AN EMPIRICAL STUDY OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN INDIA IN CHANGING GLOBAL SCENARIO AND ITS’ IMPACT ON COMPANIES’ PROFITABILITY

(A SECTORIAL COMPARISON OF SELECTED PUBLIC & PRIVATE SECTOR COMPANIES)

A SYNOPSIS

(SUBMITTED FOR THE REGISTRATION OF DOCTOR OF PHILOSOPHY)

IN

ACCOUNTANCY & LAW (COMMERCE)

UNDER THE SUPERVISION OF: DR. NIDHI SHARMA
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INTRODUCTION

• CONCEPT OF CSR

Corporate Social Responsibility is a growing and important part of an organisation’s overall strategy. The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility. It is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is a concept whereby companies integrate social and environmental concerns into their business operations and their interaction with their stakeholders on a voluntary basis. It is represented by contributions undertaken by companies to society through its business activities and social investment. CSR is also linked with the principal of sustainability, which argues that enterprises should make decisions based not only on financial factors such as profits or dividends, but also based on the immediate and long term social and environmental consequences of their activities.

CSR is the responsibility of an organisation for the impact of its decisions and activities on society, the environment & its own prosperity known as the TRIPLE BOTTOM LINE of people, planet and profit.

Triple bottom line concept (3P) explains that in order to sustain in the long run a corporation should pay attention to the following components:

People relates to fair & beneficial business practices towards labour, the community and region where corporation conducts its business. Support from people (society) in business area is needed for corporate sustainability. As an integral part with society, corporation need to have commitment in giving optimum benefit to the society.

Planet refers to sustainable environmental practices. There is a causal relationship between corporations and planet. If corporations preserve their environment, environment will benefit them. A triple bottom line Co. does not produce harmful or destructive products such as weapons, toxic chemicals or batteries containing dangerous heavy metals.

Profit is the economic value created by the organisation after deducting the cost of all inputs including the cost of the capital tied up. It is the most important thing and also main objective of every business. Profit can be increased by improving work management through process simplification, by reducing inefficient activities, save processing and service time and usage of material as efficient as possible.
Corporate social responsibility is a commitment to improve the well-being of a community. It is not charity but it is a core business strategy of an organization. It is a way which strikes a balance between economic, social and environmental imperatives.

- **DEFINITIONS OF CSR**

Corporate Social Responsibility has been defined by many authors and institutions in recent times.

At the global level, the concept of CSR was firstly mentioned in 1953 in the publication ‘Social Responsibilities of Businessman’ by William J. Bowen.

**Bowen** has suggested that the “social responsibility of businessman 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.”

**European Commission** described CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and 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.

**According to Forbes (2010)**, corporate social responsibility works in two ways. The company gives back to the society, in turn, people get to know about the company who helped them most and cater to their products and services.

**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.”

- **BENEFITS OF CSR:**

Now, business houses have realized that CSR is one of the important ways in which an organization can distinguish itself from its competitors. Some benefits of CSR are as follows:

**Benefits to the Company:**

1. Improved financial performance
2. Lower operating costs
3. Product safety and decreased liability
4. Workforce diversity
5. Access to capital
6. Reduced regulatory oversight
7. More ability to attract and retain employees
8. Greater productivity and quality
9. Increased sales and customer loyalty
10. Enhanced brand image and reputation

Benefits to the Community and the General Public

1. Corporate involvement in community education, employment and homelessness programmes
2. Product Safety and quality
3. Charitable contributions
4. Employee volunteer programmes

Environmental Benefits

1. Greater material recyclability
2. Greater use of renewable resources
3. Better product durability and functionality
4. Integration of environmental management tools into business plans.

• INDIA AND CSR

CSR is not new to India. Development of CSR can be traced back in different phases which are as follows:

The first phase of CSR was predominantly determined by culture, religion, family tradition and industrialisation. Business operations and CSR engagement were based mainly on corporate self-regulation. Being the oldest form of CSR, charity and philanthropy still influence CSR practices, especially in community development. In the pre-industrial period up to the 1850s, merchants committed themselves for the religious reasons, sharing their wealth, for instance, by building temples. Moreover, "the business community occupied a significant place in ancient India and the merchants provided relief in times of crisis such as famine or epidemics by opening go-downs of food and treasure chests” (Arora, 2004). Under colonial rule, Western type of industrialization reached India and changed CSR from the 1850s onwards. The pioneers of industrialization in the 19th century in India were a few families such as the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Mahindra and Annamali, who were strongly devoted to philanthropically motivated CSR (Mohan, 2001).

