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Corporate Social Responsibility and Sustainability are they inter-related? : A study

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Abstract

India is a country of myriad contradictions. On the one hand, it has grown to be one of the largest economies in the world, and an increasingly important player in the emerging global order, on the other hand, it is still home to the largest number of people living in absolute poverty (even if the proportion of poor people has decreased) and the largest number of undernourished children. What emerges is a picture of uneven distribution of the benefits of growth which many believe, is the root cause of social unrest. The last three decades have witnessed a lively debate over the role of corporations in society. Although businesses have started to acknowledge the importance of CSR, and a wide variety of initiatives have come to light (Nelson, 2004), the recent spate of corporate scandals, accounting frauds, allegations of executive greed and dubious business practices have given ammunition to critics who have levelled a variety of charges, ranging from deception (Lantos, 1999), and manipulating perceptions (Wicks, 2001), to piecemeal adhocism (Porter & Kramer, 2002). Today's climate of heightened scrutiny towards corporate behaviour (Raar, 2002; Waddock, 2000) under scores, perhaps as never before, the need for conceptual robustness to guide CSR engagements undertaken by firms. This paper is a humble attempt to study the relationship between CSR and Sustainability.

Keywords: Corporate social responsibility, Sustainability, India, Firms.

Introduction:

In India, the recent enacted Companies Act, 2013 made the CSR obligatory with clear cut guidelines for its implementation. The Section 135 of Schedule VII of the Companies Act, as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014

became effective from April 1, 2014 and provided the list of CSR activities to be undertaken and guidelines for its implementation. One of the activities is to ensure environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water. Environmental sustainability has now turned into the key issue for corporate economic growth, environmental management and community development. Ignoring environmental problems can lead to degradation and depletion of natural resources which could prove detrimental to both the corporate sector business and the society. The activities which are undertaken by the corporate and business houses for the societal welfare and also for ensuring healthy environment fall under the ambit of Corporate Social Responsibility (CSR). In the past CSR activities were taken in philanthropic and charity mode which has now become the mandatory for corporate industries. According to Indian Institute of Corporate Affairs, a minimum of 6,000 Indian companies will be required to undertake CSR projects in order to comply with the provisions of the Companies Act, 2013 with many companies undertaking these initiatives for the first time. Further, some estimates indicate that CSR commitments from companies can amount to as much as 20,000 crore INR.

Objectives:

1. To understand the concept of Corporate Social Responsibility.
2. To study sustainability in the context of CSR activities in India.

Corporate social responsibility (CSR)

Different organizations have framed different definitions about CSR - although there is considerable common ground between them. Today corporate leaders face a dynamic and challenging task in attempting to apply societal ethical standards to responsible business practice (Morimoto et al., 2005). Nowadays corporate social responsibility is an integral part of the business vocabulary and is regarded as a crucially important issue in management (Cornelius et al., 2008; Humphreys & Brown, 2008)

Corporate social responsibility is a concept whereby companies fulfil accountability to their stakeholders by integrating social and environmental concerns in their business operations (Tanimoto, Suzuki, 2005). Companies will necessarily have to take into account cultural

differences when defining their CSR policies and communicating to stakeholders in different countries (Bird, Smucker, 2007).

According to Ruževičius and Serafinas (2007), the image and reputation of organization in the social and environmental fields, affect consumers and customers more and more. The labour market is very competitive and qualified workers prefer to work for and to stay at those companies that do care about their employees.

Corporate social responsibility (CSR) has become an increasingly important aspect of doing business in the 21st century for most multinational corporations (MNCs). CSR in its broadest sense can be defined as “a view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization and a responsibility among a firm’s stakeholders to hold the firm accountable for its actions” (Chandler and Werther, 2014, p.6). CSR activities have also been described as “the actions a company initiates to further some social good beyond its own interests, going beyond compliance and exceeding legal obligations” (Jones and Jonas, 2011, p.65). These actions could include charitable endeavours, fair labor practices, mitigating harmful environmental impacts, fair trade, and sustainability practices such as reclaiming packaging material and minimizing water usage and waste products (Jones and Jonas, 2011)

What is sustainability?

