

Corporate Social Responsibility Practices in India: A Study of Top 500 Companies

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Abstract

Purpose -The purpose of this study is to explore the various definitions and descriptions of Corporate Social Responsibility (CSR); elaborate upon development of CSR in India; study the theoretical concepts expounded by various researchers and study the deployment of current CSR practices in India. This paper examines how India's top 500 companies view, and conduct their CSR, identifies key CSR practices and maps these against Global Reporting Initiative standards.

Design/methodology/approach -It is a cross sectional study which is exploratory in nature. It involved secondary data collection and use of content analysis technique to assess CSR practices of companies operating in India.

Findings -The main findings of the study are that CSR is now presented as a comprehensive business strategy, arising mainly from performance considerations and stakeholder pressure. Companies consider their interaction with stakeholders and impact of its business on society as significant issues. CSR policies vary with turnover and profit. The study suggests that business and CSR strategy appear to be on a convergent path, towards business and CSR integration across the company. Out of the top 500 companies, 229 did not report on CSR activities and were therefore filtered. 49% of the remaining 271 companies were reporting on CSR. Many companies are making token gestures towards CSR and only a few companies have a structured and planned approach. Several companies spread their CSR funds very thinly across many activities. Every company defines CSR in their own ways as per their needs. CSR is on an upward learning curve and is primarily driven by philanthropy.

Practical implications -The study clearly maps the CSR performance of 500 top Indian companies against GRI standards. This paper will be useful to any Indian company in understanding more about its shortcomings and opportunities.

Originality/value -This is the first time that such an exhaustive study has been carried out based on Indian companies. It gives a perspective on how top companies in India view and conduct CSR.

Keywords: Corporate social responsibility, Indicators, Community

Paper type: Research Paper

Introduction

The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds a organization's social responsibility, arises from the fact that a business enterprise derives several benefits from society, which must, therefore, require the enterprise to provide returns to society as well. This, therefore, clearly establishes the stake of a business organization in the good health and well being of a society of which it is a part. More importantly, in this age of widespread communication and growing emphasis on transparency, the managers should help their company in development of a CSR management and reporting framework.

The more the concepts of CSR are fostered and integrated into the business process, the easier it will be to benefit from alternative thinking and perhaps handle the occasional problems that for certain will occur. The more integrated the business process within the value chain, the more opportunity there will be for organizations to influence the approaches of others on whom they depend. The concept of CSR includes the openness or transparency of companies as well as taking into consideration the will and expectations of their stakeholders.

Social responsibility means a doctrine that claims that an entity whether it is government, Private Corporation or public organization has a responsibility to society. CSR is a concept that reduces costs and risks, increases the brand value and reputation, effectiveness and the efficiency of employees, improves transparency, and clarity in the working environment of the business house.

In early 1950's & 60's the literature was not heavily represented in CSR discourse. However, this decade 'marked a significant growth in attempts to formalize, or more accurately, state what CSR means' (Carroll, 1999). According to Carroll, "CSR encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time."

Some of the most prominent writers during that time were Keith Davis, Joseph W McGuire, William C Frederick and Clarence C Walton. Frederick wrote that 'Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms'(Carroll 1999)

Howard Bowen in 1953 argued that since social institutions shaped economic outcomes it was to be expected that business firms as an economic outcome of societal interests should consider the social impact of business activity. According to Bowen, "CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society." CSR implies some sort of commitment, through corporate policies and action. This operational view of CSR is reflected in a firm's social performance, which can be assessed by how a firm manages its societal relationships, its social impact and the outcomes of its CSR policies and actions (Wood, 1991). Social reporting and social audits are examples of how firms can assess their social performance. In 1960's Keith Davies argued that CSR refers to 'the firm's consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm' (Davies, 1973). Frederick 1960 stated 'Social responsibility means that businessmen should oversee the operation of an economic system that fulfills the expectations of the people. And this means in turn that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare' (Fredrick, 1960). Thus, the definitions of CSR in 1960's were an attempt to link society and businesses, defining society in broadest terms.

In 1970's there was one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engage in open and free competition, without deception or fraud. The idea and inclusion of stakeholder began to appear. Harold Johnston 1971 stated that 'a socially responsible firm is one whose managerial staff balances a multiplicity of interests instead of striving only for larger profits for its stockholders. A responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation. Carroll 1979 offered the following definition of CSR. The social responsibility of business encompasses the economic, legal, ethical, and discretionary (or philanthropic) expectations that society has of organizations at a given point in time (Turner, 2006). European Commission described CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". World Business

Council for Sustainable Development defined CSR as “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.”

