



## REVIEW OF CORPORATE SOCIAL RESPONSIBILITY AND EDUCATION IN INDIA

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### ABSTRACT

*Corporate social responsibility (CSR) plays a vital role in the strategic policy of the organizations, it includes social, environmental, ethical and people-oriented strategies of the companies. CSR emphasized that the corporates should address the social issue and invest some portion of their profits into social activities and to facilitate social causes the companies act 2013 has made it mandatory for the organizations to invest some portion of their earning into the community welfare. In order to highlight the importance of corporate social responsibility this paper explore various definitions and concept of corporation social responsibility, how it has been defined, what developments have been made in India and also analysis to what extent the education sector is benefited from the corporate social responsibility activities by the different companies.*

*"The CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen"(Carroll 1991)*

**KEYWORDS :** *Corporate social responsibility (CSR) , organizations , social activities.*

### INTRODUCTION

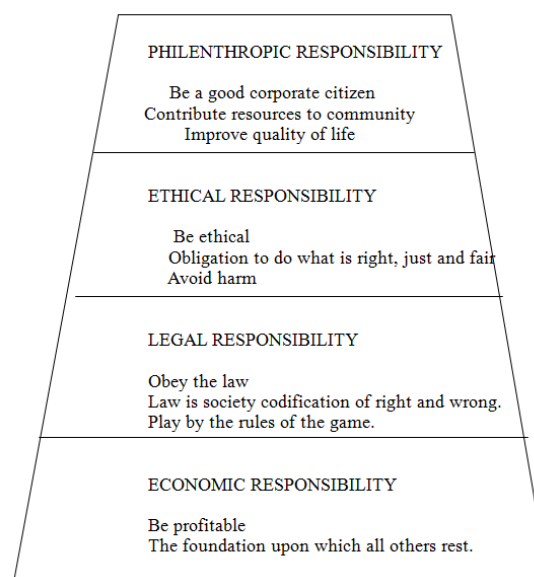
The corporate social responsibility concept is not a new concept and it can be traced back to 1800, when the corporate started helping for the community causes. The term corporate social responsibility was coined by Howard Bowen in 1953 in his book "social responsibility of businessman" and described CSR as "the obligation of corporates to pursue policies align with society's values and objectives". The literature has presented various names of corporate social responsibility such as corporate responsibility, corporate accountability, corporate ethics, corporate citizenship, triple bottom line, responsible entrepreneurship etc. (Hohnen 2007). Corporate social responsibility simply means that the firm is said to be socially responsible when it is balancing its interest rather than striving to maximize profit and return. Corporate social responsibility emphasis on the business strategy adopted by the corporates which includes social and environmental concerns. CSR aims to encourage businesses to focus not only on earning profits but also taking some responsibility towards society as well. The amount of contribution which business made voluntarily to the investment in social issues, how responsible corporates are towards the society, how much from their earnings the corporates are willingly contributing towards the society are considered as Socially Responsible Organizations. It is an idea where business work in the area of social issues. There are numerous reasons why the corporate and business houses are encouraged to pay attention to their role in the society because there have been some corporate disasters such as Bhopal gas tragedy and corporate fraud which has impacted the public at large.

Literature has not given a clear definition of CSR because it is an evolving concept which simply can be understood as how responsible corporates are towards the social and environmental issues, how corporates are responsibly incorporating social and ethical concern into their objectives. Considerable amount of attention has been paid to defining the concept of corporate social responsibility yet the research on the development of definition of CSR is limited (Isa 2012). Howard Bowen who is known as father of corporate social responsibility has defined it as "CSR refers to obligation of businessman to pursue those policies to make those decision or to follow those lines of relations which are desirable in terms of the objectives and values of

our society” he was of the opinion that the corporate entity should consider the impact of corporate’s economic developments on the societal interest of the society” (Bowen 1953). Frederick (1960) stated that “social responsibility means businessman should oversee the operation of an economic system that fulfills the expectations of people. And this means in turn that the economy’s means of production should be employed in such a way that the production and distribution should enhance total socioeconomic welfare”. In 1960 Keith Devis has defined the CSR as the “decisions and actions taken for reasons at least partially beyond the firms direct economic and technical interest”. Another notable contributor in to the definition of CSR was Josef W Mcguire. According to Mcguire (1963) “The idea of social responsibility supposes that the corporation has not only economic and legal obligation but also certain responsibilities to the society which extend beyond these obligation”. In the words of wood (1991) “the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities”. The world business council for sustainable development have defined CSR as “CSR is a continuing commitment by business to behave ethically and contribute to economic development while improving quality of life of the workforce and their family as well as of the local community and society at large” (Moir 2001). Hopnen (2007) has stated that “CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operation in a transparent and accountable manner, and thereby establish better practice with in the firm create wealth and improve society”.