There is no universally agreed definition on what sustainability means. There are many different views on what it is and how it can be achieved. The idea of sustainability stems from the concept of sustainable development which became common language at the World's first Earth Summit in Rio in 1992. The original definition of sustainable development is usually considered to be, “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” Bruntland Report for the World Commission on Environment and Development (1992)

Sustainable development and sustainability is also defined as , "A process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations" (The World Commission on Environment and Development)

"Sustainable development is a dynamic process which enables people to realise their potential and improve their quality of life in ways which simultaneously protect and enhance the earth's life support systems" (Forum for the Future)

Sustainability has often been defined as how biological systems endure and remain diverse and productive. But, the 21st-century definition of sustainability goes far beyond these narrow parameters. Today, it refers to the need to develop the sustainable models necessary for both the human race and planet Earth to survive. Sustainability is a balancing act. The United Nation's 1987 Report of the World Commission on Environment and Development: Our Common Future noted that sustainable development meets the needs of the present without compromising the well-being of future generations.

To achieve these lofty goals, humans will have to re-examine their policies on:

1. Environmental protection.
2. Social responsibility.
3. Economic practice.

Old models of consumption and industrialization will not support the world's growing population. If humans wish to have the water, materials and natural resources needed to thrive, a new approach to living is called for.

The first secret is a focus on the long-term. Sustainable businesses anticipate the future and act to create long-term strategic business models. **The second secret** of sustainable business is that long term success is based on how employees and customers act today. This is about the actions of executives. For example, this year, Richard Evans, president of PepsiCo for UK and Ireland has promised to be a "powerful agent of positive change" in the food and drinks sector. A major part of this involves a promise to "renovate the core of our business, by 2020 I want our profit and growth to be driven by healthier products." In the new lexicon, this is the world of choice architecture and choice editing. This is about the actions of customers. Companies will support customers who wish to act to recycle more, reduce food waste, save energy or eat well. This is the new world of corporate social marketing – mentioned by the marketing gurus Philip Kotler

and Nancy Lee in 2004 as the "best of breed" in CSR strategies by linking real social change with measurable commercial benefit.

The third secret of sustainable businesses: This focus on action leads naturally on to the third secret of sustainable business. Sustainable success is based on freedom to innovate within a strategic framework. People with an interest in your world are actively involved to help you achieve your purpose. Companies will increasingly define a sustainable business model that is fit for purpose for their business. Unilever have their vitality framework and Procter & Gamble have their sustainability report card.

The new approach to sustainable business is a commercial opportunity. The alternative is a business risk. So, if your current CSR model is based on compliance and an annual CSR report and your approach to business is based solely on short term financial targets, you may wish to look again. The world has turned. Sustainable business is here and it is here today. So here, in the new world, each of us uses our power for positive change. Where we live and where we work; in board rooms, committee rooms and living rooms, in homes and high streets, consumers and citizens, employees and shareholders are acting individually and together to create a stronger, richer world.

CSR and Sustainability

Sustainability (corporate sustainability) is derived from the concept of sustainable development which is defined by the Brundtland Commission as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" Corporate sustainability essentially refers to the role that companies can play in meeting the agenda of sustainable development and entails a balanced approach to economic progress, social progress and environmental stewardship.

CSR in India tends to focus on what is done with profits after they are made. On the other hand, sustainability is about factoring the social and environmental impacts of conducting business, that is, how profits are made. Hence, much of the Indian practice of CSR is an important component of sustainability or responsible business, which is a larger idea, a fact that is evident from various sustainability frameworks. An interesting case in point is the NVGs for social, environmental and economic responsibilities of business issued by the Ministry of Corporate

Affairs in June 2011. Principle eight relating to inclusive development encompasses most of the aspects covered by the CSR clause of the Companies Act, 2013. However, the remaining eight principles relate to other aspects of the business. The UN Global Compact, a widely used sustainability framework has 10 principles covering social, environmental, human rights and governance issues, and what is described as CSR is implicit rather than explicit in these principles.

