

PART- I

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CHAPTER - 1

INTRODUCTION

“We know only too well that what we are doing is nothing more than a drop in the ocean. But if the drop were not there, the ocean would be missing something”.

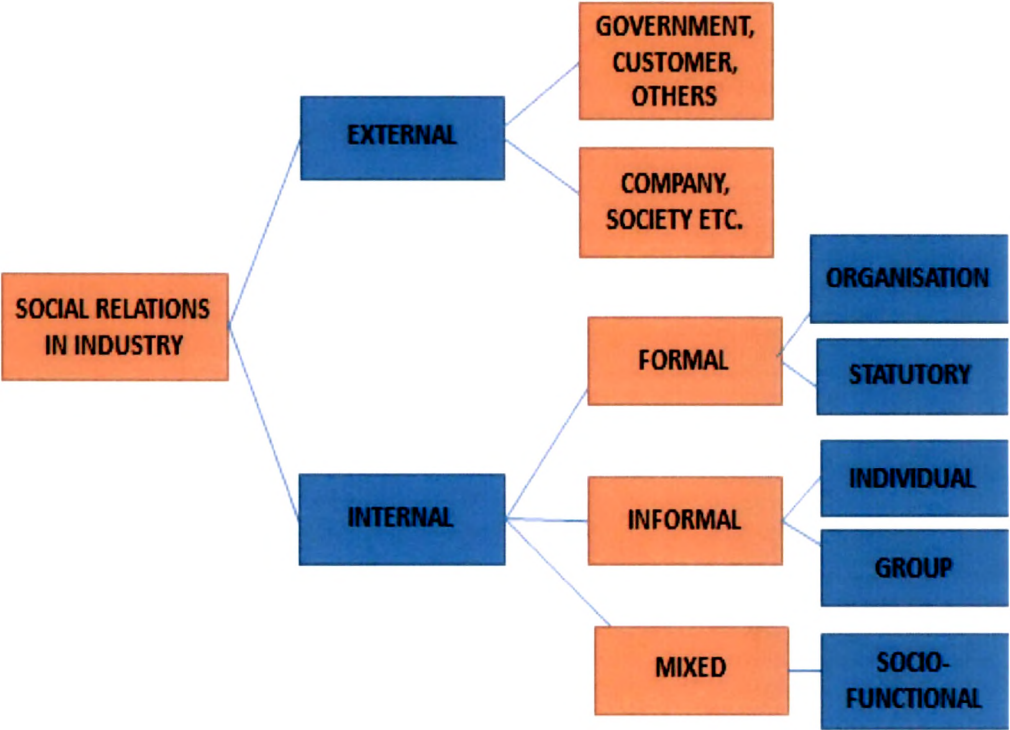
- Mother Teresa

The sociology of work goes back to the classical sociological theorists. Karl Marx, Emile Durkheim, and Max Weber all considered the analysis of modern work to be central to the field of sociology. Marx was the first social theorist to really examine the conditions of work in factories that were popping up during the industrial revolution, looking at how the transition from independent craftwork to working for a boss in a factory resulted in alienation and deskilling. Durkheim, on the other hand, was concerned with how societies achieved stability through norms, customs, and traditions as work and industry changed during the industrial revolution. Weber focused on the development of new types of authority that emerged in modern bureaucratic organizations.

The study of work, industry, and economic institutions is a major part of sociology because the economy influences all other parts of society and therefore social reproduction in general. It doesn't matter if we are talking about a hunter-gatherer society, pastoral society, agricultural society, or industrial society; all are centered on an economic system that affects all parts of society, not just personal identities and daily activities. Work is closely intertwined with social structures, social processes, and especially social inequality. At the macro level of analysis, sociologists are interested in studying things such as occupational structure, global economies, and how changes in technology lead to changes in demographics. At the micro level of analysis, sociologists look at topics such as the demands that the workplace and occupations place on workers' sense of self and identity, and the influence of work on families. No matter what society one lives in, all human beings depend on systems of production to survive. For people in all societies, productive activity, or work, makes up the largest part of their lives: it takes up more time than any other single type of behavior (1, A. 2013).

The process of globalization and the need for CSR is now changing the way in present economy and nations at large. As a result, the roles, relationships, demands and expectations of various stakeholders have changed. With the private sector becoming the primary driver of economies, they are beginning to hold great power to influence social development. At the same time, increased awareness and pressure from consumer groups is making demands on the corporate sector to commit to socially and ethically responsible business practices.

INDUSTRIAL RELATIONS



Source: Industrial Sociology, UB

Business cannot run without society or we can say no business exists in isolation. Society and its people are always directly or indirectly related to production and economy of the nation and world at large. Companies sell products and services to the consumers who are citizens of society or country and even workforce are also part of the community. Corporate Social Responsibility involves a commitment by a company to manage its various roles in society, as producer, employer, customer and

citizen in a responsible manner. How a company meets its corporate responsibility goals is influenced by its history, vision of the founder, culture, experience, philosophy and business laws and regulations.

1.1 THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

We all have a personal responsibility to each other and to the world around us. Everything we do has an effect on other people. It is also the same for businesses, large or small; public or private, or MNC. Their actions affect a large number of stakeholders. Such stakeholders include customers, shareholders, employees, suppliers and society in general. With growing scrutiny of business operations, organizations are increasingly being driven to satisfy the expectations of opinion formers, governments, customers, and communities in order to thrive (Thornton, 2008).

The relationships between business and society have been studied for decades influenced by the prevailing economic paradigm at a specific point in time (Moir, 2001). If the idea that business has duties towards society, and more specifically towards identified constituents (i.e., the stakeholders), is widely acknowledged, it is only since the 1950s and 1960s that society's expectations have dramatically changed and increased broadly (Carroll, 1999; Lantos, 2001).

Although the debate on CSR and the relationships between business and society and the implied responsibilities has been continuing till this present time, there is still no consensus on a commonly accepted definition of CSR (Carroll, 1991; Jones, 1995; 1999; McWilliams and Siegel, 2001). This may be due to the fact that people within and outside the field, less bother on the issue of literary translation, employ, promote and defend different interpretations that have emerged over the past decades. These range from Corporate Social Responsibility to Sustainable Development, from Business Ethics to Corporate Social Contract, from Corporate Accountability to Business in Society and from Corporate Citizenship to Corporate Governance. This variety of themes in itself is interesting and demonstrates the richness of the concept itself as well as the criticality of research (Carroll, 1999; Ougaard and Nielsen, 2002). Yet, this research area still lacks a 'common ground' which is accepted by the

majority and a necessary development to assert legitimacy, credibility and value of research on the social and environmental responsibilities of business towards society (Angelidis and Ibrahim, 1993; Lantos, 2001; Ougaard and Nielsen, 2002).