In 80s & 90s there were fewer definitions but more efforts to measure and conduct research for the purpose of operationalizing CSR. New concepts which were closely related to CSR were introduced; stakeholder theory, business ethics, corporate governance, responsiveness, corporate social performance, and corporate citizenship. These concepts are closely related but not identical. Lee 1997 stated CSR refers to a company’s commitment to operate in an economically and environmentally sustainable manner, while acknowledging the interests of a variety of stakeholders and maximizing economic, social and environmental value. It is holistic concept that can mean different things to different groups and stakeholders. Gray, Owen, & Maunders in 1987 defined CSR as “the process of communicating the social and environmental effects of organizations economic actions to particular interest groups within society and to society at large”. Similarly, Perks 1993 defined corporate social reporting as “the disclosure of those costs and benefits that may or may not be quantifiable in money terms arising from economic activities and substantially borne by the community at large or other stakeholders”.

A term ‘corporate social innovation’ was first introduced by Rosabeth Moss Canter in 1999 who argues that firms should use social issues as a learning laboratory for identifying unmet needs and for developing solutions that create new markets. Large corporations began to go public about corporate social responsibilities and publish some of their efforts, but they also made public that ‘any approach to corporate responsibility must begin with the practical recognition that the corporation must be profitable enough to provide shareholders a return that will encourage continuation of investment’ (Wilson, 2000). Another trend appearing in literature is the increasing dialogue between stakeholders. Companies are augmenting their discussions with labor unions, environmental groups and other relevant stakeholders and the implementation of certification solutions by corporations, which is the establishment of codes of conduct (Kapstein, 2001), monitoring and reporting. Kingston and Wagner 2004 suggest that leadership on sustainability and CSR are important to set priorities and to ensure that commitments are achieved.

Bebbington *et al.*(2008) use the term CSR reporting, which highlights the link between the reporting function and the organizational functions and operations that are concerned with, and impacted by, activities associated with CSR. CSR and CSR (or sustainability) reporting are inextricably intertwined across an organization, and at various levels, impact on strategic planning, governance, stakeholder engagement, risk management, decision making, data collection and management systems, performance measurement, performance management, public relations and communications. The CSR movement was an early response to an article published in 1970 by Friedman stating that ‘social responsibility of business is to increase its profits’. CSR has emerged as the business issue of the 21st century and has been studied for over 50 years. To this day academics do not have a consensus on its definition (Wood, 1991; Carroll, 1991). Bowen’s definition of social responsibility of businessmen was ‘it refers to the obligations of businessmen to pursue those policies to make those decisions, or to follow those lines of relations which are desirable in terms of the objectives and values of our society (Carroll, 1999). Due to Bowen’s concern with social responsibility and his leadership role in the topic, Bowen should be seen as father of CSR.

The main drivers for CSR have been the shrinking role of government, demands for greater disclosure, increased customer interest, growing investor pressure, competitive labor markets, and supplier relations. The companies enjoy several benefits like improved financial performance, lower operating costs, enhanced brand image and reputation, increased sales and customer loyalty, product safety, material recyclability, and greater use of renewable resources etc.

Codes / Standards / Principles on CSR

Universal Declaration of Human Rights: Adopted by United Nations, this declaration paved way for many international human rights standards for all sectors entities.

UN Global Compact: An international multi-constituent, voluntary initiative based on internationally accepted ten principles in pursuit of a more sustainable inclusive global economy. The ten principles covers human rights forced labor, child labor, environmental challenges and responsibility, non discrimination, freedom of associations, collective bargaining, corruption, etc.

Global Reporting Initiative (GRI): Since its founding in 1997, the GRI has been addressing the need for standardized approaches to corporate sustainability reporting. In 2006, GRI published Version 3.0 (G3) of its Sustainability Reporting Guidelines emphasizing performance indicators, which contain a separate section titled "Human Rights" with nine performance indicators.

Organization for Economic Co-operation and Development (OECD): OECD guidelines contains recommendations on core labor, environmental standards, human rights, competition, taxation, science and technology combating corruption and safe guarding, consumer rights.

Social Accountability 8000: 'SA 8000' standard for social accountability, created in 2000 by the Council on Economic Priorities Accreditation Agency (CEPAA). SA8000 developed by an international coalition of businesses, trade unions and non-governmental organizations (NGOs) on the basis of International Labor Organization (ILO) conventions - the Universal Declaration of Human Rights and the UN convention on the Rights of the Child. The SA8000 code of practice is broken down into nine key areas child labor, management systems, working hours, compensation, disciplinary practices, forced labor, health & safety, freedom of association & collective bargaining and discrimination.

Principles for Responsible Investment (PRI): A set of global best practice principles for responsible investment. It provides a framework for achieving better long term investment returns and more sustainable markets.