According to Carroll (1979) “CSR encompasses the legal, economic, ethical and discretionary expectation that society has of organization at a given point in time”. Carrol (1979) has divided the CSR activities in to four parts economic, legal, ethical and discretionary activities. According to Carrol (1979) CSR activities should comprise these four components. Economic activities include that the corporate should be profitable, the basic nature of a firm is to earn revenue by performing the basic function of producing the product which society want and sell them to earn the profit, legal activities include that the corporate should follow the law and order of the country, ethical responsibility includes that the corporate should do what is right without harming any one and discretionary responsibility states that the corporate should assume the responsibility to contribute towards society. In 1991 Carroll has presented the component of CSR in the form of pyramid which he concluded by saying that “the total corporate social responsibility of business entails the simultaneous fulfilment of firm’s economic, legal, ethical and philanthropic responsibilities”. He was of the opinion that the socially responsible business should aims to make sufficient profit, should follow the rules and regulation of law, should be ethical and become a good citizen (Carroll 1991).

#### Pyramid of Corporate Social Responsibility



Source: The pyramid of corporate social responsibility (Carroll 1991)

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### Models Of Corporate Social Responsibility

A study conducted by the energy and resource institute (Teri) in 2001 has proposed four models of CSR in Indian context.

#### Ethical Model

This model is based on Ganthian idea of trusteeship, according to this model, the businesses were encouraged to work in the interest of society and community. Many family businesses were motivated to work for underdeveloped and underprivileged people. As per this model the corporates should give assurance to the customer that the product is designed as per their needs and wants. The corporate philanthropist during that time used to invest in socioeconomic development activities such as investment in trust, donations in cash and kind, investment in community services. According to Ganthian trusteeship model wealth should be held in trust for the good of the society. For the business to be financially sustain they should maintain ethical values.

#### Statist Model

This model came in to force after the adoption of socialist and mixed economy by Jawahar Lal Nehru with large public sector and state-owned companies. Under this model the boundaries between the society and state enterprises were clearly mentioned, the corporate responsibilities were governed by the state ownership and legal requirements.

#### Liberal Model

This model was developed by Milton Friedman. In this model it was argued that the social responsibility taken up by the corporation hinders the economic freedom of shareholder because in deciding how their money is going to be used in these activities, they have no say in it, so it is responsibility of corporate to engage in those activities that would generate more revenue for them and in doing so they should abide by the law and follow ethical customs.

#### Stakeholder Model

This model was introduced by Edward freeman. According to this model the company should focus on the development of the stakeholders and not the stockholders. When firm is considerable towards the concern of the stakeholder, they become more resilient themselves and perform better for both the firm and society.

ETHICAL MODEL	voluntary commitment by the companies to public welfare.	M K Gandhi
STATIST MODEL	State ownership and legal requirements determine the corporate responsibility	J L Nehru
LIBERAL MODEL	Corporate responsibilities limited to private owners (shareholders)	Milton Friedman
STAKEHOLDER MODEL	Companies respond to the needs of stakeholders- customer, employee communities etc.	R. Edward Freeman

SOURCE: Four models of corporate social responsibility, adapted from Kumar et al. 2001

### Corporate social responsibility in India

India has always been a country with rich culture and corporates have always included social causes into their businesses, CSR is not a new term in India it has always been there in terms of social duty and charity. India has a long tradition of corporate philanthropy and industrial welfare as a part of their business practices. The companies which pay genuine attention to the welfare of the society are mostly preferred by the public at large (Gautam et al. 2010). In India government has established a close relationship between corporate social responsibility and law, and government uses it as an instrument to access the corporate's contribution in social, environmental and economic issues. now a days the government is taking various steps to encourage businesses to consider societal issues in to their strategy. Before making the contribution into the CSR activities mandatory, the government has taken various steps to promote the idea of social development, in 2007 the concept of inclusive growth was included in the policy making and it was widely