Globally, the notion of CSR and sustainability seems to be converging, as is evident from the various definitions of CSR put forth by global organisations. The genesis of this convergence can be observed from the preamble to the recently released draft rules relating to the CSR clause within the Companies Act, 2013 which talks about stakeholders and integrating it with the social, environmental and economic objectives, all of which constitute the idea of a triple bottom line approach. It is also acknowledged in the Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by the DPE in April 2013⁵. The new guidelines, which have replaced two existing separate guidelines on CSR and sustainable development, issued in 2010 and 2011 respectively, mentions the following: “Since corporate social responsibility and sustainability are so closely entwined, it can be said that corporate social responsibility and sustainability is a company’s commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.”

Benefits of a robust CSR programme

As the business environment gets increasingly complex and stakeholders become vocal about their expectations, good CSR practices can only bring in greater benefits, some of which are as follows:

Communities provide the licence to operate: Apart from internal drivers such as values and ethos, some of the key stakeholders that influence corporate behaviour include governments (through laws and regulations), investors and customers. In India, a fourth and increasingly important stakeholder is the community, and many companies have started realising that the ‘licence to operate’ is no longer given by governments alone, but communities that are impacted by a company’s business operations. Robust CSR programmes meet the aspirations of communities; provide them with the licence to operate, maintain the licence, thereby precluding the ‘trust deficit’.

Attracting and retaining employees: Several human resource studies have linked a company's ability to attract, retain and motivate employees with their CSR commitments. Interventions that encourage and enable employees to participate are shown to increase employee morale

Communities as suppliers: There are certain innovative CSR initiatives emerging, wherein companies have invested in enhancing community livelihood by incorporating them into their supply chain. This has benefitted communities and increased their income levels, while providing these companies with an additional and secure supply chain.

Enhancing corporate reputation: The traditional benefit of generating goodwill, creating a positive image and branding benefits continue to exist for companies that operate effective CSR programmes. This allows companies to position themselves as responsible corporate citizens

CSR in India

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship.

The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. There is a lot of substantiation that affirms that organizations can do well by doing a good job.

A growing body of evidence assert that corporations can do well by doing good. Well-known companies have already proven that they can differentiate their brands and reputations as well as their products and services if they take responsibility for the well-being of the societies and environments in which they operate. These companies are practicing Corporate Social Responsibility (CSR) in a manner that generates significant returns to their businesses.

Figure 1: Top Five spenders and bottom five spenders of CSR in India in FY15

CORPORATES SHIRKING RESPONSIBILITY					
TOP FIVE CSR SPENDERS IN NIFTY			BOTTOM FIVE CSR SPENDERS IN NIFTY		
Company	Amount Spend	% of Net Profit	Company	Amount Spend	% of Net Profit
Reliance Ind	760.5	3.4	Idea Cellular	0	0
ONGC	495	1.5	Hero MotoCorp	2.4	0.1
Infosys	243	2	Punjab National bank	3.75	0.1
ITC	214.06	2	Kotak Mahindra Bank	11.34	0.6
NTPC	205.18	1.5	Lupin	12.6	0.7

Source: Company Annual Reports

From the above Fig.1, It can be observed that few companies have contributed a part of their profits towards CSR activities and a lot of the organisations are yet to take steps to spend a certain percentage of profits on CSR activities. This was the situation in the year 2015, let us move for ward and see what were the results in the year 2017.

India's Top 25 performers in 2017 are as follows: Tata Chemical, Tata Steel Ltd, Tata Power Company, Shree Cements Ltd., Tata Motors Ltd. , Ultra Tech Cement Ltd., Mahindra & Mahindra Ltd., ACC Ltd., Ambuja Cements Ltd., ITC Ltd., Coca- Cola India Pvt. Ltd., Bharat Petroleum Corporation Ltd., Infosys Ltd., Cisco Systems India Pvt. Ltd., Reliance Industries Ltd., Larsen & Toubro Ltd., Indian Oil Corporation Ltd., Hindustan Unilever Ltd., HCL Technologies Ltd., Hindustan Zinc Ltd., Steel Authority of India (SAIL) Ltd., GAIL (India) Ltd., Oil and Natural Gas Corporation Ltd., Vedanta Ltd., Jubilant Life Sciences Ltd.