Equator Principle: Equator principle is a set of environmental and social benchmarks for managing environmental and social issues in development project finance globally. They were developed by private sector banks- led by Citigroup, ABN AMRO, Barclays and WestLB and were launched in June 2003.

Role of International Labor Organization (ILO): ILO seeks the promotion of social justice and internationally recognized human and labor rights. It formulates international labor standards in the form of conventions and recommendations setting minimum standards of basic labor rights.

International Organization for Standardization (ISO) 26000: ISO an International Standard setting body is developing a new standard on Social Responsibility namely ISO 26000 to be published in Nov., 2009. ISO 26000 is intended for use by all types of organizations and in all countries and to assist organization to operate in a socially responsible manner.

Occupational Health & Safety Advisory Services (OHSAS) Standard: OHSAS 18001 is applicable to any organization which aims to establish a health and safety management system at work.

CSR in Asia

In Asia, the concept of CSR is taking firm hold. Like India, there are a number of good examples of alliances and networks promoting the essence of CSR amongst businesses and the general public alike. Partners in Change of the South Asian Alliance for Responsible Business: building networks and alliances in the South Asia region, Partners in Change is a founder member of South Asian Alliance for Responsible Business (SARB), in partnership with CII. SARB seeks to further the cause of CSR in South Asia. The group comprises participants from Nepal, Pakistan, India, Bangladesh and Sri Lank and is in the process of developing a CSR Self-Appraisal Toolkit for use by corporate sector. The larger stakeholder and intermediary consultation which this

exercise would entail is being affected through an e-group route. CSR Asia was founded in Hong Kong in 2004 to provide information and develop tools for CSR in the Asia-Pacific Region. CSR Asia, in association with its partners (such as Centre for Social Markets, CSR in China, etc.), publishes specialized reports, provides training and education on CSR issues, facilitates stakeholder dialogues and undertakes customized contract research for multinational and NGO clients. CSR Asia also informs people about CSR issues as they arise through their daily internet news service, online news database and online weekly CSR Asia Newsletter.

The Asia-Pacific CSR Group

The Asia Pacific CSR Group was launched in July 2004, bringing together 9 CSR organizations in the region. Members of the Asia Pacific CSR Group engage in active learning exchanges and practices, networking and sharing of information with the aim of supporting each other to achieve the vision of the members or goals of the group. Goals include the recognition of standards and benchmarks that may commonly apply like governance as well as good business practices in the fields of environmental protection/conservation, equitable human resource management amongst others. The Group plans to undertake a study of a CSR Index for the region to raise the level of CSR across the region and facilitate and enhance consumer confidence through acceptable benchmarks.

CSR in India

CSR History

India has a long rich history of close business involvement in social causes for national development. In India, CSR is known from ancient time as social duty or charity, which through different ages is changing its nature in broader aspect, now generally known as CSR. From the origin of business, which leads towards excess wealth, social and environmental issues have deep roots in the history of business. India has had a long tradition of corporate philanthropy and industrial welfare has been put to practice since late 1800s. Historically, the philanthropy of business people in India has resembled western philanthropy in being rooted in religious belief. Business practices in the 1900s that could be termed socially responsible took different forms: philanthropic donations to charity, service to the community, enhancing employee welfare and promoting religious conduct. Corporations may give funds to charitable or educational institutions and may argue for them as great humanitarian deeds, when in fact they are simply trying to buy community good will. The ideology of CSR in the 1950s was primarily based on an assumption of the obligation of business to society.

In initial years there was little documentation of social responsibility initiatives in India. Since then there is a growing realization towards contribution to social activities globally with a desire to improve the immediate environment (Shinde, 2005). It has also been found that to a growing degree companies that pay genuine attention to the principles of socially responsible behavior are also favored by the public and preferred for their goods and services. This has given rise to the concept of CSR.

After Independence, JRD Tata who always laid a great deal of emphasis to go beyond conducting themselves as honest citizens pointed out that there were many ways in which industrial and business enterprises can contribute to public welfare beyond the scope of their normal activities. He advised that apart from the obvious one of donating funds to good causes which has been their normal practice for years; they could have used their own financial, managerial and human resourced to provide task forces for undertaking direct relief and reconstruction measures. Slowly, it began to be accepted, at least in theory that business had to share a part of the social overhead costs of. Traditionally, it had discharged its responsibility to society through benefactions for education, medical facilities, and scientific research among other objects. The important change at that time was that industry accepted social responsibility

as part of the management of the enterprise itself. The community development and social welfare program of the premier Tata Company, Tata Iron and Steel Company was started the concepts of "Social Responsibility." (Gupta, 2007)

The term corporate social performance was first coined by Sethi (1975), expanded by Carroll (1979), and then refined by Wartick and Cochran (1985). In Sethi's 1975 three-level model, the concept of corporate social performance was discussed, and distinctions made between various corporate behaviors. Sethi's three tiers were 'social obligation (a response to legal and market constraints); social responsibility (congruent with societal norms); and social responsiveness (adaptive, anticipatory and preventive) (Cochran, 2007).

