



REVIEW OF CORPORATE SOCIAL RESPONSIBILITY AND EDUCATION IN INDIA

Poonam

Assistant Professor Shyam Lal College.

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 emphasizes 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 earnings into the community welfare. In order to highlight the importance of corporate social responsibility this paper explores various definitions and concepts of corporate social responsibility, how it has been defined, what developments have been made in India and also analysis to what extent the education sector has 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.*

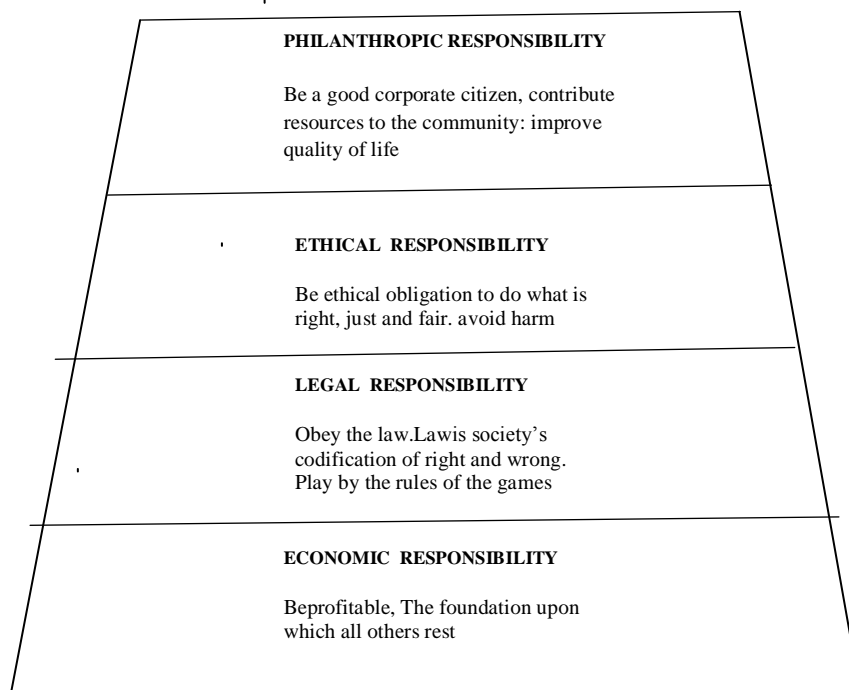
INTRODUCTION

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 aligned with society’s values and objectives” (Bowen, 1953). 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 businesses 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 businesses 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 the 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 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 the father of corporate social responsibility has defined it as “It refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of our society” (Bowen, 1953). 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 businessmen 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 defined the CSR as the “decisions and actions taken for reasons at least partially beyond the firm’s direct economic and technical interest”. Another notable contributor 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 obligations but also certain responsibilities to the society which extend beyond these obligations". In the words of wood (1991) "the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities". 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 within the firm to 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". Carroll (1979) has divided the CSR activities into four parts: economic, legal, ethical and discretionary activities. According to Carroll (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 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 fulfillment of the firm's economic, legal, ethical and philanthropic responsibilities". He was of the opinion that the socially responsible business should aim to make sufficient profit, should follow the rules and regulation of law, should be ethical and become a good corporate citizen (Carroll, 1991).



"The pyramid of corporate social responsibility" (Carroll, 1991)

Source: Adopted from Carroll (1991)

MODELS OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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

Ethical Model: This model is based on the 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 the Ganthian trusteeship model wealth should be held in trust for the good of the society. For the business to be financially sustained they should maintain ethical values.

Statist Model: This model came into 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 based on the ideology of 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 a firm is considerate 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, Adopted 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 the government has established a close relationship between corporate social responsibility and law, and the government uses it as an instrument to assess the corporation's contribution in social, environmental and economic issues. nowadays the government is taking various steps to encourage businesses to consider societal issues into 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 made it mandatory to include a business responsibility report along with an 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 31st, 2012. The mandatory provision of CSR was introduced in the year 2013. The concept of CSR has been introduced under section 135 of companies act 2013, India is the first country to put a mandate on the contribution to social activities. According to Section 135 of companies act 2013, 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 financial year has to contribute at least 2% of their average net profit of the company made during the immediately preceding three financial year and to be spent on the activities carried out in India only, also every company has to form CSR committee comprising three or more directors and one of them should be an independent director of the companies. The act also stated that the company should give preference to the local area and area around it where it operates.