The second phase of Indian CSR (1914-1960) was dominated by country’s struggle for independence and influenced fundamentally by Gandhi’s theory of trusteeship, which aimed to consolidate and amplify social development. During this period, Indian businesses actively engaged in the reform process. Not only the companies saw the country’s economic development as a protest against colonial rule; but also they participated in its institutional and social development (India Partnership Forum 2002).
The paradigm of the “mixed economy”, with the emergence of PSUs and ample legislation on labour and environment standards, affected the third phase of Indian CSR (1960-1980). This phase was also characterized by shift from corporate self-regulation to strict legal and public regulation of business activities. In this scenario, the public sector was seen as the prime mover of development. The 1960s was described as an “era of command and control”, because strict legal regulations determined the activities of the private sector. The introduction of a regime of high taxes, quota and license system imposed tight restrictions on the private sector and indirectly triggered corporate malpractices. As a result, corporate governance, labour and environmental issues rose on the political agenda and quickly became the subject of legislation. Furthermore, state authorities established PSUs with the intention of guaranteeing the appropriate distribution of wealth to the needy (Arora, 2004).

In the fourth phase (1980 until the present) Indian companies and stakeholders began abandoning traditional philanthropic engagement and to some extent integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach. In the 1990s, the Indian government initiated reforms to liberalize and deregulate the Indian economy by tackling the shortcomings of the “mixed economy” and tried to integrate India into the global market. Consequently, controls and licence system were partly abolished, and the Indian economy experienced a pronounced boom, which has persisted until today (Arora & Puranik, 2004).

At present, Indian companies are now expected to discharge their stakeholders’ responsibilities and societal obligations, along with their shareholders’ wealth maximization goal. In India as in the rest of the world there is a growing realization that business cannot succeed which fails in a society. 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. Nowadays, India has been named among the top ten Asian countries paying increasing importance towards Corporate Social Responsibility (CSR) disclosure norms. Besides the public sector companies, it is the private sector companies that played dominant role in CSR activities.

**THE KEY DRIVERS FOR CSR**

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction is more important for them. Some of the drivers pushing business towards CSR include:

a) **Direct Economic value/Brand Reputation**: 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 in to their business strategy as they become increasingly aware that Corporate Social Responsibility can be of direct economic value. They can increase their reputation with the public and government by adopting CSR.
b) **Laws and Regulations:** Another driver of CSR is the role of independent mediators, particularly the government, in ensuring that corporations are prevented from harming the broader social well, including people and environment. Governments should set the agenda for social responsibility by way of laws and regulations that will allow a business to conduct them responsibly.

c) **Competitive Labour Markets:** Employees are increasingly looking beyond pay-checks & benefits and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

d) **Philanthropy:** It is the historical driver which means sense of ethics or welfare. After the Second World War, a variety of national and international regulations arose through bodies such as International Labour Organisation(ILO) emphasizing the need for an active social policy for transnational companies.

e) **Ethical Consumerism:** The rise in popularity of ethical consumerism over the last two decades can be linked to the rise of CSR. As global population increases, so does the pressure on limited natural resources required to meet rising consumer demand. There is evidence that the ethical conduct of companies exert a growing influence on the purchasing decisions of consumers.

f) **Globalization and Market forces:** Corporations have to face many challenges i.e. government regulations and tariffs, environmental restrictions etc. that can cost organisations very much. Organisations can sustain a competitive advantage by using their social contributions.

g) **Social Awareness and Education:** Corporate stakeholders are exerting pressure on corporations to behave responsibly. Non-governmental organizations are also taking an increasing role, leveraging the power of the media and the internet to increase their scrutiny and collective activism around corporate behaviour.

h) **Supplier Relations:** As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers to ensure that other companies’ policies or practices do not tarnish their reputation.

