase in the period after 2001 and the data revels that tree plantation drives had been a favourite activity for a large majority in the study.

Table No.1

Year of Establishment of Companies and Philanthropic Theory of Labour Welfare

Year	**Relevance of Philanthropic theory**			Total
Period of Establishment	Very Relevant	Somewhat Relevant	Not at all Relevant	Total
1940 to 1970	3	26	2	31
1971 to 2000	0	9	6	15
2001 to 2017	0	12	17	29
Total	3	47	25	75

The table above indicates that the philanthropic theory of labour welfare was more relevant, for the companies which were established during 1940 to 1970 said 26 respondents. In the later period of establishment, a decrease in number of responses is visible. Thus, what began as philanthropy act had

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Vol-40-Issue-27-February -2020

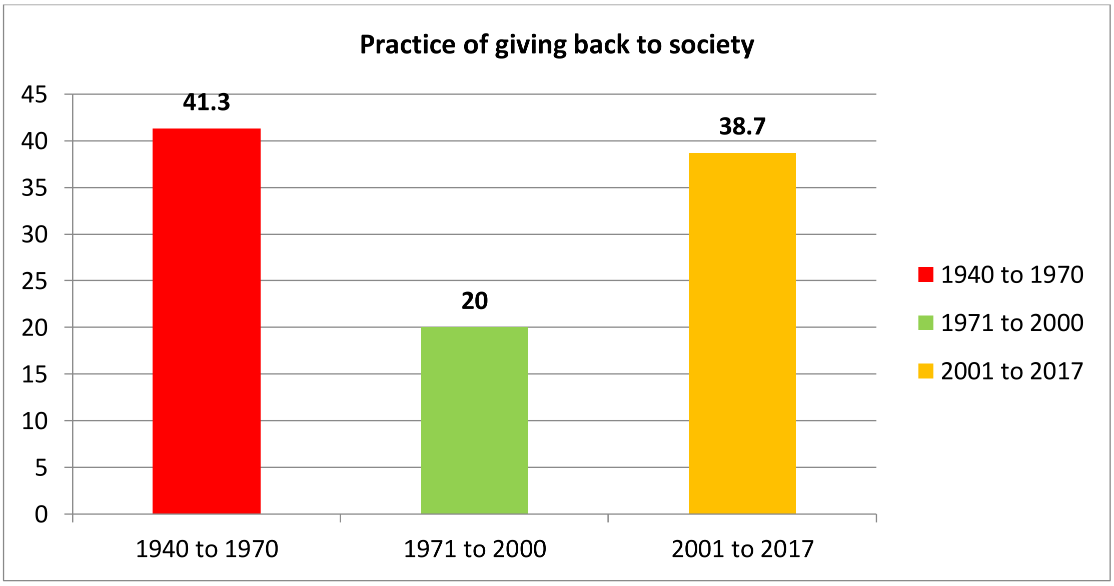
started changing with times. Also, at present the act does not consider philanthropy within the 2% criteria.

Table No.2

Practice Of "Giving Back to Society" (Philanthropy) Began

Period/Year	Frequency	Percent
1940 to 1970	31	41.3
1971 to 2000	15	20.0
2001 to 2017	29	38.7
Total	75	100.0

Figure 1.



ISSN: 2394-3114
Vol-40-Issue-27-February -2020

The practice of 'giving back to society' or by way of charity is very old, most of the holy scriptures have also laid down that 'he who helps the poor, feeds the hungry, wipes the sorrows of the needy will get atonement in future life'. This was one of the causes that had prompted the rich and the business men to do welfare of the society. However, the data revels that 31(41.3%) respondents told that the practice of giving back to society in their industries was been practised since, 1940-1970, followed by 15(20.0%) told that it was since 1971 to 2000.Further, 29 (38.7%) told that this practice was since 2001 till 2017, which they now term as corporate social responsibility. This thought of giving back to society was initially proposed by the managing directors of the industries told 45 respondents, then by the chief executive officers or the board of directors told 32 respondents and surprisingly, 12 respondents told that the thought of giving back to society was of the workers or employees of their industries and was welcomed by their authorities. When the practice of giving back to society began, this was majorly the thought of the managing directors of the company (MD). These were the top most authority persons who are responsible for their business and take the major decisions. But surprisingly, few 12 respondents, said that the thought of giving back to society was that of employees from the company, which was also accepted by the