CORPORATE SOCIAL RESPONSIBILITY AND EDUCATION IN INDIA

For the promotion of corporate social responsibility activities by the corporates it was announced that if any public company fails to comply with the CSR rulesthey 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 under the scheme of CSR 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. Investing in the education sector has been a practice of corporates for many years, the corporates are

investing in the education sector because it will lead to improved financial performance, it helps in creating goodwill among customers and investors (Chopra et al., 2013). Many corporates in India have contributed in the education sector at all the levels. Corporates have taken various initiative for the development of education sector such as various foundations and trusts have been formed, various schools, educational institutes, professional institutes, vocational training centres, higher educational institutes, assistance to projects and NGOs, partnership with government and non-government organizations, providing grants to development of infrastructure and scholarships etc. SAIL has been a premium institute in public sector organizations. SAIL is contributing in promoting education by establishing schools 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 education by providing a scheme called Utkarsh in which the students are given free residential coaching for higher competitive examinations (Chopra et al., 2013). Tata trust has been pioneering in contributing towards community development in areas of health, education, empowerment and environment. The Tata trust has been improving educational outcomes in India either directly or in partnership with the state government, central government and NGOs. In the year 2010-11 in its annual report it was reported that the trust education section has been divided into two parts: Elementary education and higher education, elementary education included two sections: "Reforming elementary education and nurturing education as a discipline. 90% of the total grant from the education portfolio has been spent on elementary education. BHEL provides support to college and school students by providing scholarship stationary, laboratory material, electrical and electronic facilities, furniture, tuition center, 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 vehicles to facilitate food delivery in government schools. These vehicles will help transport meals from a centralized 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 established an Indian oil education scholarship scheme to the meritorious students, this scheme was started in 1985 with 50 scholarships and which has been expanded to a larger number, 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 courses to unemployed girls of north east. Azim Premji foundation has contributed a substantial portion in the development of education in the society (Chopra et al., 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 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 the education sector (Gautam et al., 2010). DLF foundation has formed DLF cares program which is an education support programme in the year 2011 to nurture the children's education. Tech Mahindra Limited has founded Tech Mahindra foundation in the year 2006 for one of its objectives of empowerment through education. NTPC has been actively involved in providing assistance in the area of education, In the year 2011-12, the company has provided assistance to the neighborhood village for the infrastructural development of primary education, establishment of vocational training institutes. Provided financial support in the establishment for engineering college, polytechnic training centre, ITIs, various scholarship, uniform and infrastructural support to village children, women empowerment through skill upgradation programme and vocational training, construction of girl's hostel, ICT centres for physically/visually challenged, assistance to national foundation for communal harmony etc. Not only the public enterprises but the banking sector has also contributed towards the education sector as part of their CSR activities. In the year 2011-12 SBI spent 38.33 Crores on supporting the education sector, the State bank of India in the year 2012-13 has provided water purifiers (43161) and fans (140000) to the 14000 schools under the CSR scheme for benefitting the school children.

CONCLUSION

Corporates have made a significant contribution towards the development of community however it is not sufficient, the corporates should focus more on the development of underprivileged and underdeveloped sections of the society. They have to actively invest in the education sector in order to take the benefit of a skilled workforce. They should invest in organizing training and development programmes, provide funds for vocational training institutes and provide 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 a well educated and skilled workforce which can further help in the development of society.

REFERENCES

1. A.B. Carroll, "Corporate social responsibility: Will industry respond to cut-backs in social program funding?" Vital Speeches of the Day, vol. 49, pp. 604-608, 1983.

2. Bowen, Z. (1953). Bowen. *HR, (1953), Social Responsibilities of the Businessman: New York: Harper & Row.*
3. Cadbury, A. (2006). Corporate social responsibility. *Twenty-First Century Society, 1(1), 5-21.*
4. Carroll, A. B. (1979). Corporate performance. *Academy of Management Review, 4(4), 497-505.*
5. Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business horizons, 34(4), 39-48.*
6. Carroll, A. B. (1999). Corporate Social Responsibility: Evolution of a Definitional Construct. *Business & Society, 38(3), 268-295.*
7. Chopra, A., & Marriya, S. (2013). Corporate social responsibility and education in India. *Issues and Ideas in Education, 1(1), 13-22.*
8. Davis, K. (1960). Can business afford to ignore social responsibilities?. *California management review, 2(3), 70-76.*
9. Frederick, W. C. (1960). The growing concern over business responsibility. *California management review, 2(4), 54-61.*
10. Gautam, R., & Singh, A. (2010). Corporate social responsibility practices in India: A study of top 500 companies. *Global Business and Management Research: An International Journal, 2(1), 41-56.*
11. Hohnen, P., & Potts, J. (2007). Corporate social responsibility. *An implementation guide for business.*
12. Isa, S. M. (2012). Corporate social responsibility: what can we learn from the stakeholders?. *Procedia-Social and Behavioral Sciences, 65, 327-337.*
13. Kumar, R., Murphy, D. F., & Balsari, V. (2001). *Altered images: The 2001 state of corporate responsibility in India poll. Understanding and encouraging corporate responsibility in South Asia: Update one.* Tata Energy Research Institute.
14. McGuire, J. W. (1963). Business and society.
15. Moir, L. (2001). What do we mean by corporate social responsibility?. *Corporate Governance: The international journal of business in society, 1(2), 16-22.*
16. Moir, L. (2001). What do we mean by corporate social responsibility?. *Corporate Governance: The international journal of business in society, 1(2), 16-22.*
17. Wood, D. J. (1991). Corporate social performance revisited. *Academy of management review, 16(4), 691-718.*
18. Annual report of State bank of India year 2011-12, 2012-13, Annual report of NTPC 2011-12, Annual report of Tata Trust 2010-11
19. Official website of ministry of corporate affairs.
20. Websites of various companies and foundations.

Websites

www.sebi.gov.in, www.bhel.com, www.sail.co.in, www.iocl.com, Wikipedia.org.