- **CODES & STANDARDS FOR CSR**
  1. **Global Reporting Initiative (GRI):** GRI has been addressing the need for standardized approach 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. It is an international, multi-stakeholder effort to create a common framework for voluntary reporting of the economic, environmental and social impact of organisational activities. Its mission is to improve the comparability and credibility of sustainability reporting worldwide.
  2. **UN Global Compact Initiative:** Launched in 1999 by United Nations Secretary, Kofi Annan, the Global Compact is a coalition of large businesses, trade unions, environmental and human rights groups, brought together to share a dialogue on
corporate social responsibility. It consists of a minimum platform based on fundamental values for disseminating good corporate practice in accordance with universal principals. Companies’ adhesion is on a voluntary basis and signatories commit to a global pact of nine principles.

3. **Social Accountability 8000**: ‘SA 8000’ standard for social accountability, created in 2000 by Council on Economic Priorities Accreditation Agency (CEPAA). The SA 8000 code of practice is broken down into nine key areas child labour, management systems, working hours, compensation, disciplinary practices, forced labour, health & safety, freedom of association & collective bargaining and discrimination.

4. **International Organization for Standardization (ISO) 26000**: ISO an International Standard setting body has developed a new standard on Social Responsibility namely ISO 26000. ISO 26000 is intended for use by all types of organizations in all countries and to assist organizations to operate in a socially responsible manner. According to ISO 26000, there are seven fundamental subjects of CSR as follows:

   - Environment
   - Labour practices
   - Human rights
   - Organizational governance
   - Fair operating practice
   - Consumer issues
   - Social development

6. **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.

7. **Organization for Economic Co-operation and Development (OECD) guidelines for multinational companies**: OECD guidelines contains recommendations on core labour, environmental standards, human rights, competition, taxation, science and Technology combating corruption and safe guarding, consumer rights. These guidelines acknowledge and encourage the contribution that MNEs can make to local capacity building as a result of their activities in local communities.

8. **Others**: ISO 9001:2000 (quality), ISO 14001:2004 (environment) and OHSAS 18001:2007 are ‘generic management system standards’, so that the same standard can be applied to any organisation, large or small, whatever its product or service, in any sector of activity, and whether it is a business enterprise, a public administration, or a government department. These standards have been developed in the above sequence, they appear to be compatible to each other and hence show some overlapping features.
LITERATURE REVIEW

A literature review is a body text that aims to review the critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources and as such do not report any new or original experimental work. Its ultimate goal is to bring the reader up to date with current literature on a topic and forms the basis for another goal such as future research that may be needed in the area.

To design the present study in scientific manner, the researcher surveyed a good amount of research work and literature carried out in the area of corporate social responsibility. There are some of the reviews of the studies which had been previously undertaken in the field of CSR.

LITERATURE REVIEW AT NATIONAL LEVEL

1. Omweno Nyameyio Enock & Dr. Kundan Basavaraji, Kuvempu University (2013)- CORPORATE SOCIAL RESPONSIBILITY OF TATA AND ITC COMPANY: A COMPARATIVE STUDY
CSR has been assuming greater importance in the corporate world in 21st century. Indian Government has drafted guidelines for CSR practices, which of late proposed companies to contribute a percentage share towards that cause (CSR). This study compares the CSR activities of Tata Company and ITC Company on different areas i.e. environmental friendliness, social accountability, employee’s safety, human rights promotion and healthcare etc. The study also focuses on the reporting methods used by these companies. From this study, it is observed that all the two big private companies of the country are directly engaged in social responsibility in various areas, from innovation in agriculture & education to saving the environment. It is concluded that environment, education, community involvement and health care activities practiced as CSR by both companies.

2. Bhupender & Vikas Kumar Joshiya, Assistant Professor, University of Delhi (2012)- ISSUES AND CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA
Over the time, CSR expanded to include both economic and social interests. Companies have become more transparent in accounting and display ‘public reporting’ due to pressures from various stakeholders. In this research paper CSR status, challenges of CSR, policies for CSR in India are studied. The concept of CSR is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. Many positive outcomes can arise when businesses adopt a policy of social responsibility.