Therefore, the concepts express society's expectations as to the role and responsibilities of business, but none of them can actually be labeled as 'the' definition of CSR (ORSE, 2004). The concept of CSR by itself is also often put in relation to other concepts such as Corporate Social Responsiveness or Corporate (Social) Performance by academics. On the other hand CSR and/or Sustainable Development are considered central issues by business organizations and civil society's representatives, with the value of partnerships, i.e. stakeholders' involvement (Lépissier, 2001).

The essence of Corporate Social Responsibility is not about the talk or the plans, but the continuous improvements generated through corporate actions, where Corporate Social Responsibility is defined as actions and activities that improve and/or protect social welfare on a local or global level; and where Corporate Social Performance is the 'measurement' of the organizations overall performance in improving and protecting social welfare compared to their leading competitors in the industry, measured over a period of time (Luo and Bhattacharya, 2009).

Luo and Bhattacharya (2009) explained the difference between Corporate Social Responsibility and Corporate Social Performance, where "Corporate Social Responsibility initiatives are related to but different from Corporate Social Performance in several aspects: First, the former refers to firms' programs and investments in responsibility and/or sustainability, while the later represents stakeholders' assessment of the overall quality of those programs and investments (McWilliams and Siegel 2000). Second, the former captures the noncumulative, one-time involvement in corporate pro-social behaviors, while the later can be a proxy for a firm's cumulative, historical involvement in these behaviors (Barnett 2007, p. 797). Third, the former is a non-competition based construct, while the latter is relative to the competition in the industry. While firms invest in Corporate Social Responsibility initiatives; Corporate Social Performance, as the measure of firms' aggregated historical social performance relative to competition, is what stakeholders reward the

firms for and therefore, what is potentially linked to firm financial performance” (p. 201).

The definition of CSR was discussed in edition of The Wall Street Journal’s “Big Issues” forum series where Benjamin W Heineman, a senior vice president for law and public affairs at General Electric Co., described three elements of CSR –

1. Strong, sustained economic performance,
2. Rigorous compliance with financial and legal rules,
3. Ethical and citizenship actions beyond formal requirements, which advance a corporation’s reputation and long-term health (The Wall Street Journal, 2005).

“A Guide to Corporate Social Responsibility” has stated that the entirety of CSR can be discerned from the three words contained within its title phrase: ‘Corporate’, ‘Social’, and ‘Responsibility’.

- Corporate - means organized business;
- Social - means everything dealing with people, the society at large;
- Responsibility - means accountability between the two.

In other definition says “Social Responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization” (ISO 26000, 2008).

The most popularly used CSR definition by ‘The World Business Council for Sustainable Development’ is “Corporate Social Responsibility is 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” (WBCSD, 1998).

CSR is denoted by a number of other names such as corporate responsibility, corporate accountability, corporate ethics, corporate philanthropy, corporate

citizenship or stewardship, responsible entrepreneurship or responsible business, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability”.

1.2 CSR: DEFINITIONS AND OPINIONS OF VARIOUS ORGANIZATIONS

- **CSR Europe (2003):** Corporate Social Responsibility is the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organization and operations.
- **Business for Social Responsibility (BSR) (2003):** CSR is defined as “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment”.
- **International Labour Law (2007):** A way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.
- **Organization for Economic Co-Operation and Development (OECD) (2003):** Corporate Responsibility involves the ‘fit’ businesses develop with the societies in which they operate. The function of business in society is to yield adequate returns to owners of capital by identifying and developing promising investment opportunities and, in the process, to provide jobs and to produce goods and services that consumers want to buy. However, corporate responsibility goes beyond this core function. Businesses are expected to obey the various laws which are applicable to them and often have to respond to societal expectations that are not written down as formal law.

- **ISO 26000 (2011):** The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparency and ethical behavior that:
 - Contribute to sustainable development, including health and welfare of society,
 - Takes into account the expectation of stakeholders,
 - Is in compliance with applicable law and consistent with international norms of behavior,
 - Is integrated throughout the organization and practices in its relationship.
- **Amnesty International-Business Group (UK) (2002):** Companies have to recognise that their ability to continue to provide goods and services and to create financial wealth will depend on their acceptability to an international society which increasingly regards protection of human rights as a condition of the corporate license to operate.
- **The Corporate Responsibility Coalition (CORE) (2003):** As an ‘organ of society’, companies have a responsibility to safeguard human rights within their direct sphere of operations as well as within their wider spheres of influence.
- **The European Commission (2011):** CSR is “the responsibility of enterprises for their impacts on society”. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their Corporate Social Responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large identifying, preventing and mitigating their possible adverse impacts.
- **Novethic (2003):** Linked to the application by corporations of the sustainable development principle, the concept of CSR integrates three dimensions: an economic dimension (efficiency, profitability), a social dimension (social

responsibility) and an environmental dimension (environmental responsibility). To respect these principles, corporations must pay more attention to all the stakeholders which inform on the expectations of civil society and the business environment.

- **The Canadian Centre for Philanthropy (2010):** CSR is “a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts”. This definition therefore provides the link between the decisions tied to the social responsibility and “the business” derived from the respect of the lawyer instruments, the population, the communities, and the environment.
- **Unilever (2003):** We define social responsibility as the impact or interaction we have with society in three distinct areas: (i) voluntary contributions, (ii) impact of (business’s direct) operations, and (iii) impact through the value chain.
- **World Bank (2003):** The World Bank defined CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families, local community and society at large to improve the quality of life in ways that are both good for business and good for development.
- **Wikipedia (2007):** CSR is a concept that organizations, especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations”. It further clarifies that this obligation extends beyond the corporation’s statutory obligation to comply with legislation. Therefore, most of what is called the ‘license to operate’ or legal argument for CSR would not pass the test for CSR.
- **The Institute of Directors-UK (2002):** CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they

have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment.

- **Harvard Kennedy School (2008):** Corporate Social Responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm.

1.3 CSR: DEFINITIONS AND OPINIONS OF VARIOUS INTERNATIONAL SCHOLARS

- **Bowen (1953):** CSR 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.
- **Carroll (1979):** The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time.
- **Davis and Blomstrom (1966):** Social responsibility refers to a person's obligation to consider the effects of his decisions and actions on the whole social system.
- **Frederick (1960):** Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.