Under the Companies Act, 2013 any company with a

1. Net worth of the company to be Rs 500 crore or more or
2. Turnover of the company to be Rs 1000 crore or more or
3. Net profit of the company to be 5 crore or more.

has to spend at least 2% of the last 3 years average net profits on CSR activities as specified in Schedule VII and as amended from time to time. The rules came into effect from 1 April 2014.

Further as per the CSR Rules, the provision of CSR is not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India. Further, the qualifying company will be required to constitute a CSR Committee consisting of 3 or more directors. The CSR Committee shall formulate and recommend to the Board, a policy which indicates the activities to be undertaken, allocate resources and monitor the CSR Policy of the company.

If the company did not spend CSR, it has to disclose the reason for not spending. Non-disclosure or absence of the details will be penalised from Rs 50,000 to Rs 25 lakh or even imprisonment of up to 3 years. India is the first country in the world to enshrine corporate giving into law.

Figure 2: Top five states contributing to CSR Activities in 2017

Top five states contributing to CSR Activities in 2017		
Sr.No.	Name of State	They account for 32 percent (or 629 projects) of all CSR projects and initiatives in India
1	Maharashtra	
2	Uttar Pradesh	
3	Tamil Nadu	
4	Karnataka	
5	Odisha	

Source: <https://yourstory.com/2018/03/9-emerging-trends-from-india-incs-csr-activities-in-2017/>

Fig.2, shows the Top five States that have contributed the highest amounts on CSR activities in the year 2017. Maharashtra State tops this list and has been leading in CSR contributions since consecutive three years.

Figure 3: State wise data for the number of activities and total expenditure spent on CSR in year 2017

State wise data for the number of activities and total expenditure spent on CSR in year 2017		
State	Number of CSR Programmes	Total Expenditure in crores
Madya Pradesh	51	42
Maharashtra	285	731
Manipur	2	1
Meghalaya	2	3
National Capital territory of Delhi	50	124
Odisha	75	22
Pondicherry	2	2
Punjab	6	1
Rajasthan	63	121
Sikkim	10	2
Tamil nadu	90	50
Telangana	33	15
Tripura	1	0
Uttar Pradesh	102	98
Uttarakhand	19	11
WestBengal	50	29

Fig.3 shows the Statewise Total Expenditure in crores and Number of CSR Programmes conducted.

CSR Activities of Some Indian Companies

Mahindra & Mahindra tops CSR list in India even as companies scale up operations

Key CSR Areas: Focus on the girl child, youth and farmers through programmes in the domains of education, public health and environment. Mahindra Pride Schools provide livelihood training to youth from socially and economically disadvantaged communities and have trained over 13,000 youth in Pune, Chennai, Patna, Chandigarh and Srinagar. M&M sponsors the Lifeline Express trains that take medical treatment to far flung communities. Then there's Project Hariyali, which has planted 7.9 .. 7.9 million trees till date, including four million trees in the tribal belt of Araku Valley. M&M has constructed 4,340 toilets in 1,171 locations across 11 states and 104 districts specifically for girls in government schools as part of Swachh Bharat Swachh Vidyalaya. Expenditure on CSR in the last fiscal was Rs 83.24 crore — 2% of PAT.

Flagship Programme: Set up by Anand Mahindra in 1996, Project Nanhi Kali supports the education of over 11 lakh underprivileged girls in ten states, providing material support (uniforms, bags, notebooks, shoes and socks) and academic support (workbooks, study classes). The key outcomes of the project include an increase in both enrolment of girls in schools and curtailing dropouts to less than 10% .