recognized as the important part of development, in the year 2009 the ministry of corporate affairs has issued voluntary guidelines on corporate social responsibility. In the year 2011 it was further refined into national voluntary guidelines on social, environmental and economic responsibility of business. In 2012 the circular issued by SEBI has made it mandatory to include business reporting report along with annual report for the corporate. The business responsibility report follows the national voluntary guidelines on social, environmental and economic responsibility of business. Business responsibility reporting has been made mandatory for the top 100 listed companies in India by market capitalization at BSE and NSE as on March 31<sup>st</sup>, 2012. BRS is based on nine principles to access the compliances with environmental, social and governance norms. The mandatory provision of CSR was introduced in 2013. The new concept of corporate social responsibility has been introduced by the companies act 2013. The concept of CSR has been introduced under section 135 of companies act 2013. India is the first country to put mandate on the contribution in to the social activities. According to section 135 Companies Having Net Worth of 500 Crore or more, Turnover of more than 1000 crore and Net Profit of 5 Crore or more during any previous three financial year has to contribute at least 2% of their profit over the preceding three last year and to be spend on the activities carried out in India only, also every companies has to form CSR committee comprising directors of the companies.

For the promotion of corporate social responsibility activities by the corporates it was announced that if any public company fails to comply the CSR rules they may lose the status of Maharatna, Navratna and Miniratna (Chopra et al. 2013). There are various companies which have been involved in various socio economic issues such as healthcare, education, rural developments, sanitation, women empowerment, micro credit, heritage, culture, donations, contribution to various social causes, contribution to the development of underprivileged and underdeveloped communities, conservation of wildlife and family welfare, contribution to NGOs and trust, rain water harvesting, infrastructural development of educational institutes, promotion of training, art and culture, adoption of villages for the developments, ecological regeneration, creating awareness related to HIV/ AIDS programmes, development of human capital etc.

SAIL has been a premium institute in public sector organizations it is a aharatna company, SAIL is contributing in promoting education by establishing school in the township and providing help to the government schools, students are given scholarship, mid-day meals, school uniform, textbooks, stationary etc. GAIL has also contributed towards the education by providing scheme called Utkarsh in which the students are given free residential coaching for higher competitive examination. This scheme was launched in 2008 to uplift the students from underprivileged society. Tata trust has been pioneering in contributing towards the community development in areas of health, education, empowerment and environment. The Tata trust has been improving educational outcome in India either directly or in partnership with state government, central government and NGOs. BHEL providing support to college and school students by providing scholarship stationary, laboratory material, electrical and electronic facilities, furniture, tuition centre, construction and renovation facilities, study materials, uniform, bag, computers, water facilities etc. as part of its CSR activities. BHEL has collaborated with Akshya Patra foundation with an aim to provide five meal distribution vehicle to facilitate food delivery in government schools, these vehicle will help transport meals from centralised kitchen to schools everyday which gives students the incentive to go and stay in schools. Bhel has also adopted villages and provided infrastructures to the schools for physically challenged students near its unit. Indian oil has also establish Indian oil education scholarship scheme to the meritorious students, this scheme was started in 1985 with 50 scholarships and which has been expended to 2600 scholarship ( annual report 2012-13) the scholarship is also given to the students to pursue professional courses. Assam oil school of nursing was established by Indian oil in 1986 which offers professional nursing course to unemployed girl of north east. Azim Premji foundation has contributed the substantial portion in the development of education in the society (Chopra 2013). The vision of this foundation was to 'significantly contribute to achieving quality universal education to facilitate a just, equitable and humane society'. The foundation aims to contribute towards the universal quality education. ITC has also included development of primary education as part of CSR activities, CITI group and BPCL has also included investment in education sector (Gautam 2010). Not only the public enterprises but the banking sector has also contributed towards the education sector as part of their CSR activities. State bank of India is helping the people by providing education loan, the SBI loan scheme for vocational education and training was launched in 2012 and the limit of loan under this scheme is limited upto 1 lac rupees.

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## CONCLUSION

Corporates have made the significant contribution towards the development of community however it is not sufficient, the corporates should focus more on the development of underprivileged and underdeveloped section of the society. They have to actively invest in the education sector in order to take the benefit of skilled workforce. They should invest in organising training and development programmes, provide funds for vocational training institutes and providing scholarships to the students. The corporate should take the initiative to provide funds not only to facilitate basic elementary education but also help the higher educational institutes, professional bodies to produce well educated and skilled workforce which can further help in the development of society.

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