- **Friedman (1962):** There is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.
- **Jones (1980):** Corporate Social Responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.
- **Mallen Baker (2003):** CSR is about how companies manage the business processes to produce an overall positive impact on society.
- **Warren Buffett (2012):** Companies need to throw their full weight behind sustainability strategies and consider the impact of all their actions on the environment. "Taking shortcuts is not the pathway to achieving sustainable competitive advantage, nor is it an avenue toward satisfying customers". "It takes 20 years to build a reputation and five minutes to ruin it".
- **McIntosh et al (1998):** Corporate citizen is concerned with the relationship between companies and society both the local community which surrounds a business and whose members interact with its employees and wider increasingly worldwide community which touches every business through its products, its supply chain, its dealer network, its advertisement and so on.
- **McWilliams and Siegel (2001):** CSR is defined as "Situations where the firm goes beyond compliance and engages in 'actions that appear to further some social good, beyond the interests of the firm and that which is required by law'".
- **Michael McComb (2002):** The notion of companies looking beyond profits to their role in society is generally termed Corporate Social Responsibility. It refers to a company linking itself with ethical values, transparency, employee relations, compliance with legal requirements and overall respect for the

communities in which they operate. It goes beyond the occasional community service action, however, as CSR is a corporate philosophy that drives strategic decision-making, partner selection, hiring practices and, ultimately, brand development.

1.4 CSR: DEFINITIONS AND OPINIONS OF VARIOUS INDIAN SCHOLARS CORPORATE HONCHOS AND LEADERS

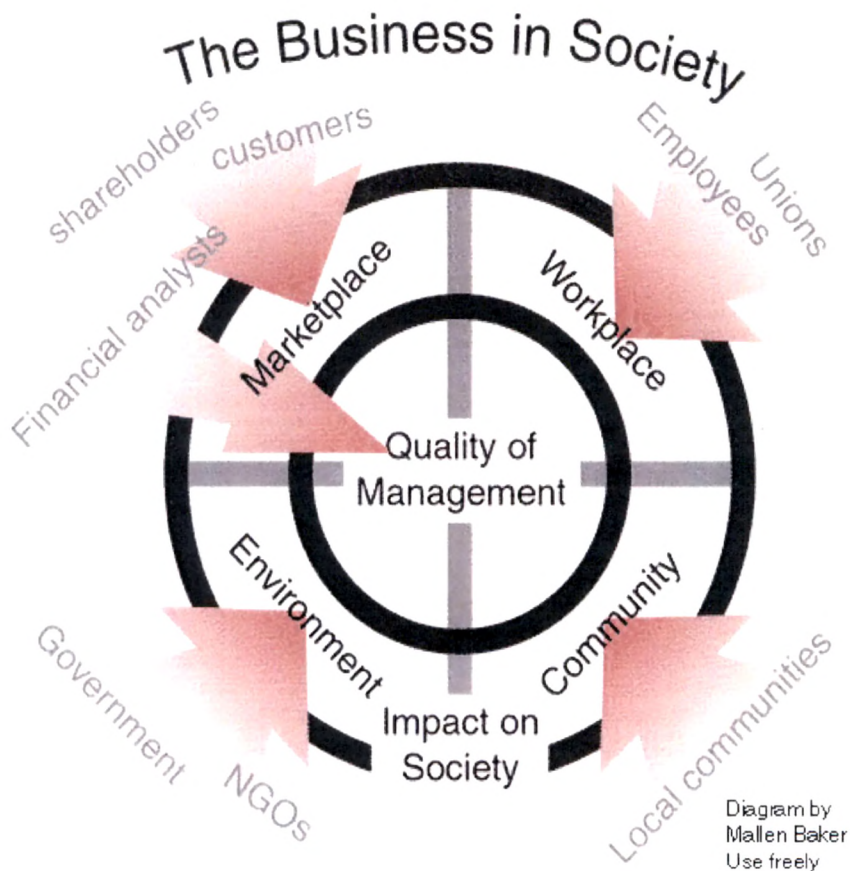
- **Dr. Abdul Kalam, Former President of India (2012):** Sustainable development refers to a mode of human development in which resource use aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for the generations to come.
- **Azim Premji, Chairman of Wipro Limited (1998):** Corporate Social Responsibility aims at fundamental social development. In Indian context, it means an attempt to realize the vision of a just, humane and equitable society and when every action, however small, is driven by this larger vision, that is real social action.
- **Anil Agarwal, Vedanta Group, Chairman (2013):** Each of us is doing exactly what we're supposed to do. I am doing the best in my position just as another person is doing the best in his. When we give back to society, we must think about the betterment of society and not about getting brownie points with God. After all, even our mythological epic teaches us to help the society without expecting things in return.
- **Indu Jain, Chairperson, The Times Group (2013):** Corporate Social Responsibility Practices in India sets a realistic agenda of grassroots development through alliances and partnerships with sustainable development approaches. At the heart of solution lies intrinsic coming together of all stakeholders in shaping up a distinct route for an equitable and just social order.

- **J.R.D. Tata, Founder of Tata Group (2012):** The wealth gathered by Jamsetji Tata and his sons. The whole of that wealth is held in trust for the people and used exclusively for their benefit. The cycle is thus complete; what came from the people has gone back to the people many times over.
- **Ratan J. Tata, Chairman, Tata Group (2012):** The developing world has two options. The first is to sit back and react only when the problems arise. The second is to act as conscious citizens and rise above our vested interests for the sake of future generations, so that history does not record that we deprived them of their livelihood.
- **Narayana Murthy, Infosys Founder (2012):** 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.
- **Rajashree Birla, Chairperson, The Aditya Birla Centre for Community Initiatives and Rural Development (2012):** CSR is to actively contribute to the social and economic development of the communities in which we operate. In so doing, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.
- **Sachin Pilot, Minister of Corporate Affair (2013):** “As important actors in national and global economies, Corporates enjoy and capitalize on natural, social, human and economic resources. They need to look beyond shareholder value and make sustainability a core driver of their strategy. This is important to embed entrepreneurship more firmly into social realities of the day, to ensure that they use these resources judiciously and without discounting prospects of the future generations”.

Baker (2004) stated that the definitions have framed by various organizations, although there is considerable common ground between them. Companies need to answer to two aspects of their operations.

1. The quality of their management - both in terms of people and processes (the inner circle).
2. The nature and quantity of their impact on society in the various areas.

It is noticed, outside stakeholders are taking an increasing attention in the activity of the company. Most look to the outer circle - what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in terms of how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused as well as past financial performance - on quality of management as an indicator of likely future performance.



1.5 THE HISTORY AND DEVELOPMENT OF CSR: GLOBALLY

The history of CSR is as old as the history of business itself, even though the concept was not formally formulated until recently. Even then as we saw in the review of the

meaning of CSR, the concept is still evolving and there isn't complete agreement as to what the concept is all about. Victorian Philanthropy could be said to be responsible for considerable portions of the urban landscape of older town centers today. In the global context, the recent history goes back to the seventeenth century when in 1790s, England witnessed the first large scale consumer boycott over the issue of slave harvested sugar which finally forced importer to have free-labor sourcing.