3. Anupam Sharma and Ravi Kiran, School of Behavioural Sciences and Business Studies, Thapar University, Patiala, India (2012)- CORPORATE SOCIAL RESPONSIBILITY INITIATIVES OF MAJOR COMPANIES OF INDIA WITH FOCUS ON HEALTH, EDUCATION AND ENVIRONMENT
In India, many firms have taken the initiatives of CSR practices which have met with varying needs of the society. The present study has made an attempt to understand the status, progress and initiatives made by large firms of India in context to CSR policy framing and
implementation. Although India has entered or taken a transformational change by involving into new CSR initiatives, but still a lot has to be done in this area.

4. Dr. Arvind Jain, Senior Manager(SME), Axis Bank Ltd., Rajkot (2012)-CORPORATE SOCIAL RESPONSIBILITY: AN EXPLORATIVE REVIEW
Many companies have established a corporate identity using CSR as a core activity of their business, which has become a focal point of their success and competitive advantage. The basic objective of this paper is to know the concept of corporate social responsibility and review existing knowledge available in this area.

5. Soheli Ghose, Assistant Professor, Department of Commerce, J.D. Birla institute, Jadavpur University (2012)- GLOBALIZATION OF CORPORATE SOCIAL RESPONSIBILITY FOCUSING ON INDIAN MARKETS
CSR has a wide ranging effect across the globe especially in emerging markets. CSR activities have been posited to include incorporating social characteristics or features into products and manufacturing processes(aerosol products with no fluorocarbons, environment friendly technologies), adopting progressive human resource management practices(promoting employee empowerment), achieving higher levels of environmental performance through recycling and pollution abatement (reducing emissions), and advancing the goals of community organisations(working closely with groups such as United Way). In this context this paper has studied the theoretical aspect of CSR including the Global Reporting Initiative and CSR Legislation norms and globalization of CSR in India. In this paper few specific cases of CSR activity and CSR violation in India have studied.

This research paper is an effort to understand the symbiotic relationship between economic and social performance. It also presents the challenges associated with it and the benefits of the CSR along with sustainable development measures being undertaken by corporate sector.

7. Lokaranjan Guha, Professor, EIILM, Kolkata (2011)- CORPORATE SOCIAL RESPONSIBILITY RATING: INDIA FOCUS
This paper charts the road map of evolution of India Inc. It has scanned particularly those companies who have crossed the various milestones of standard namely ISO 9000, ISO 14000, ISO 18000, environmental trustworthiness, safety and social accountability etc. Then it investigates the role, the background framework and the potentially of CSR ratings obtained from Karmayog.com platform that may act as suitable means to drive the industry further up the ladder of social responsibility.

8. Ms Nidhi Khurana Asia Pacific Institute of Information Technology, Panipat (2011)—STRATEGIC CORPORATE SOCIAL RESPONSIBILITY: CHALLENGING SUSTAINABLE ACTIONS IN INDIA
Looking at current economic condition of India, there is an immediate need of strategic CSR delivering value proposition to the masses. The paper focuses on the reasons to analyse the strategic gap between CSR implementation and CSR effectiveness and to identify the focused sectors where sustainable actions of strategic CSR are required to create synergies in India. The paper urges the Corporate not to look CSR as a non-profit activity in fact in the long run, expenditure in CSR can help increase profitability.
9. Sweta Singh, Great Lakes Institute of Management, Chennai, India (2010)- PHILANTHROPY TO CORPORATE SOCIAL RESPONSIBILITY: AN INDIAN PERSPECTIVE
The purpose of this paper is to examine the trend of CSR in all its complexity and look forward in the potential impact and major concerns related to it. This paper includes various approaches, combined analysis of central documents and publications on CSR with analysis of articles related to CSR. It throws further insights in the prevalent trends of CSR in various corporate in India.

10. Richa Gautam and Anju Singh, Industrial Safety & Environment Management Group, National Institute of Industrial Engineering (NITIE), India (2010)- CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN INDIA: A STUDY OF TOP 500 COMPANIES
The purpose of this study is to explore the various definitions and descriptions of Corporate Social Responsibility; elaborate upon development of CSR in India; study the theoretical concepts explained 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.