Tata Steel

Key CSR Areas: Education, healthcare, facilitation of empowerment and sustainable livelihood opportunities, preservation of ethnicity and culture of indigenous communities and sports. Initiatives run across ten districts in Jharkhand, Odisha and Chhattisgarh, covering nearly 500 core villages. Total spending in 2014-15 on CSR was Rs 171.46 crore, which is 2.04% of the average net profit of the last three fiscals.

Flagship Programme: Maternal and Newborn Survival Initiative (MANSI), a public-private initiative, is being implemented in 167 villages of the Seraikela block of Jharkhand's Seraikela-Kharsawan district since 2009. The project goals are to reduce child and infant mortality. MANSI has achieved improvement in all process and outcome indicators, such as reduction in neonatal mortality by 32.7%, reduction in infant mortality (up to the age of one year) rate by 26.5%, increase in institutional delivery from 58% to 81%. Based on the early evidence of

success and learnings from the MANSI project, Tata Steel is scaling up the project to cover 1,500 villages.

L&T

Key CSR Areas: Water and sanitation, education, healthcare and skill building. L&T partners with local governments on health programmes focused on reproductive health, tuberculosis & leprosy control, integrated counselling & testing centres for HIV/ AIDS. L&T's community health centres are located at Mumbai, Thane, Ahmednagar, Hazira, Vadodara, Coimbatore, Chennai, Lonavala and Kansbahal. L&T's Construction Skills Training Institutes (CSTIs), established in 1994, provide skills training to rural youth. In the last fiscal, L&T spent Rs 76.54 crore on CSR, amounting to 1.44% of the average net profit for the preceding three years.

Flagship Programme: L&T recently committed to the construction of 50 check dams in Talasari block of Palghar district in Maharashtra, taking the total number of check dams constructed over the years to 150. This will benefit over 75,000 villagers.

Tata Motors

Key CSR Areas: Education and employability (skill development). Most programmes are in the vicinity of manufacturing locations but employability programmes focused on building skill of youth in automotive trades are implemented across India. The company has created a CSR Committee of the board under the chairmanship of RA Mashelkar, which monitors CSR performance. It spent Rs 18.62 crore on CSR in 2014-15, despite reporting a net loss.

Flagship Programme: Learn, Earn and Progress (LEAP) for mechanic motor vehicle training, a year-long programme where theoretical learning is supplemented through 'on-the-job' exposure at service centres. Tata Motors' Dealers, implementation partners (NGOs and Technical Training Institutes) are partners. Dealers provide the training and contribute two-thirds of monthly stipend of the trainee while Tata Motors contributes the rest. The implementation partner provides theory training.

GAIL

Key CSR Areas: Supporting communities in multiple thrust areas like health, sanitation, education, skill development, livelihood, and environment. Through GAIL Utkarsh, the company has helped over 500 students from economically backward communities join India's premier engineering institutes. They are provided residential coaching programmes and given monthly scholarships once they get into IITs/NITs. The GAIL Institute of Skills (GIS) is also working ..

Flagship Programme: GAIL has established GIS which addresses the issue of unemployment and skill gap, by providing job-linked skill training to local youth of communities in and around its areas of operation

Bharat Petroleum

Key CSR Areas: Quality education (strengthening primary, secondary education and empowering teachers), water conservation, skill development (employment linked skill training to the underprivileged with an inclusive approach for women, unemployed youth and persons with disabilities), health/hygiene and rural development. In 2014-15, BPCLBSE -2.07 % had a CSR allocation of Rs 76 crore, of which it spent Rs 33.95 crore. The balance has been ..

Flagship Programme: Project BOOND, which has evolved from the construction of rain water harvesting structures to making villages drought-free. It began with four villages in Maharashtra, which were along BPCL's product pipeline. In the past 6 years, it has been extended to over 140 villages in Maharashtra, Tamil Nadu, Karnataka, Rajasthan, Uttar Pradesh and Andhra Pradesh, making them water positive. In 2014-15, 40 villages were made water positive by creating 7 Crore liters of water.