Table No 3

Establishment Period and Causes That Prompted for Social Responsibility

Period / Cause	Charity	Business to Society	Total
1940-1970	7 (9.3%)	24 (32.0%)	31 (41.3%)
1971-2000	2 (2.6%)	13 (17.3%)	15 (20.0%)
2001-2017	0 (0)	29 (38.6)	29 (38.6%)

ISSN: 2394-3114
Vol-40-Issue-27-February -2020

Total	9 (12.0%)	66 (88.0%)	75 (100.0%)

The above table reflects the causes that prompted the companies for practice of giving back to society, the data reveals that the major cause was the business responsibility told 66(88.0%) respondents. Since the companies were the profit-making organizations they felt, it was their moral responsibility to help the under privileged from the society. The table also reflects that the companies in the time period 1940 to 1970 and 2001 onwards were higher in proportions, whose respondents thought that it was the responsibility of their business to help the society. Only 9(12.0%) respondents said that charity was the cause for practicing philanthropy in industry, however the responses for the time period in between 2001-2017 was nil. This response could be due to, the period being dominated by corporate social responsibility (CSR). Many developments were upscaling in India and world over amongst the corporates and the govern

Table No.4

The Social Responsibility Initiatives Undertaken Than

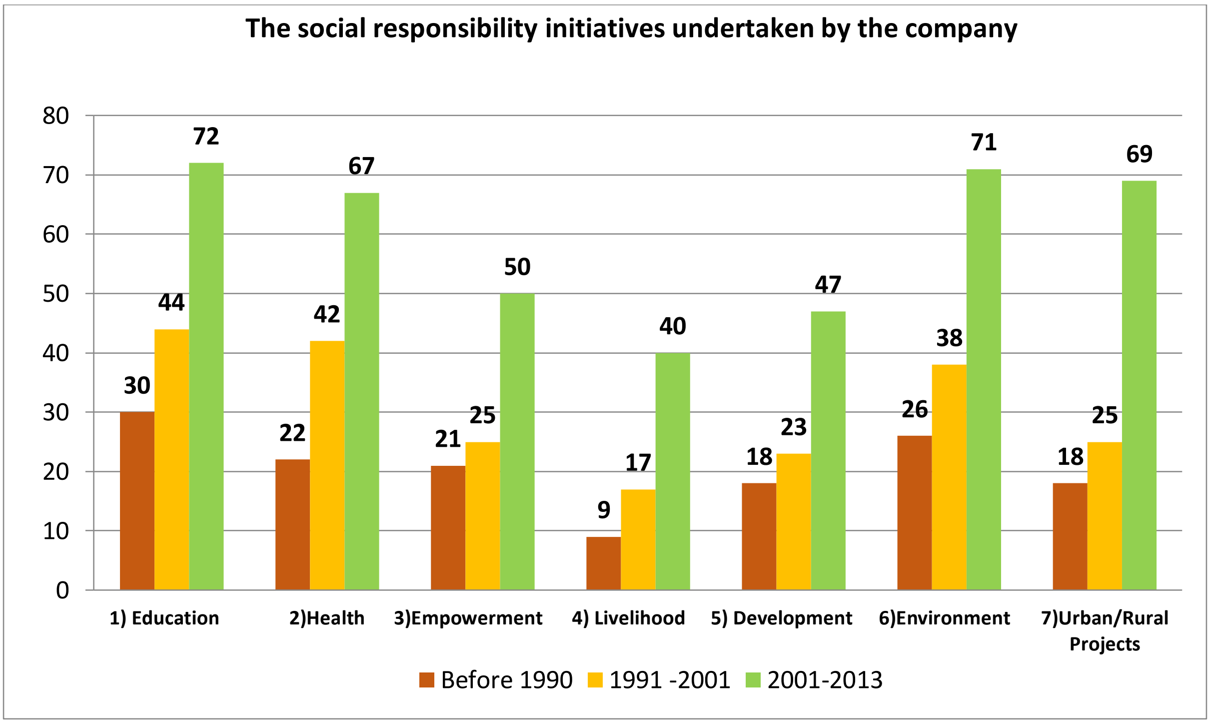
Areas / Time Period	Before 1990	1991 -2001	2001-2013
Education	30	44	72
Health	22	42	67
Empowerment	21	25	50
Livelihood	9	17	40