The last decade of the twentieth century witnessed a swing away from charity and traditional philanthropy towards more direct engagement of business in mainstream development and concern for disadvantaged groups in the society. This has been driven both internally by corporate will and externally by increased governmental and public expectations (Mohan, 2001). This was evident from a sample survey conducted in 1984 reporting that of the amount companies spent on social development, the largest sum 47 percent was spent through company programs, 39 percent was given to outside organizations as aid and 14 percent was spent through company trusts (Working Document of EU India CSR, 2001). In India as in the rest of the world there is a growing realization that business cannot succeed in a society which fails. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001).

According to Infosys founder, Narayan Murthy, 'social responsibility is to create maximum shareholders value working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment'. Commission of the European Communities 2001 stated that being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and the relation with stakeholders (Bajpai, 2001). Over the time four different models have emerged all of which can be found in India regarding corporate responsibility (Kumar *et al.*, 2001).

CSR needs to be understood within this context captured in the development oriented CSR framework given below:

Table 1: The four models of Corporate Responsibility (Arora & Puranik 2004)

Model	Focus	Champions
Ethical	Voluntary commitment by companies to public welfare	M.K Gandhi
Statist	State ownership and legal requirements determine Corporate responsibility	Jawahar Lal Nehru
Liberal	Corporate responsibilities limited to private owners (shareholders)	Milton Friedman
Stakeholder	Companies respond to the needs of stakeholders- customers, employees, communities, etc.	R. Edward Freeman

CSR Initiatives:

Industry Association Initiative: Leading Chambers of Commerce and Industry of India are traditionally active in social and environmental norms. Federation of Indian Chambers of Commerce and Industry (FICCI), CII works closely in partnership with Government. CII in partnership with UNDP set up India Partnership Forum to promote multi stakeholders approach to CSR. Social Development Council (SDC) set up by CII, ensures corporate participation in social development and provides an institutional base for social activities of the corporate sector. Progress, Harmony and Development chambers of commerce and Industry (PHDCCI) has major

interventions in family welfare and rural development. Associated Chambers of Commerce and Industry of India (ASSOCHAM) through their members provided drinking water in 110 villages by 1996 on occasion of its platinum Jubilee. Bombay Chambers of Commerce and Industry (BCCI) have been consistently on issues of populations and civic conditions in Mumbai.

Company Initiatives: An internet-based survey was conducted to understand the philosophy & deployment of CSR as practiced (innovatively and in a sustained manner) for National and International organizations.

Roundtables and Networks in India: Corporate Roundtable on Development of Strategies for the Environment and Sustainable Development - Business Council for Sustainable Development (CoRE-BCSD) of India is a grouping of Indian corporate trying collectively and individually to build in sustainable development concepts into their operations. The British Council's CSR Network: Towards promoting CSR and generating awareness and interest amongst young future business leaders.

CSR Surveys: In the context of India, CSR studies were few and limited. Singh and Ahuja 1983 conducted the first study in India on CSR of 40 Indian public sector companies for the years 1975-76 and found that 40 percent of the companies disclosed more than 30 percent of total disclosure items included in their survey. Raman (2006) used content analysis technique to examine the chairman's message section in the annual reports of the top 50 companies in India to identify the extent and nature of social reporting. This study concluded that the Indian companies placed emphasis on product improvements and development of human resources (Raman, 2006). According to a survey done by Partners in Change 2000, which covered 600 companies and 20 CEOs for judging Corporate Involvement in Social Development in India 85 percent agreed that companies need to be socially responsible; only 11 percent companies had a written policy; over 60 percent of the companies were making monetary donations; health, education and infrastructure were most supported issues.

From 2000 onwards, 4 important surveys have been conducted, which give significant macro level conclusions about Indian corporate. The first and second surveys were carried out in 2001 and 2002 by Business Community Foundation for TERI-Europe. The survey sought to explore the perception of workers, company executives and general public about social, economic and environmental responsibilities. It was found that all companies irrespective of size or sector have awareness of CSR and its potential benefits. Many companies were collaborating with NGOs, have labor and environmental policy guidelines in place.

A third survey was jointly conducted in 2002 by CII, United Nations Development Program (UNDP), British Council (BC) and Price Water Coopers (PWC). The most striking features of the responses to the survey is that the respondents are in near unanimity that CSR is very much a part of the domain of corporate action and the passive philanthropy is no longer sufficient. A significant proportion of respondents, recognize CSR as the mean to enhance long-term stake holder value.