The emergence of large corporations during the late 1800's played a major role in hastening movement away from the classical economic view. As society grew from the economic structure of small, powerless firms governed primarily by the marketplace to large corporations in which power were more concentrated questions of responsibility of business to society surfaced.

We can divide the history on CSR into two broad periods (Spring 2007):

- Before 1900 and
- From 1900 to present

1.5.i CSR: Before 1900

The history of social and environmental concerns about business is as old as trade and business itself. It is studied that laws to protect forest and commercial logging operations can both be traced back almost 5,000 years. Around 1700 BC, King Hammurabi of Ancient Mesopotamia is known to have introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens. Meanwhile, history has equally recorded the grumblings of Ancient Roman senators about the failure of businesses to contribute sufficient taxes to fund their military campaigns. In 1622 disgruntled shareholders in the Dutch East India Company, are said to have started issuing pamphlets complaining about management secrecy and "self-enrichment" (BRASS Centre, 2007).

Talking to individuals, thinkers and business people in Africa, it is found out that the CSR concept is very much part of their business history. The research showed that hunters in the Southern Cameroons, as well as other parts of Africa were expected to bring part of their catch to the chief (traditional rulers). Farmers in Eastern Nigeria

(Igboland) brought their first harvest for the famous communal “New Yam Festival”. Professional craftsmen were seen as custodians of history and many of their artworks were kept in the palaces of the chiefs (they were not paid for such pieces of art).

In all parts of Africa found out that vital professionals such as doctors were not allowed to charge exorbitant fees for their services. In fact their fees were normally so nominal that no one was unable to pay. All these point to the fact that in traditional African societies, businesses were seen first and foremost as providing benefits for the whole society, and the individual businessperson came only second place.

A parallel view of business is presented in the Bible, where there is condemnation for charging interests on debts. In addition, Jesus in some of his parables, such as the Prodigal Son and the Good Samaritan, exemplifies the sharing of wealth. The beatitudes too also foster that sense of community. Indeed, CSR can be seen as a very Christian concept. Many of the social teachings of the Catholic Church support CSR. The concern on the part of the Catholic Church for the poor and underprivileged has continued even to the 20th and 21st centuries. For example the most recent Popes John of Business and Public Policy History of CSR (Benedict XVI and his predecessor, John Paul II) are known to be supporters of corporate philanthropy. The Catholic Church in Latin America developed “Liberation Theology” in the 1960s to address the social needs of the ‘wretched of the earth.’ Although the theology later ran into conflict with Church authorities in Rome because of its use of Marxist theories, it emphasized the fact that Christ had a ‘preferential option for the poor.’ The Catholic Church also supports sustainable development, a concept which we earlier saw to be closely linked with CSR. With rapid industrialization, the impacts of business on society and the environment edged an entirely new dimension. The “corporate paternalists” of the late 19th and early 20th centuries used some of their wealth to support philanthropic ventures (BRASS Centre, 2007).

1.5.ii CSR: From 1900 to Present:

As early as the 1920s, discussions about the social responsibilities of business had evolved into what could be recognized as the beginnings of the “modern” CSR movement. In 1929, the Dean of Harvard Business School, Wallace B. Donham, commented in an address delivered at North Western University as: “Business started

long centuries before the dawn of history, but business as we now know it is new – new in its broadening scope, new in its social significance. Business has not learned how to handle these changes, nor does it recognize the magnitude of its responsibilities for the future of civilization” (BRASS Centre, 2007).

The concept of social responsibility that prevailed in the US during most of the history was fashioned after the traditional or classical economic model. The classical view held that a society could best determine its needs and wants through the marketplace. If the business is awarded on this ability to respond to the demands of the market the self-interested pursuit of that reward would result in society getting what it wants. Thus, the invisible hand of the market transforms self-interested into societal interest. Years later, when laws constraining business behavior began to proliferate it might be said that a legal model emerged. Society’s expectations of business changed from being strictly economic in nature to encompassing issues that have been previously at business’s discretion. Over time, a social model or stakeholder model has evolved. A modification of the classical economic model was seen in practice in at least three areas: philanthropy – contributions to charity and other worthy causes, voluntary community obligations and paternalism – appeared in many forms and one of the most visible was the company town (Georgeta Nae, 2008).

The notion of CSR assumes corporate behavior that goes beyond legal requirements. CSR is the detailed ‘issues’ which an organization may be taking into account when developing strategies and on which an organization exceeds its minimum required obligations to stakeholders (Johnson, 1999). Traditionally, these issues are both internal and external to the organization i.e. employee welfare, working conditions, green issues, products etc. Today, the Corporate Social Responsibility ‘handbook’ extends to human rights, workplace practices, globalization practices, corporate power, environmental impact, corruption, community affairs and effective stakeholder dialogue (Cowe, Porritt, 2002). By meeting its legal obligations, an organization should not necessarily assume socially responsible behavior

CARROLL PYRAMID OF CSR

The below pyramid of CSR is intended to illustrate that the total social responsibility is composed of distinct components that, when taken together, make up a whole. They

are not mutually exclusive. It is important to note that this pyramid and its definition represent a stakeholder model (Carroll: 2006, 41). Each of the four components of responsibility addresses different stakeholders in terms of varying priorities in which the stakeholders are affected.