11. Dhond Arvind, Assistant Professor(Selection Grade), St. Xavier’s College Mumbai (2008)- CORPORATE SOCIAL RESPONSIBILITY OF INDIAN BUSINESS HOUSES
In this paper, social responsibility implies what business does over and above the statutory requirement for the benefit of the society. The term corporate citizenship is also commonly used to refer to the moral obligations of the business towards the society. The objective of this study is to know about the efforts done by Indian business houses in relation to their social responsibility.

LITERATURE REVIEW AT INTERNATIONAL LEVEL

1. Alex Edmans (2012)- THE LINK BETWEEN JOB SATISFACTION AND FIRM VALUE, WITH IMPLICATIONS FOR CORPORATE SOCIAL RESPONSIBILITY
This paper finds that how job satisfaction and firm value are linked. Companies listed in the “100 Best Companies to work for in America” generated 2.3% to 3.8% higher stock returns per year than their peers from 1984 through 2011. These results have three main implications. First, consistent with human resource management theories, job satisfaction is beneficial for firm value. Second, corporate social responsibility can improve stock returns. Third, the stock market does not fully value intangible assets, and so it may be necessary to shield managers from short term stock prices to encourage long run growth.

2. Stephen Brammer, Gregory Jackson, and Dirk Matten (2012)- CORPORATE SOCIAL RESPONSIBILITY AND INSTITUTIONAL THEORY: NEW PERSPECTIVES ON PRIVATE GOVERNANCE
Corporate Social Responsibility has become a pervasive topic in the business literature, but has largely neglected the role of institutions. This introductory article to the Special Issue of Socio-Economic Review examines the potential contributions of institutional
theory to understanding CSR as a mode of governance. This perspective suggests going beyond grounding CSR in the voluntary behaviour of companies, and understanding the larger historical and political determinants of whether and in what forms corporations take on social responsibilities. Institutional theory seems to be a promising avenue to explore how the boundaries between business and society are constructed in different ways, and improve our understanding of the effectiveness of CSR within the wider institutional field of economic governance.

3. Martin Surya Mulyadi and Yanita Anwar, BINUS University, Jakarta, Indonesia (2012) - IMPACT OF CORPORATE SOCIAL RESPONSIBILITY TOWARDS FIRM VALUE & PROFITABILITY

Corporate Social Responsibility is business contribution to sustainable development that corporate behaviour not only needed to ensure return to shareholders but also other stakeholders’ interest. In Indonesia, CSR currently is an obligation only for corporations in natural resources-related business. This paper will examine impact of CSR towards firm value and profitability in selected 30 listed Indonesian corporations.

The impact of CSR on accounting performance (for example ROA) is a long-standing but still unresolved question. While the impact of CSR on firm value relatively less examined. This paper examined 30 selected Indonesian listed corporation to find out is there any relation between CSR to firm value and profitability. Researchers have employed GRI method to measure CSR.

4. Yisau Abiodun Babalola, Accounting & Auditing Department, Volodymyr Dahl East Ukrainian National University, Ukraine (2012) - THE IMPACT OF CSR ON FIRM’S PROFITABILITY IN NIGERIA

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 generation to meet their own needs. Organisations are being called upon to take responsibility for the ways their operations impact societies & the natural environment. This study examines the relationship between CSR & firms’ profitability in Nigeria with the use of secondary data sourced from 10 randomly selected firms’ annual report & financial summary between 1999 -2008. Findings from analysis show that the sample firms invested less than 10% of their annual profit to social responsibility. Though in Nigeria, social responsibility is encouraged in achieving greater firm’s performance, but organisations in the country have not really engaged in CSR which have implications for the survival of these firms. This paper, therefore, offers policy suggestions on how firms can improve on their CSR to ensure greater & better performance.

5. Llaria Bissacco, Paolo Maccarrone and Cristina Spinelli Politecnico di Milano, Italy (2010) - THE STRATEGIC APPROACHES TO CSR BY LARGE COMPANIES: A CONTINGENT MODEL

Corporate Social Responsibility is an issue which is on the corporate agenda of most top managers. Its strategic importance comes from its pervasiveness (since it impacts on almost all functions of a business organisation) and from the possible relevant impacts on a firm’s competitiveness and market value. After introducing a rationalisation of the fundamental concepts related to CSR, this paper illustrates the results of a research
project, aimed at analysing the determinants of the different CSR strategies adopted by firms.