The fourth survey, the Karmyog CSR rating 2007-08 is for the largest 500 companies. Karmayogis a platform for the Indian non-profit sector providing research on CSR activities of Indian companies. It rated the 500 largest Indian Companies based on their CSR activities. The companies were rated on 0 to 5 levels based on criteria's like products & services, reach of CSR activities, expenditure on CSR, harmful processes etc.

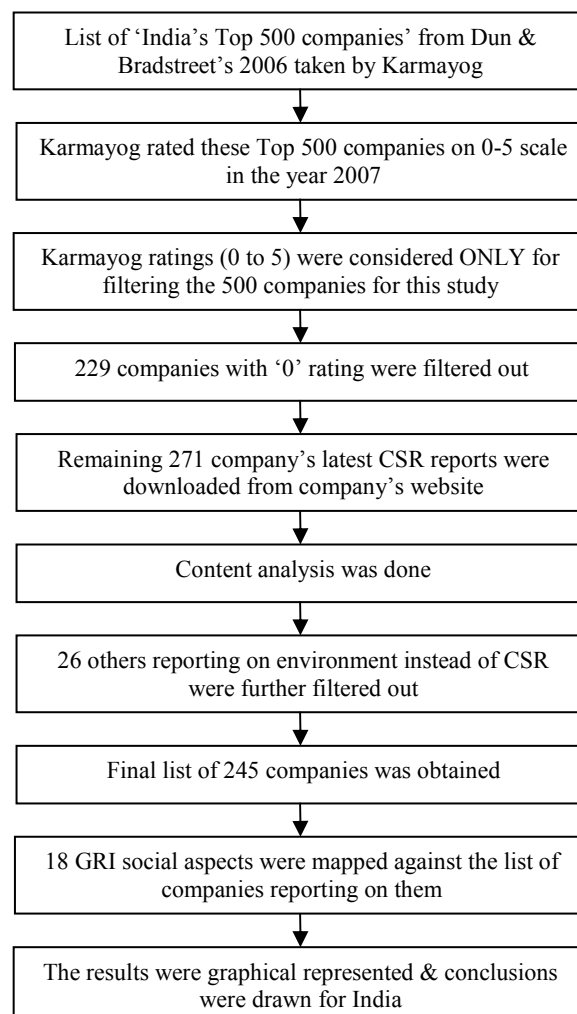
CSR Study

Karmayog's research (fourth survey) was kept as base & further research was extended to find out the current scenario of CSR activities in India. For this, firstly the social aspects by

organizations like OHSAS, GRI, and ISO etc were streamlined for compilation & better understanding. Then, a list of 500 companies taken by Karmayog from Dun & Bradstreet's 2006 edition of 'India's Top 500 companies' was made. Karmayog rated these companies on a '0-5' scale based on information from the company's website and latest annual report. Out of 500 companies, 229 companies got a '0' rating and thus were filtered out for not showing any CSR activity or producing cigarettes/tobacco products & liquor. For the rest 271 companies annual reports / CSR reports were downloaded & its content analysis was done. It was found that around 26 companies are reporting on environment in the name of CSR. These were dropped out from the list, so a final list of 245 companies was obtained on which the further work was performed like downloading CSR related reports from the websites and studying the same, etc.

The assessment of 245 companies was done by mapping their reported aspects against the 18 GRI social aspects which are globally accepted & most widely used. The GRI social aspects were clubbed as Society Performance Indicators, Human Rights Performance Indicators, Labor Practice & decent work Indicators, and Product Responsibility indicators. The CSR reports (245 companies) were thoroughly examined & its content analysis was done to find out the use of GRI aspects, CSR initiatives & special innovations. A binary code of '0' & '1' was allocated for 'not using' & 'using' the particular indicator respectively. The assessment was based on four criteria: the social indicators tracked by the company, the innovativeness in CSR on a 5 point scale, linkage of CSR initiatives to business, and focus area of CSR in each company. The results have been presented graphically in Table 2.

Table 2: Flowchart depicts step wise methodology used for carrying out the study



Observations

It was observed that 46% companies got zero rating (no reporting), around 8% scored 3/5 & 4/5 Karmayog rating (Table 3). Around 49% companies out of 500 largest Indian companies were reporting on CSR. Most of the companies report on donations, renovating schools in villages, mid day meals etc. It is expected from a company to at least spend a minimum of 0.2% of income on CSR activities annually. But in most reports there is no mention of the amount spent in any of their balance sheets or annual reports. Well defined expenditure on CSR has been shown by very few companies. Companies reach for CSR activities was also unsatisfactory in the sense only 25% companies CSR activities were for employees & rest were focusing on vicinity & society at large. Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc. believing that charity and philanthropy equals to CSR. Most companies use CSR as a marketing tool to further spread the word about their business, for instance, donation of a token amount to some cause on purchase of a particular product. The fact that companies are hiring advertising agencies for their CSR further highlights this. Companies hesitate to state the processes followed by them, the damage caused by these processes, and the steps taken to minimize this damage.