Source: Carroll 2006

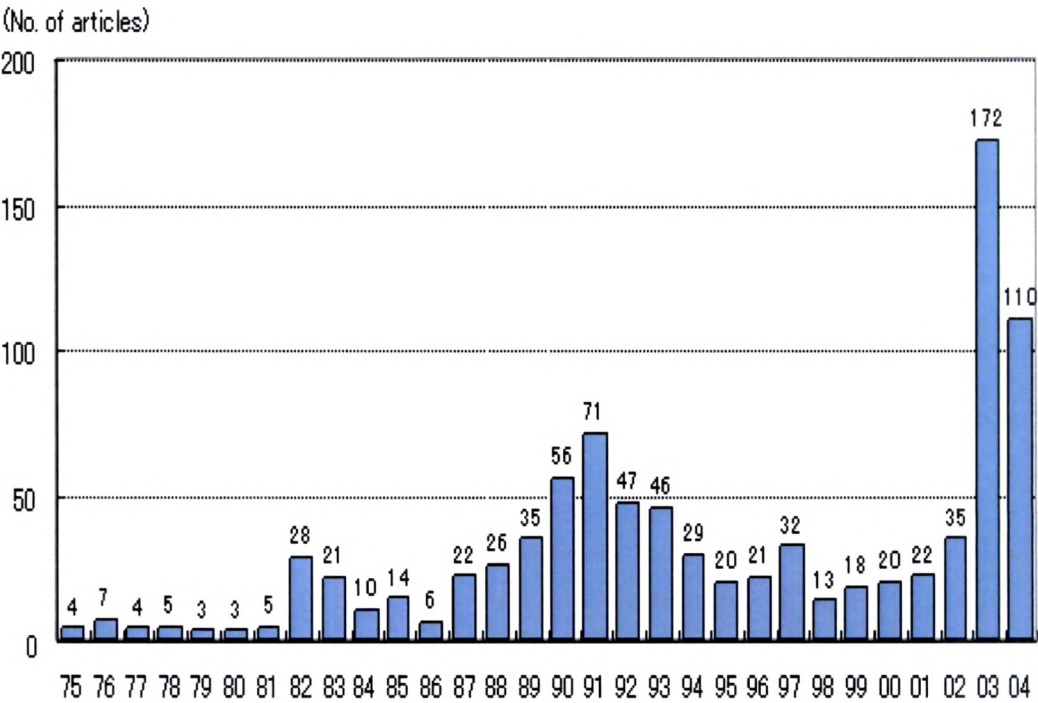
1.6 THE HISTORY AND DEVELOPMENT OF CSR: ASIAN COUNTRIES

Following are the examples of a few Asian countries' History and Development of Corporate Social Responsibility –

1.6.i Japan

Corporate Social Responsibility is both a new concept and an old one in Japan. While the English term has grown widespread in recent years, the concept itself has actually been debated in the Japanese context for almost 50 years. As the newspaper article count for CSR shows, CSR tends to engage the media roughly once every decade. This coincides with a repeating pattern among Japanese companies to commit abuses and scandals, followed by reflection and corrective measures (Figure - 1).

Figure - 1 Number of Newspaper Articles on CSR in Japan



Source: Compiled from Nikkei Telecom 21.

The five phases of evolution of Corporate Social Responsibility in Japan is shown below (Figure – 2)

Figure - 2 Five Phases of evolution of CSR in Japan

| Phase | Year | Description |
|----------|-------|--|
| Phase I | 1960s | Industrial pollution creates distrust of companies and anti-business sentiment Civic movements arise, problems resolved case-by-case. |
| Phase II | 1970s | Criticism of supremacy of corporate profits in post-oil shock era. Companies set up anti-pollution departments and foundations to return profit. |

| | | |
|------------------|--------------|--|
| Phase III | 1980s | Excess liquidity, bubble economy expands, land prices soar Corporate citizens practice philanthropy and mecenat (support for the arts). |
| Phase IV | 1990s | Bubble collapses, business ethics becomes a problem, global warming worsens Keidanren formulates Charter for Good Corporate Behavior Companies set up global environment departments, engage in social contribution. |
| Phase V | 2000s | Corporate scandals emerge, stakeholders face crisis SRI funds emerge, CSR ratings become widespread Companies establish CSR departments 2003 is recognized as start of CSR management era. |

Overview of the Five Phases of CSR (Masahiko Kawamura, 2004)

Phase I (1960s): During Japan's rapid growth era, as companies single-mindedly pursued profit, industrial pollution and other social problems emerged mainly in heavy and chemical industries. These included air and water pollution from factory waste water and sulfurous acid gas (causing the Minamata mercury poisoning and other diseases), food contamination (PCB poisoning in the Kanemi rice oil incident), and malformation of infants due to mothers using the sedative thalidomide during pregnancy. These incidents raised the issue of liability without fault, and triggered protest movements by residents and victims. A strong anti-business sentiment emerged that regarded companies as inherently evil. In 1967 the Basic Law for Environmental Pollution Control was enacted.

Phase II (1970s): A second land price surge occurred against the backdrop of the new plan to remodel the Japanese archipelago, and land speculation and rampant commodity speculation of trading companies became social issues. In particular, after the first oil shock of 1973, price hikes in the oil industry prompted opportunistic price hikes and market cornering elsewhere, causing inflation in daily necessities, while the problem of defective products also added to the anti-business sentiment. With the

single-minded pursuit of profit by companies under fire, the Diet also conducted intensive debate on runaway inflation. CSR was cited as part of a Diet resolution attached to the Commercial Code revision of 1974. Responding to corporate criticism at its peak in 1973, Keidanren (Japan Federation of Economic Organizations) proposed ideals for corporate NLI Research 6 2004.05.24 behavior. At the company level, new departments were set up to deal with pollution, and foundations were hastily formed to return some of the profits back to society. Another key development in 1973 was the introduction of the floating exchange rate system, which along with the above developments symbolized the end of Japan's rapid growth era. The self-righteousness that companies acquired from rapid growth as well as corporate criticism both culminated at this time, and companies subsequently had little choice but to recognize CSR. Incidentally, CSR also first appeared in that year's edition of the Encyclopedia of Contemporary Words.

Phase III (1980s): The CSR debate subsided rapidly from the late 1970s to the early 1980s, due in part to the voluntary restraint of companies in Phase II. But while CSR was downplayed, a spate of sokaiya racketeering occurred. Following the 1985 Plaza Accord and the yen's surge, Japanese companies began to expand operations overseas, ushering in the era of globalization. In particular, companies entering the U.S. market experienced a culture shock due to differences in corporate culture and lifestyles. Domestically, while excess liquidity was fueling the imminent bubble economy, Japan's low standard of living "rabbit hutch" dwellings, long work hours, and the unequal treatment of men and women raised social issues which directly involved companies and employees. In response, the idea of the "good corporate citizen" was introduced as companies actively financed social contributions in areas such as academics, the arts, welfare, and international exchange. The Japan Association of Charitable Organizations compiled the first edition of the Japan Directory of Grant-Making Foundations. In addition, corporate philanthropy and mecenat (support for the arts) flourished in the form of sponsored events and chair endowments. The Association for Corporate Support of the Arts was formed in 1989, and the Keidanren "1% Club" in 1990.

Phase IV (1990s): Land prices surged for a third time from the late 1980s as Japan's economy entered the bubble era, but plunged in 1991 when the bubble collapsed.

Companies suffered a series of blows in the post-bubble 1990s: Yamaichi Securities and Hokkaido Takushoku Bank fell into bankruptcy, Toshiba Machine violated COCOM regulations, and contract rigging scandals surfaced among construction companies. Distrust of Japanese companies swelled to international proportions. Keidanren was prompted to compile a Charter for Good Corporate Behavior, which can be interpreted as the prototype for today's CSR. Meanwhile, global warming, destruction of tropical rainforests, destruction of the ozone layer, and desertification were becoming serious global environmental problems. Two key developments symbolizing the response to environmental problems were the U.N. Conference on Environment and Development (UNCED) in 1992, and issuance of the ISO 14001 standard for environmental management systems in 1996.