CSR Trends in India

FY 2015-16 witnessed a 28 percent growth in CSR spending in comparison to the previous year. Listed companies in India spent US\$1.23 billion (Rs 83.45 billion) in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation. The Prime Minister's Relief Fund saw an increase of 418 percent to US\$103

million (Rs 7.01 billion) in comparison to US\$24.5 million (Rs 1.68 billion) in 2014-15. The education sector received the maximum funding of US\$300 million (Rs 20.42 billion) followed by healthcare at US\$240.88 million (Rs 16.38 billion), while programs such as child mortality, maternal health, gender equality, and social projects saw negligible spend. Projects implemented through foundations have gone up from 99 in FY15 to 153 in FY16 with an increasing number of companies setting up their own foundations rather than working with existing non-profits to have more control over their CSR spending.

CSR in Reality

Companies, businesses and society are more connected and interactive today than ever before. Corporations are more aware of their role towards the society. They are expected to be responsible bodies with a sense of duty towards common resources and the environment and there is a growing realisation that they, as an integral part of this society themselves, can contribute towards development.

Corporate Social Responsibility (CSR) is expected to be integral to business today. It has also become the password to not only overcome competition but to ensure sustainable growth. It has been supported by the shareholders and stakeholders, by and large, encompassing the whole community. CSR in reality is the alignment of business operations with social values. It takes into account the interests of stakeholders in the company's business policies and actions. It focuses on the social, environmental, and financial success of a company--the so-called "triple bottom line"--with the aim to achieve social development while achieving business success. More importantly, CSR is the point of convergence of various initiatives aimed at ensuring socio-economic development of the community as a whole in a credible and sustainable manner.

Individual efforts and even just government effort is not enough to bring changes at a pace that it is actually needed. Fortunately, with the popularity of CSR, more and more companies now perform in non-financial arenas such as human rights, business ethics, environmental policies, community development, corporate governance, and workplace issues. Now, social and environmental performances are considered side by side with financial performance. From local

economic development concerns to international human rights policies, companies are being held accountable for their actions and their impacts. The belief among the companies is that every aspect of a corporation's CSR should be linked to corporate strategy by connecting it as tightly as possible to the company's unique capabilities and competitive context. Infosys is an interesting example of this new-age CSR. The company is utilising its core competence in the area of technology to bring larger good to the community. We also have the ITC group whose socio-forestry initiative and e-choupal is an excellent paradigm where CSR and business have created harmonious associations. The cynic would however argue that 70% of ITCs revenues still come from tobacco and wonder whether its CSR is just a smokescreen.

Some companies, though fewer in number, are realising the advantages in linking corporate strategy with CSR. In order to work out a comprehensive plan for its not-for-profit initiatives, the Tata group has instituted the Tata Council for Community Initiatives--a central body that acts as a facilitator for the entire group's social initiatives. While the Tata group companies may continue to provide health services, education and other tangible benefits, its focus is more on building self-reliant communities, and working towards sustainable livelihoods. However after Singur and Kalinganagar even the fair name of the Tata group is sometimes controversial.

Mahindra & Mahindra is one such company that decided in its 60th year to donate 1% of profits after tax (around Rs 1.3 crore as per figures shown) into CSR. Its activities include the K.C. Mahindra Education Trust, which promotes education at various levels and Nanhi Kali, a programme aimed at helping the under-privileged girl child at the Mahindra Foundation, the midday meal program in AP and Rajasthan, and Affirmative Action through Mahindra Pride Schools. The Foundation has constituted a CSR Council, with members being the heads of all its businesses from tractors to holiday homes. It has also the ESOPS program--"Employee Social Options" and not just a stock option--promotes volunteering and works in partnership with Naandi Foundation and other organizations. For all these current initiatives, Mahindras were awarded the FICCI--SEDF award 2007, one of the first CSR awards in the country that includes a 360 degree reality check by the civil society who meet up with trade unions, Govt representatives, employees etc before presenting its findings to an eminent jury.