Despite differences of opinion about the efficacy of corporate social responsibility, there is a general consensus among academics, policy makers and practitioners that corporations operate with a social sanction require that they operate within the norms of the societies in which they exist. This article argues that the notion of a socially responsible corporation is potentially an oxymoron because of the naturally conflicted nature of the corporation. This has profound implications for our understanding of corporate social responsibility, what we view as the relevant issues relating to it, and how we investigate its role and impact.

7. **Jenny Fairbrass, Linda O’Riordan, and Hafiz Mirza School of Management University of Bradford (2007)- CORPORATE SOCIAL RESPONSIBILITY: DIFFERING DEFINITIONS AND PRACTICES**

In recent years, the corporate policies and actions of several of the largest most well-known and respected business organisations in the world have come under the spotlight of critical attention. This paper contributes to the debate by exploring CSR definitions and practices adopted by selected firms located within the Europe, namely pharmaceutical firms registered in the United Kingdom (UK), Germany and Switzerland. The paper presents preliminary findings from study and makes proposals for further research.

8. **Juno Consulting (2005)- MAKING SENSE OF CORPORATE SOCIAL RESPONSIBILITY**

This article provides a brief summary on corporate social responsibility. It looks at the definition, elements and common approaches to implementing CSR. A recent global survey by The Economist Intelligence Unit found that 85% of senior executives and institutional investors believe that CSR is a central consideration in decision making, indicating that CSR has become accepted even without a clearly defined business case.

9. **David P. Baron, Stanford University (2005)- CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL ENTREPRENEURSHIP**

Milton Friedman argued that the social responsibility of firms is to maximize profits. This paper examines this argument for the economic environment envisioned by Friedman in which citizens can personally give to social causes and can invest in profit-maximizing firms and firms that give a portion of their profits to social causes. The paper presents a theory of corporate social responsibility and shows that CSR is costly when it is an imperfect substitute, but entrepreneurs and not shareholders bear that cost. The creation of CSR firms increases aggregate social giving. Firms can also undertake strategic CSR activities that increase profits, and a social entrepreneur carries strategic CSR beyond profit maximization and market value maximization. The paper also examines the implications of taxes and the effect of the market for control for sustainability of CSR.
NEED OF THE STUDY

- Corporate Social Responsibility (CSR) is an effective way of achieving and maintaining sound business management. By carrying out social responsibility a company can actually enhance its own economic value and brand image as well as benefits the society. In addition, companies and other organisations are required to have accountability towards stakeholders such as consumers, investors, employees, local residents etc. while utilising the resources of society.

This practice is voluntary in nature though the Indian Government Parliamentary Standing Committee on Finance has proposed mandatory corporate social responsibility (CSR) by companies as part of change to companies’ bill 2009. The committee has stated that every company having net worth of Rs.5000 cr. or more, or a turnover of Rs.1000 cr. or more, or a net profit of Rs.5 cr. or more during a year shall be required to spend every year at least 2% of the company’s average net profit on CSR activities. There are no standard framework and guidelines for CSR practices. Most of the companies are following GRI guidelines but still there is a need to form standard guidelines for CSR practices. Therefore, there is a need to study various theories and practices of CSR prevailing in the world so as to frame a standard guideline for CSR practices.

- Many companies are putting more emphasis on Corporate Social Responsibility’s Triple Bottom Line: People, Planet and Profit. These economic, social and ecological values help to measure an organisation’s success and impact on its stakeholders. Business has a responsibility to give back to the community in which they operate. In an increasingly competitive market place consumers are looking for companies that not only produce a quality product or service, but also reflect their own values. CSR is a vehicle through which companies give something back to the society, but the challenge before the companies is to identify CSR priorities and the areas of invention which are meaningful in the context of society development. So, there is a need to study and understand the CSR practices being taken by different corporate houses.

- As we know that main motive of public sector undertaking is to generate employment, earn profits and use this for social welfare. Nowadays, CSR has become mandatory and there is a need to know which sector companies (private sector and public sector) are doing better CSR practices. This study will show sector wise comparison of CSR practices between public and private sector companies.