Phase V (2000s): A new era of CSR began in 2000. Socially Responsible Investment (SRI) had reached Japan in the summer of 1999 with the emergence of Japan's first eco funds, and Japanese companies were bombarded with intrusive surveys by Western research agencies for SRI screening purposes. While eco funds initially focused on the environmental stance of companies, the scope of SRI gradually expanded to corporate governance and social contribution. Since the surveys influenced corporate valuations in capital markets, Japanese companies grudgingly complied. Meanwhile, a series of corporate scandals erupted including Snow Brand and Nippon Meat Packers, causing the scope of CSR to expand to corporate ethics, compliance, accountability, and disclosure. Ricoh became the first of several companies to set up a CSR department in 2003, and Japanese companies began to implement new CSR initiatives from the perspective of risk management and sustainability.

1.6.ii Malaysia

Malaysia is recognized as being among the most active emerging economies in relation to corporate responsibility. Companies in Malaysia have expanded their annual reports beyond the traditional reporting by incorporating elements of environmental, social, product and employee information. The Malaysian government's increasing focus on CSR has resulted in the development of several new initiatives. The most significant of these is still the "The Silver Book", published by the Putrajaya Committee for GLC Transformation (PCG) in September 2006. The

Silver Book contains CSR guidelines for Government Linked Companies (GLCs). Khazanah Nasional Berhad, a management authority for government investments, has the responsibility for monitoring that the GLCs implement CSR measures in accordance with the framework. However, there is no information on what possibilities for sanctions Khazanah holds if the guidelines are not followed. Moreover, in September 2006, Bursa Malaysia, the country's stock exchange, launched a framework for implementation and reporting of CSR activities by listed companies. In accordance with this, all listed companies are required to disclose their CSR activities, but it is stressed that all activity occurs on a voluntary basis.

In the above framework the CSR concept is used to describe actions that go beyond philanthropy or compliance with applicable laws. CSR describes the activities that safeguard the environment, communities, employees, shareholders and other affected parties' interests as an integral part of the operation, to the extent that it lays the foundation for long-term, sustainable value creation. Such an understanding of CSR corresponds largely with the Norwegian definition, as it emerges from Stortingsmelding.

In a recent Malaysian survey, CSR practices among local companies are regarded as something commendable when a significant number of activities have been reported for CSR purposes. The Global Compact Network Malaysia (GCNM) is a network that works to promote the United Nations Global Compact (UNGC) ten principles concerning human rights, rights of workers, the preservation of the environment and anti-corruption, among companies operating in Malaysia. Through this network, businesses are given opportunities to showcase their CSR activities internationally. It also functions as an arena for interaction with both NGOs and other businesses. By August 2010, 62 companies and organizations had joined the GCNM, of which the majority was multinational companies. DiGi Communications, in which Telenor has a controlling stake, is one of the companies that is affiliated with the network. As emphasized by GCNM, DiGi is the only Malaysian company that has signed the "Caring for Climate" initiative (Vision Care Foundation, 2012).

Activities pertaining to CSR in Malaysia are also based on seasons. Festive seasons, for example Eid al-Fitr (3) and the Chinese New Year, are the active seasons when

many companies, especially Bhumiputra (indigenous)-controlled companies give donations to the old and poor people as well as orphans. As most of these functions are normally made public by the media, it can be inferred that the purpose of CSR is to preserve and elevate a company's image and the argument can be made that companies follow CSR practices if they can get something in return.

1.6.iii Bangladesh

The current agenda for Corporate Responsibility (CR) in Bangladesh is driven by three factors, of which the main impetus for change is an increasing scrutiny of the local practices of subsidiaries of MNCs. The continuing incidents of pollution, exploitation, and increasing local appreciation and buy-in to world-class CR closely underpin the case for change to a wider adoption of CR practices. The increased social consciousness of western consumers, brought about through high-profile cases of corporate exploitation, has been a strong impetus for companies to focus on CR practices. This has placed pressure on local subsidiaries of international MNCs to be held accountable and responsible. One sector where this is increasingly evident is the garment sector in Bangladesh. Here companies tend to perform better on CR practices relative to other sectors, due to increased scrutiny and standard setting by their parent companies.

In Bangladesh, the ability to hold companies accountable has also been facilitated to some extent, by the significant growth in the number of local NGOs (non-governmental organizations). In 1970, it was estimated that there were around 40 NGOs operating in Bangladesh. By 1999, the figure was estimated at 22 000, of which around 150 are of foreign origin. In Bangladesh, as elsewhere in the world, out of the trend towards privatization and market liberalization policies, a discourse has emerged on the imperative for business to take up wider social responsibilities, which would both complement the role of the state and fill in the space created through possible retreat of the state.

An example of this is the HIV/AIDS (Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome) initiative kicked off in 1998 by FICCI (Foreign Investors' Chamber of Commerce and Industry) in Bangladesh and UNAIDS (the Joint United Nations Program on HIV/AIDS), so as to form a business coalition on

AIDS in the country. The imperative for CR is also the continuing evidence of issues and incidents relating to the wasteful use of scarce resources and pollution caused by industries, as well as by consumers in Bangladesh. Some examples of these include the struggle between shrimp farmers and rice growers over land usage, the deforestation of the Chittagong hill tracts due to gas and oil prospecting, and the pollution of the Gulshan-Baridhara Lake in Dhaka from the dumping of industrial waste from the Tejgaon, Badda, and Mohakhali industrial areas. These incidents have been reported in the international press as well as on international business and human rights websites, and have resulted in greater international and local demands for CR practices (Ritu Kumar, D.M., 2004).

1.6.iv China

The history of Corporate Social Responsibility in China has as many variations and understanding those variations and definitions is the key to realizing the assorted ways that companies and consumers have interacted in the past and how they will do so in the future. CSR has gained a critical mass of attention in China in the last half decade. ChinaCSR.com, an online publication started in 2003, reports on a wide variety of CSR programs, conferences, and publications in China for both Western and Chinese companies. But many researchers point either to China's opening up in the late 1970s or even to the Communist revolution of 1949 as the start of China's commitment to connecting the ascendancy of industry with the social good. For the former viewpoint, China's reforms in the 1980s and 1990s created an environment where businesses were held to higher standards and made to comply with new laws.

While perhaps there was some fearful hesitancy a few years ago within the Chinese government to fully embrace a more updated idea of CSR, such as additional costs to exports, the situation has now changed. Not only there are new proposed regulations that would require foreign companies to submit their own sustainability reports within China, but various sectors within the Chinese economy have embraced both domestic and international standards to help Chinese businesses to greater heights around the world. There has been a push recently to influence Chinese companies to comply with the International SA8000 standard for ethical workplace conditions, and in 2005, agencies in China worked with the European Union to formulate the China Social Compliance standard (CSC9000T) for the textile industry.