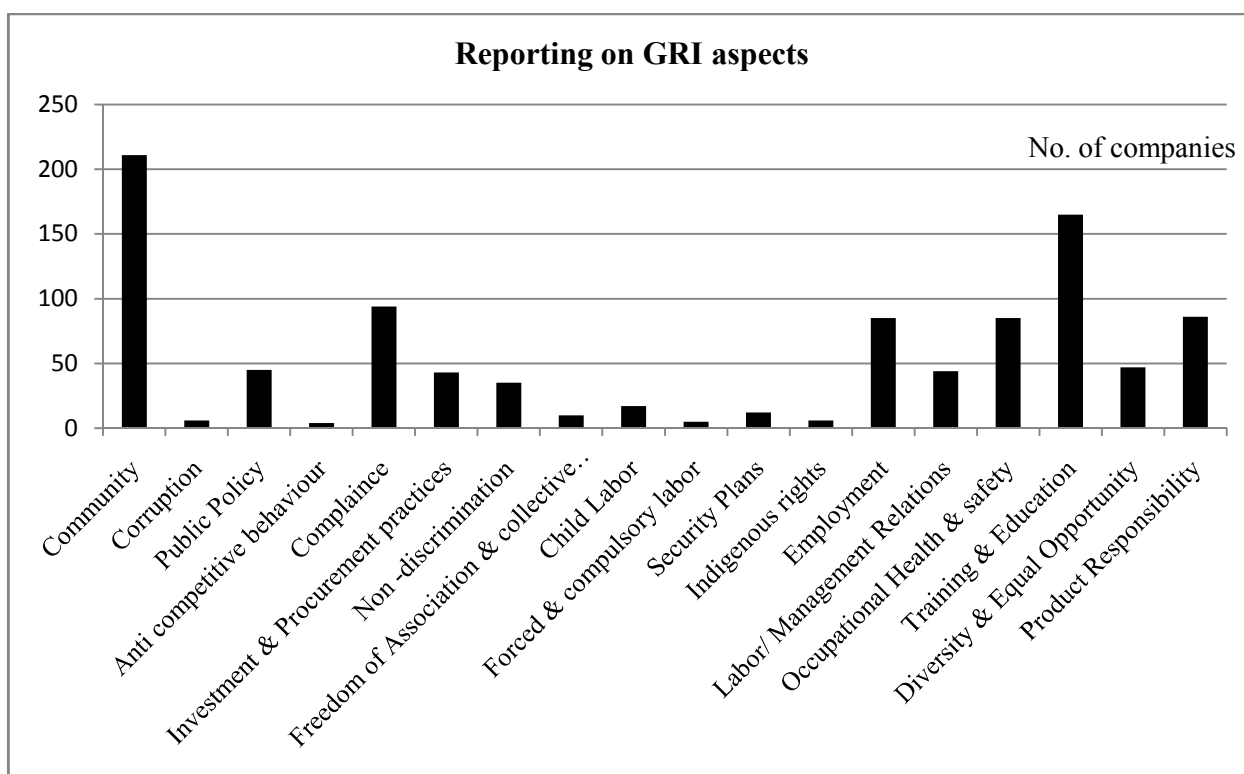


Figure 1: Graph depicting reporting on GRI aspects by Indian Companies

Very few companies have a clearly defined CSR philosophy. Most implement their CSR in an adhoc manner, unconnected with their business process. Most companies spread their CSR funds thinly across many activities, thus somewhere losing the purpose of undertaking that activity. Special CSR initiatives were taken by some companies like structured CSR etc. Generally speaking, most companies seem either unaware or don't monitor their company's CSR. However, all companies can be considered to be an upward learning curve with respect to CSR. The overall approach still seems to be driven by philanthropy rather than integrating it with business as has been happening in the west.

Table 3: Summary of CSR Ratings of top 500 companies

Karmayog CSR Rating	No. of Companies	Companies with given rating
0/5	231	46%
1/5	92	18%
2/5	138	28%
3/5	35	7%
4/5	4*	1%
5/5	0	0
Total	500	100%

* HDFC, Infosys, Tata Steel, Titan Industries

The results suggest that CSR is often guided by the commitment of the top management. With compliance and enforcement slack, employee's care is just employers' benevolence, environment care and total quality management are driven by market forces and legislation, CSR is considered as an additional activity of Human relation and public relation department. Table 4 provides a glimpse of CSR focus areas and methodology adopted by 30 companies.