Conclusion:

CSR is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas such as:

1. Eradicating hunger, poverty & malnutrition
2. Promoting educating
3. Improving material & child health
4. Ensuring environmental sustainability
5. Protection of national heritage
6. Measures for the benefit of armed forces
7. Promoting sports
8. Contribution to the Prime Minister's National Relief
9. Slum area development etc.

CSR has moved from being a public relations tool or a feel-good factor to a key parameter to keep companies open and transparent. It now no longer stands in isolation but has become a part of good Corporate Governance policies. The reality today is that companies are taking the issues of 'reputational risk' very seriously and it is no longer seen as an option. Most CSR models are based on the principle that goodwill earned from the stakeholders leads to benefits to the corporation. This in turn enables the corporation to further enhance stakeholder value.

In the traditional paradigm, most corporate bodies viewed CSR as the extension of a financial input for a humanitarian cause. However, the contemporary context is more complex. A company that undertakes activities aimed at communities (be they philanthropic, social investment or commercial initiatives) but does not comply with ethical business practice cannot be termed socially responsible. Corporate Responsibility is increasingly becoming an important aspect of corporate behaviour. Corporate contribution to society, environment and business when guided by enlightened self-interest improves quality of life for all. Effective corporate

responsibility requires a good level of commitment from the entire organisation and especially the top management who can ensure that not only is CSR practiced but also that it is practiced well. There is also the eco-social perspective. The proponents of this perspective are the new generation of corporations and the new-economy entrepreneurs who created a tremendous amount of wealth in a relatively short span of time. They recognise the fact that social and environmental stability and sustainability are two important prerequisites for the sustainability of the market in the long run. They also recognize the fact that increasing poverty can lead to social and political instability. Such socio-political instability can, in turn, be detrimental to business, which operates from a variety of socio-political and cultural backgrounds. Seen from the eco-social perspective, corporate social responsibility is both a value and a strategy to ensuring the sustainability of business. It is a value because it stresses the fact that business and markets are essentially aimed at the well-being of society.

It is a strategy because it helps reduce social tensions and facilitate markets. Companies tend to give away financial resources to NGOs or organizations or charities and this continues to be the favoured route. Others set up their own in-house foundations such as Infosys and Wipro. India evolved a tradition of 'Trusteeship' propounded by Mahatma Gandhi and this was later adopted by corporate leaders such as GD Birla and Jamnalal Bajaj. These were initiatives pre-independence. Some of these CSR experiments have succeeded in the establishment of excellent institutions such as Indian Institute of Science, TIFR, TISS by the Tatas, BITS Pilani by Birla's, and the Jamnalal Bajaj Institute by Bajaj. GlaxoSmithline Consumer Healthcare works to support a large number of partnerships spread across the country with issues such as reducing of infant & maternal mortality, access to health care for tribal communities, breast cancer awareness for low income communities, school education for dropouts, etc. During Emergencies such as Tsunami and the recent Bihar floods it distributed material in kind such as Crocin, biscuits as well as donation of office infrastructure. It recognizes that NGOs and local partners are some of the best ways of quickly reaching the affected communities and has worked with a large number of respected organizations including Gandhian ones. In the traditional paradigm, most corporate bodies viewed CSR as the extension of a financial input for a humanitarian cause. However, the contemporary context is more complex. A company that undertakes activities aimed at communities (be they philanthropic, social investment or commercial initiatives) but does not comply with ethical business practice cannot

be termed socially responsible. Corporate Responsibility is increasingly becoming an important aspect of corporate behaviour. Corporate contribution to society, environment and business when guided by enlightened self-interest improves quality of life for all. Effective corporate responsibility requires a good level of commitment from the entire organisation and especially the top management who can ensure that not only is CSR practiced but also that it is practiced well.

To create synergy, leaders from corporates, international agencies and governments should come together to assess the contribution businesses have made, can make.

And like Nelson Mandela once said, "Without question, businesses must respond for its own good, and what is good for them is invariably good for the community."

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