But while it is important to understand some of the varying ideas of how and when CSR developed in China, it is critical to understand where CSR is heading in the future. With Chinese firms like Haier, Lenovo, and Chery making advances into foreign countries, companies who were once reticent about embracing CSR as a business fundamental are now faced with a global supply chain that can easily cause havoc everywhere in the world if one small link is broken. Companies are proactively reaching out to engage government, consumers, investors, and suppliers in multifaceted initiatives to bolster legal compliance, create better brand equity, strengthen financial oversight, and ensure manufacturing principles.

The biggest CSR hurdles for Chinese companies will continue to be the same problems that plague their Western counterparts. First, as Chinese companies grow they will have more suppliers around the world. Each supplier is a potential weak point, and so continual oversight is necessary. Next, every company runs the risk of greenwashing. Finally, full commitment from a company's executive management and board of directors is intrinsic to encouraging Corporate Social Responsibility to be deeply ingrained in all the business processes. Even during recessions, companies must focus on the long-term benefits of CSR (Qiyue Shehui Zeren, 2009).

1.6.v Saudi Arabia

There are close to 10,000 firms registered in Saudi Arabia of which only 1% is joint stock companies. Among the Top 100 list of Saudi companies about 50% are listed on the Saudi stock market. In terms of size, the Saudi Arabian Market is the biggest in the Arab world, and ranks among the top 10 emerging markets. The most distinctive feature of the Saudi private sector is probably the extensive prevalence of family ownership within the top ranking companies. Government ownership is also evident among many of the Top 100 list of firms.

The term Corporate Social Responsibility has attracted considerable attention lately in Saudi Arabia particularly within regional business and media circles. In Saudi newspapers, the frequency of reporting on 'social responsibility' in connection with business increased seven-fold between 2005 and 2006. Issues such as employment, safe products, and environmentally friendly production methods beyond regulations are some of the well-publicized issues of this corporate social agenda. Further

expectations are seen in light of the opportunities for businesses to contribute to the development of the society in which they operate and benefit society in areas where Governments need to help. Increasingly Governments are seeking partnerships with business and civic society to work out solutions for these challenges. The mere fact that companies create jobs and wealth is in itself one of the key pillars for contributing to a healthy society in a market economy. Governments supposedly create the framework conditions for efficient operation and growth of private enterprises. This includes ensuring efficient market regulations, fair competition, protection of workers' rights and the environment. Companies working within the spirit of the law, focusing on core business and wealth creation are supposedly fulfilling their responsibilities (Tamkeen, 2007).

1.7 HISTORY AND DEVELOPMENT OF CSR: INDIA

The study reveals that in India, the term Corporate Social Responsibility might be new but the concept is not. It has been there since the earliest times, going back to an age when society itself was in its formative stages. It has been incorporated in the various religious laws where a part of one's earnings are donated for the benefit of the poor and community welfare. The Hindus call it 'Dharmmada', the Muslims 'Zakatah', the Sikhs 'Dashaant'; call it by different names, but the concept has been seen in the society from the very beginning. As individuals joined hands to form organizations, the same concept became embedded in the corporations or organizations (Baxi, et al 2005).

India has a rich history of close business involvement in social causes for national development. In India, CSR is known from ancient time as social duty or charity, which through different ages is changing its nature in broader aspect, now popularly known as CSR. From the origin of business, which leads towards excess wealth, social and environmental issues have deep roots in the history of business. India has had a long tradition of corporate philanthropy and industrial welfare has been put to practice since late 1800s. Historically, the philanthropy of business people in India has resembled western philanthropy in being rooted in religious belief. Business practices in the 1900s that could be termed socially responsible took different forms: philanthropic donations to charity, service to the community, enhancing employee

welfare and promoting religious conduct. Corporations may give funds to charitable or educational institutions and may argue that they are the great humanitarian deeds, when in fact they are simply trying to buy community good will. The ideology of CSR in the 1950s was primarily based on an assumption of the obligation of business to society (Richa & Anju, 2010).

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

Though Gandhian model and Nehru model still tends to exist but due to continuous impact of western culture the Friedman model can be more influential compared to all previous models. Now the CSR activities by corporates are not limited to families but they have become “Globally local”. In a survey done by IIM Bangalore more than 70% participants believe that social responsibility is not only a government role but it is also a corporate one and a very small proportion (17%) agrees that its social obligations are responsibility of government, not corporations. This is a strong indication that social responsibility is an integrated process which has to be implemented by government and corporate as well. Nearly 80% corporations suggest that the codes of conduct are necessary to encourage accountability and transparency. Both these responses suggest a significant variation from the Friedmanite view of “business being in business for business” (Sanjeev & Rohit, 2007).

1.7.i Gandhi's Theory of Trusteeship

Theory of Trusteeship is a socio-economic philosophy that was propounded by Mahatma Gandhi. It provides a means by which the wealthy people would be the trustees of trusts that looked after the welfare of the people in general. This concept was condemned by socialists as being in favor of the landlords, feudal princes and the capitalists. Gandhi believed that the rich people could be persuaded to part with their wealth to help the poor. Putting it in Gandhiji's words "Supposing I have come by a fair amount of wealth either by way of legacy, or by means of trade and industry, I

must know that all that wealth does not belong to me; what belongs to me is the right to an honorable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community." Gandhiji along with his followers, after their release from the prison formulated a "simple" and a "practical" formula where Trusteeship was explained (Wikipedia).

Gandhian economics is essentially the collection of Gandhi's thoughts on various economic systems. Any discussion on the role of the corporate in the society will remain incomplete without reference to the theory of trusteeship propounded by Mahatma Gandhi. Based on his deep understanding of the Indian society, Gandhi had propounded his philosophy which is different from the western concepts of capitalism or socialism. He had advocated for the system of trusteeship, which requires that property should be under the control of a private person, who should regard himself as its protector not its master. This is derived from the ideal of non-possession (Aparigraha) given in the Upanishad.

The theory of trusteeship visualizes economic equality in the ideal state. Based on the concept "In the world, there is enough for meeting every body's need but not greed", Gandhi had advocated that any superfluous wealth should be held in trust. Gandhi was not in favor of restricting growth of intellectual attainments of the people and wanted them to make full use of their talent in the interest of the community. Trusteeship is based on the change of heart or mindset of the rich property-owners for considering themselves not as the absolute lords of what they possess, but as the custodians of social wealth or trustees utilizing the property for the good of the whole community. Expressing his reservation on the capitalist system and concept of inheritance, Gandhi advocated that the choice of a trustee or successor should be subject to the final approval of the community. He had suggested that the state should make a law for checking of any misuse of trust property, regulating private property system, or confiscating it with minimum use of violence.