ISSN: 2394-3114
Vol-40-Issue-27-February -2020

Development	18	23	47
Environment	26	38	71
Urban/Rural Projects	18	25	69

n=75

Figure 2



The areas of work in social responsibility had been purely the choice of the companies, and those persons who were responsible for handling these functions. The researcher has explored the areas of work by the companies during the different time period that is before 1990, after 1991 the economic reforms and free market economy period, and also the period after 2001 when the word ‘corporate social responsibility’ had started evolving. The above table clearly indicates that education has been the priority by many companies, out of total 75 respondents nearly 30, 44 and 72 respondents respectively said that education was the

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Vol-40-Issue-27-February -2020

area of work undertaken in all the three-time period. The table also reflects a tremendous growth in the last phase, probably due to the CSR activities becoming mandatory by law. Secondly, Health also had been the focused area of work said majority respondents i.e. 22, 42 and 67, again the data indicates that there is upward growth in responses, which is a positive aspect for social responsibility. The data also indicates that the areas of work on environment and urban rural projects, had an increasing response which reflects that these areas of work, had started gaining more importance. As regards to maintaining the ecological balance, which is the moral responsibility of the businesses, it was found that out of 75 respondents 71 said, that projects related to tree plantation drives and green and clean environment had been their regular feature. However, the table reflects this in the last phase of 2001 onwards, it could be due to stringent laws or may be the policies of the multinational companies, which have expected the companies to be more socially responsible businesses. Sustainability and awareness about the environmental factors in and around their businesses and also of the society were important aspects. The large number of respondents told that the urban or rural projects were adopted for work, by the companies the same again reflected an increase in the third phase after 2001.The areas of work undertaken reflect a priority as education, environment, urban/ rural projects and health. The other areas of work had been empowerment, livelihood and development as reflected in the table. The overall table shows that areas of work undertaken had been steadily increasing in every span and time period.

Conclusions: The social responsibility to corporate social responsibility has been a long journey. The social responsibility focus has been changing in different time period as after 1991,2009, 2011and 2013.The companies act of 2013 has made compulsion of conducting activities as per the new mandates. The paper concludes that compared to the past the CSR activities in the present are proportionately increasing ,the approaches toward the contributions is also changing. It is no more the charity or philanthropy but more structured and developmental approach is in practice. The older corporates have continued to reach to the underprivileged and are making a significant contribution towards the society. To them the compliances as per the act had been easier than the comparatively new companies. The act has laid down the guidelines and framework to comply with corporate social responsibility activities and hence we find the range of activities increasing after the Companies Act of 2013.The author concludes that corporate social responsibility the contribution by the businesses would bring about a change amongst the underprivileged, the marginalised which is the socially disadvantaged section of the society.

ISSN: 2394-3114
Vol-40-Issue-27-February -2020

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ISSN: 2394-3114
Vol-40-Issue-27-February -2020

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Declaration by the Author

This paper is based on the doctoral work of the author and is original in nature.

The content of the paper has not been published earlier elsewhere. The theoretical aspects were referred have been given credit in reference list mentioned. The tables and graphs are the outcome of data collected for the research.

Yours Faithfully,

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ISSN: 2394-3114
Vol-40-Issue-27-February -2020