- The study will also highlight that do the Indian firms truly believe in CSR and its ability to do social and financial good. Many companies and corporations have not yet realised the importance of CSR practices. Therefore, there is a need to study stakeholders’ perception towards CSR.

- Besides the responsibility towards the society the companies are responsible to work in a manner so that they earn profit and increase their profitability. Companies have responsibility towards shareholders, investors, creditors. So, there is a need to study what is the impact of CSR practices on profitability of the business.

- To make an overall study that to what extent the companies in India are doing CSR practices, there is a need to study CSR practices in different sectors of India.
OBJECTIVES OF THE STUDY

The objectives of a study provide a definite and proper track for any research activity. To make the present study more scientific following objectives are designed by the researcher:

1. To study the various theories and guidelines for CSR practices at national as well as international level.
2. To study the CSR practices as per GRI (Global Reporting Initiative) guidelines being taken by selected public sector and private sector companies.
3. To compare the key CSR practices being practiced by selected private and public sector companies.
4. To study the stakeholders’ perception towards CSR practices in selected companies.
5. To analyse the effect of CSR practices on profitability of the selected companies.
6. To give suggestions for better CSR practices based on findings emanated from the study.
RESEARCH METHODOLOGY

1. SAMPLE SIZE

For the purpose of study 20 large scale organizations basically covering public sector and private sector companies in India which belong to different sectors (crude oil & gas refining, power & electricity generation, metal & mining, heavy electrical & engineering, chemicals & fertilizers) have been selected. The list of companies is given below:

<table>
<thead>
<tr>
<th>S. NO.</th>
<th>SECTOR/ INDUSTRY</th>
<th>PUBLIC SECTOR COMPANIES</th>
<th>PRIVATE SECTOR COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CRUDE OIL AND GAS REFINING</td>
<td>HINDUSTAN PETROLEUM CORP.LTD.</td>
<td>INDIAN OIL CORPORATION</td>
</tr>
<tr>
<td>2.</td>
<td>POWER AND ELECTRICITY</td>
<td>NATIONAL THERMAL POWER CORPORATION LTD.(NTPC)</td>
<td>POWER GRID CORPORATION OF INDIA</td>
</tr>
<tr>
<td>3.</td>
<td>MINING AND METALS</td>
<td>STEEL AUTHORITY OF INDIA LTD.(SAIL)</td>
<td>COAL INDIA LTD.</td>
</tr>
<tr>
<td>4.</td>
<td>HEAVY ELECTRICALS AND ENGINEERING</td>
<td>BHARAT HEAVY ELECTRICAL LTD.</td>
<td>HINDUSTAN AERONAUTICS LTD.</td>
</tr>
<tr>
<td>5.</td>
<td>CHEMICALS AND FERTILIZERS</td>
<td>NATIONAL FERTILIZERS LTD.</td>
<td>RASTRIYA CHEMICALS &amp; FERTILIZERS LTD.</td>
</tr>
</tbody>
</table>

2. JUSTIFICATION OF SELECTION OF SAMPLE:

These selected companies are well established and having huge market share in the country. The selection is made on the following basis:

- These companies are listed in BSE and NSE.
- These companies are practicing CSR practices in different areas and some have been awarded for CSR practices by FICCI, ASSOCHAM and Golden Peacock Awards Committee etc.
- These companies are among top 20 companies on the basis of turnover on 31st March 2012 in their respective areas.
3. SOURCES OF DATA:

To accomplish the above stated objectives of the study primary as well as secondary data will be taken into consideration. The data will be collected as following:

**Primary Data:**

Primary data will be collected through questionnaires. Questionnaires will be framed to know attitude & perception of the stakeholders of selected organisations towards the CSR practices followed by their companies. For this purpose total 100 questionnaires will be filled by the stakeholders of selected companies.

**Secondary Data:**

Secondary data will be collected mainly from

- Annual reports of selected companies
- Sustainability reports of companies
- CSR Reports of companies
- Official websites of companies
- Reports of surveys by private institutions
- Karma Yoga Study report on CSR
- Blogs on CSR

4. PERIOD OF STUDY:

The data will be examined for the last three financial years that is from 2010-11 to 2012-13.

5. HYPOTHESES:

To make present study more practical, following hypotheses have been framed by the researcher.