Conclusion

Business houses all over the world are realizing their stake in the society and engaging in various social and environmental activities. The need of the hour is to formulate effective strategic policies and adopt various instruments according to the company history, its content, peculiarity in relationship with its different stakeholders so that CSR can be best implemented towards its goals – sustained environmental, social and economic growth.

This research explores the existing literature available on CSR. The literature review shows trends, definitions starting from the early days of 1950s when CSR was in its budding stage. As of now, the trends have changed and CSR affects not only the company's reputation and goodwill but also govern the financial performance. It was analyzed that the reporting practices range from the very sophisticated and well-established system to "a brief mention of CSR" in the annual report. CSR reporting will continue to improve globally, but the information it contains would need to be standardized. A feature noticed in the development of CSR reporting is the influence of several international and local organizations with different frameworks, indices, directives and initiatives etc. Many of these initiatives are voluntary but are likely to hinder rather than assist the development in the reporting systems. India's markets continue to exhibit a profusion of negative externalities where the costs of resource use, environmental degradation, or community disruption are neither paid by those who incur them nor are reflected in actual prices. Today's economic framework gives little encouragement for companies to consider the long-term – the essence of true sustainable development.

There are several companies in India involved in diverse issues such as healthcare, education, rural development, sanitation, microcredit, and women empowerment. Analysis of several surveys in India suggest that though many companies in India have taken on board the universal language of CSR, CSR seem to be in a confused state. Individual companies define CSR in their own limited ways and contexts. The end result being that all activities undertaken in the name of CSR are mainly philanthropy, or an extension of philanthropy. It seems that CSR in India has been evolving in domain of profit distribution. There is a need to increase the understanding and active participation of business in equitable social development as an integral part of good business practice.

Table 4: The CSR focus, methodology, and impact and business linkage of 30 companies

Company	Type	Focus Area	Business Linkage	Methodology Adopted	Impact
Bajaj Auto	Auto	Development of weaker sections of society	Indirect	Trust Undertakes long-term projects in rural areas.	Community Development
Castrol India	Chemicals	Strengthens link between business & social investments	Indirect	Rehabilitation of earthquake affected victims in Gujarat. Castrol Drive for Safety Initiative	Community Service
Mahindra & Mahindra	Auto-mobile	Sharing wealth and promote primary education	Indirect	College establishment Nanhi Kali (underprivileged girl child) 1% Profit after tax for CSR activities Free education for girls Lifeline Express: medical facility Free surgeries	Community Development
Infosys	IT	Support and encourage underprivileged sections	Indirect	Infosys Foundation provide medical facilities to remote rural areas, organizing novel pension schemes and aiding orphans and street children and rural education program titled “A library for every school”, Human Capital Education index for its employees	Successfully implemented projects
ITC	FMCG	“Citizen First” watershed development program; Empowering Farmers; Greening Wastelands and Irrigating dry lands	Indirect	Through “e-choupal” organizing farmers into water user groups that plan and build water-harvesting structures Primary education Livestock development Social forestry Integrated watershed development First to be certified SA 8000 standard	Supplier and community development
L & T	Engg.	Enhancing shareholder value and responsibility for welfare of society at large	Indirect	Eco Friendly approach; Create awareness on HIV/AIDS; and waste minimization, Health One of the first corporate to launch HIV/AIDS program	Community Service and environment protection
Dabur India	Pharma FMCG	Give back some part of what Dabur has gained from community	Indirect	Establishment of Sundesh , NGO Programs for ecological regeneration & protection of endangered plant species Promoting health and hygiene amongst the underprivileged through Trust and Create environmental awareness amongst young minds	RM Supplier development
BHEL	Engg.	Community and Product development	Direct	Adopted 56 villages and provided infrastructure for schools for physically challenged children near its units Launched wind electric generators, solar heating systems, solar photovoltaic systems, solar lanterns and battery powered road vehicles	Benefited over 80,000 people. Minimize environmental impact of fossil energy products,
Tata Steel	Engg./Metal	“Improve the quality of life of the communities it serves.”	Indirect	Through “Green Millennium” campaign planted 1.5 million surviving trees Through Employment Generation, Building people, education, health and hygiene	Settling Sustainability Standards
Wipro	IT	Learning Enhancement Disaster rehabilitation	Indirect	Through trust: Provide rehabilitation to survivors of natural calamities and Enhancing learning abilities of children from underprivileged sections.	Community Service
Nestle India	FMCG	Integrated communities where it runs industrial and commercial operations	Indirect	Through Water Conservation, Natural refrigerants replaced ozone depleting. Also include Nutrition & health projects, agricultural assistance, education and training, arts and culture, HIV/AIDS prevention and donations	Environment protection and community services