- **H₀₁**: There is no significant difference between CSR practices of selected companies both in public and private sector.
- **H₀₂**: Private sector companies are doing better CSR practices than public sector companies.
- **H₀₃**: There is no significant awareness exists among stakeholders regarding CSR practices in selected companies.
- **H₀₄**: There is no significant relationship between CSR practices & profitability of selected companies.

In addition to the above stated hypothesis, the researcher would like to frame some more hypotheses during the course of study.

6. TOOLS FOR STUDY:

- **Statistical Tools:**
  Statistical tools will be used by the researcher at the time of research on the availability of data and as per the requirement of study. Some of these are mean, percentage, correlation, regression, chi-square test, t-test etc.
1. Simple average and percentage will be used to evaluate the CSR items.
2. Ranking will be given to the companies on the basis of CSR practices.
3. Chi-square test will be used to analyse the view of stakeholders.

- **Preparation of Checklist:**
  Checklist will be prepared to check CSR practices of selected companies on the basis of different parameters of GRI Report & other related reports.

- **Presentation Tools:**
  Graphs, Charts, Tables will be used to represent the trend of CSR practices, CSR initiatives in selected companies and for doing comparative analysis and profitability analysis among public and private sector companies.

**OBJECTIVE WISE RESEARCH METHODOLOGY**

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>RESEARCH METHODOLOGY</th>
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<tbody>
<tr>
<td>To study the various theories and guidelines for CSR practices at national as well as international level</td>
<td>To achieve this objective the researcher will collect information from books, journals &amp; websites. On the basis of theories and different guidelines for CSR practices, <strong>check list</strong> will be prepared on the basis of different parameters. <strong>Tables</strong> will be prepared for analysis and comparison of guidelines. <strong>STATISTICAL/PRESENTATION TOOLS:</strong> Check list, tables</td>
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<tr>
<td>To study the CSR practices as per GRI guidelines being taken by selected public and private sector companies</td>
<td>To achieve this objective the researcher will collect information from annual reports, CSR reports, sustainability reports, official website of companies, questionnaires filled by different stakeholders. <strong>STATISTICAL/PRESENTATION TOOLS:</strong> Mean, percentage and charts</td>
</tr>
<tr>
<td>To compare the key CSR practices being taken by selected private &amp; public sector companies</td>
<td>To achieve this objective the researcher will compare CSR reports, annual reports of different companies. <strong>T-test</strong> will be used to compare the mean and to test the significant difference in CSR practices in selected public and private sector companies. <strong>STATISTICAL/PRESENTATION TOOLS:</strong> correlation, t-test</td>
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<td>Objective</td>
<td>Methodology</td>
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<td>To know the stakeholders’ perception for CSR practices</td>
<td>To achieve this objective the researcher will collect information from questionnaires filled by different stakeholders. Chi-square test will be used to analyse the stakeholders’ perception.</td>
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<td>To analyse the effect of CSR practices on profitability of selected companies</td>
<td>This objective will be achieved by profitability analysis.</td>
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<tr>
<td>To give suggestions for better CSR practices based on findings emanated from the study</td>
<td>Suggestions will be given on the basis findings derived from study.</td>
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PROPOSED CHAPTER PLAN

| CHAPTER-1 | • Introduction  
  • Review of Literature  
  • Global Initiatives for CSR-Various Theories & Guidelines for CSR Practices at National and International Level  
  • Profile of Selected Companies |
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<tr>
<td>CHAPTER-2</td>
<td>CSR Practices in Selected Public &amp; Private Sector Companies as per GRI Guidelines</td>
</tr>
<tr>
<td>CHAPTER-3</td>
<td>Comparative Study of CSR Practices of Selected Public &amp; Private Sector Companies</td>
</tr>
<tr>
<td>CHAPTER-4</td>
<td>Impact of CSR Practices on Companies’ Profitability</td>
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<tr>
<td>CHAPTER-5</td>
<td>Analysis of Respondents’ Perception</td>
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</tbody>
</table>
| CHAPTER-6 | • Findings of Study  
  • Conclusion & Suggestions |

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4. Corporate Social Responsibility in India, Author: Sanjay. K. Agarwal
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