Company	Type	Focus Area	Business Linkage	Methodology Adopted	Impact
ICICI	Financial	Empower millions economically & socially challenged Indians.	Direct	Through initiatives Give India; Shop; Volunteer; and Info change.	Community development
Colgate - Palmolive	FMCG	Colgate care for the community where they live & work	Direct	Free oral care education Through different community programs	Community development
Britannia Industries	FMCG	Wadia Group Community conscious, desire to share prosperity with community.	Direct	Welfare of its workers through trust Health care facilities	Employee development Support
BPCL	Petrochemicals	Community development	Indirect	Through Health, Rain water harvesting, Infrastructure development, education, HIV Health care and prevention.	Community services
Godrej	Engg & FMCG	Promoting education, housing, social upliftment, conservation, population management and relief of natural calamities	Indirect	Three Foundations/Trusts to contribute to Social, Environmental, and Educational causes.	Employees' involvement in Group's philanthropic efforts.
Grasim Industries	Textile Engg Chemicals	Social and economic development of the communities in which we operate	Indirect	Through "Aditya Birla Centre for Community Initiatives and Rural Development". Includes education, Health & family welfare, Sustainable development & livelihood & agriculture & watershed development, Infrastructure development & Social causes	Community Development
Cipla	Pharma	Cipla Care	Direct	Cipla Foundation Through Dr. K. A. Hamied Institute & Cipla Cancer Palliative Care Centre	Community service
Johnson & Johnson	Pharma FMCG	Support good works and charities.	Direct	Through donations of time, money and goods. Women's and Children's Health Community Responsibility Access to Care Advancing Health Care Knowledge Global Public Health	Community Services
Hero Honda	Automobile	Do something for community from whose land we generate our wealth	Indirect	Through Integrated Rural Development Centre including : Hospital, Sports complex, Vocational Training Centre, Adult Literacy Mission , Marriages of underprivileged girl, Rural Health Care	Community development
NIIT	IT	Narrowing the digital divide across the world,	Direct	Through launch of International Women's Month uplifting Indian women, Computer literacy. Developed I-Learn Create awareness about AIDS	Community services
Zee Telefilms	Entertainment	being successful is to be socially responsible	Direct	Public Service Ads / Fillers telecast to date are: Campaigns on TV	Community Service
Dr Reddy's Lab	Pharma	Prosperity of communities integral to success of companies	Direct	Through Environmental: Water Usage Energy Usage Wastewater Discharge COD & TDS Load Discharge HW-hazardous waste disposal GHG emissions	Environmental Protection
Satyam Computer Service	IT	Contributing to the well-being and development of society	Indirect	Specific services through various development projects	Community Service

Company	Type	Focus Area	Business Linkage	Methodology Adopted	Impact
Novartis	Pharma	Treatment for Leprosy	Direct	Free Multi Drug therapy. Cured 4.5 million patients	Community services
TCS	IT	Flexible Global business practices	Indirect	Global delivery model: Global deployment & delivery of high value services	35 Countries benefited
Citi group	Financial services	Women empowerment	Direct	Rehabilitation Education Health	Community services Benefited states AP, TN, Karnataka, Kerala, Maharashtra, MP
NTPC	Power	Rehabilitation & Resettlement policy, community work, gender equality, Policy of grant of paternity leave,	Direct	Founded Global Compact Society for India in 2003	Community services
SAIL	Manuf.	Community development	Direct	AIDS awareness Education Medical facilities and health Development of small scale/ancillary industries Agriculture, poultry, fisheries	Community development
Hindalco	Manuf.	Poverty Alleviation Program	Direct	Asian CSR award for Integrated Rural Poverty Alleviation Program	Community development

IT: Information Technology, Pharma: Pharmaceuticals, Manuf.: Manufacturing, FMCG: Fast moving consumer goods.

Corporate no doubt have made significant contributions towards the sustainable development of our country. Considering the limitations of the corporate in their CSR activities, some recommendations which can be used towards satisfaction like companies should extend their CSR activities in less privileged states rather than concentrate in resource rich states. It is essential that companies develop an effective value chain system of their products through their CSR activities, which is essential for competing in the global market. It will give better results if activities are based on a more practical & participatory approach and touch the grassroots level. Voluntarism among employees should be encouraged and institutionalized through recognition and incentives. There is also need for public-private partnership with well-defined controls and process for the best use of resources for social change. Special training needs to be given to business managers in working with social issues. Participation of small and medium business should be encouraged. Experience has shown that working with NGOs is more worthwhile and result-oriented. Joining hands with related NGOs is therefore advisable.

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