Gandhi's theory of trusteeship is often criticized as being utopian and not pragmatic in the contemporary society, where man's love for wealth is so ingrained that he may forget as to who had killed his father but not as to who usurped his property. Even

Jawaharlal Nehru had questioned “Is it reasonable to believe in the theory of trusteeship to give unchecked power and wealth to an individual and to expect him to use it entirely for the public good? Are the best of us so perfect as to be entrusted in this way?” Notwithstanding this debate, theory of trusteeship propounded by Gandhi will continue to be an important milestone in the history of Corporate Social Responsibility in the years to come (Panda, 2010). The philosophy of Trusteeship believes in inherent goodness of human beings. It involves the capitalists and landlords in the service of society without any element of coercion. It doesn't want the destruction of capitalists. Gandhi himself believed that their destruction would result in the end of the workers.

According to “Altered Images: the 2001 State of Corporate Responsibility in India Poll”, a survey conducted by Tata Energy Research Institute (TERI), the evolution of CSR in India has followed a chronological evolution of 4 thinking approaches (Poornima, 2011) -

1. Ethical Model (1930s –1950s): One significant aspect of this model is the promotion of “trusteeship” that was revived and reinterpreted by Mahatma Gandhi. Under this notion the businesses were motivated to manage their business entity as a trust held in the interest of the community. The idea prompted many family run businesses to contribute towards socioeconomic development. The efforts of Tata group directed towards the wellbeing of the society are worth mentioning in this model.

2. Statist Model (1950s –1970s): Under the aegis of Jawaharlal Lal Nehru, this model came into being in the post-independence era. The era was driven by a mixed and socialist kind of economy. The important feature of this model was that the state ownership and legal requirements decided the corporate responsibilities.

3. Liberal Model (1970s –1990s): The model was encapsulated by Milton Friedman. As per this model, Corporate Responsibility is confined to its economic bottom line. This implies that it is sufficient for business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends.

4. Stakeholder Model (1990s – Present): The model came into existence during 1990s as a consequence of realization that with growing economic profits, businesses also have certain societal roles to fulfill. The model expects companies to perform according to “triple bottom line” approach. The businesses are also focusing on accountability and transparency through several mechanisms.

By late 1990s, the concept was fully recognized; people and institutions across all sections of society started supporting it. This can be corroborated by the fact that while in 1977 less than half of the Fortune 500 firms even mentioned CSR in their annual reports, by the end of 1990, approximately 90 percent Fortune 500 firms embraced CSR as an essential element in their organizational goals, and actively promoted their CSR activities in annual reports (Boli and Hartsuiker, 2001).

After Independence, JRD Tata who always laid a great deal of emphasis to go beyond conducting themselves as honest citizens pointed out that there were many ways in which industrial and business enterprises can contribute to public welfare beyond the scope of their normal activities. He advised that apart from the obvious one of donating funds to good causes which has been their normal practice for years; they could have used their own financial, managerial and human resources to provide task forces for undertaking direct relief and reconstruction measures. Traditionally, it had discharged its responsibility to society through education, medical facilities, and scientific research among other objects. The important change at that time was that industry accepted social responsibility as part of the management of the enterprise itself. The community development and social welfare program of the premier Tata Company, Tata Iron and Steel Company was started the concepts of "Social Responsibility" (Gupta, 2007). The Gandhian notion of trusteeship has been followed by TATAs and BIRLAs ever since their inception.

The last decade of the twentieth century witnessed a swing away from charity and traditional philanthropy towards more direct engagement of business in mainstream development which concern for disadvantaged groups in the society. This has been driven both internally by corporate will and externally by increased governmental and public expectations. This was evident from a sample survey conducted in 1984 reporting that of the amount companies spent on social development, the largest sum

of 47 percent was spent through company programs, 39 percent was given to outside organizations as aid and 14 percent was spent through company trusts (Working Document of EU India CSR, 2001). In India as in the rest of the world there is a growing realization that business cannot succeed in a society which fails. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001).

In India, in the pre-independence era, the businesses which pioneered industrialization along with fighting for independence also followed the idea. They put the idea into action by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. The donations either monetary or otherwise were sporadic activities of charity or philanthropy that were taken out of personal savings which neither belonged to the shareholders nor did it constitute an integral part of business. The term CSR itself came into common use in the early 1970s although it was seldom abbreviated.

1.7.ii The Sources of the current concept of CSR

The current form of CSR emerged in the 1990s and represents a convergence of ideas and developments. The most significant source for the current CSR concept comes from concern over the environment. It is related to the idea of sustainable development, developed by the Brundtland Commission in the late 1980s and accepted by the Rio Earth Summit in 1992. Trade unionists played a major role in linking the environmental with the social during this period. They also succeeded in obtaining dimension to sustainability. This became an integral part of the sustainable development concept. One of the most important drivers of CSR is the idea that there is a "business case" for social responsibility. Behind this idea lies the widely accepted belief that measures that are good for the environment can also be good for the financial performance of a company.

Another aspect of the environmental influence on the concept of CSR was that the non-financial performance of an enterprise could be objectively measured, reported, audited and certified in ways similar to those that are used to measure, report, audit and certify the financial performance of a company. This thinking lay behind rapid

and widespread acceptance of the term “triple bottom line” which links the financial, environmental and social performance of companies.

Yet another aspect of the environmental influence was the ecological approach to social issues represented in the concept of “stakeholders”. Stakeholders are considered to be any person or group affected by the activities of an enterprise. Corporations are expected to approach social issues by identifying the “impact” of their activities, just as environmentalists demand that corporations identify the impact (the “footprint”) of their activities on the environment.

A second important source of the current concept of CSR can be traced to the consequences of liberalization, deregulation and privatization policies in the last 20 years. Embraced by governments seeking “low-cost, low-maintenance policy”, CSR fits in well with the growth of public private partnerships and the increasing use of NGOs as service providers for new forms of philanthropy. A widely held view was that, as business assumed more of the tasks that society had previously expected governments to perform, the expectations of business with respect to its social responsibilities would increase.

A third source of the current concept of CSR relates to the codes of conduct adopted by companies and meant to be applied to the labour practices of their suppliers and subcontractors. These “supplier codes” were a response to negative publicity related to exploitation and abusive labour practices in the production of famous brand-name goods. These codes raised questions as to how the companies that were adopting them could implement them – and how they could prove to the public that these codes were actually being respected. The search for answers to these questions motivated a lot of private standard- setting in the social area and led to the creation of an industry of private labour inspectors, or social auditors, as well as related multi-stakeholder initiatives which came to have a profound impact on the CSR phenomenon. The supplier codes were important to the evolution of the CSR concept because they addressed questions of business responsibility raised by two significant and long-term developments. The first was the impact of the new forms of business organization and relationships, brought about in large part by outsourcing and subcontracting. Increasingly elaborate international chains of production (value chains) were making

it easier for business to avoid its responsibilities at the same time that various pressures were making it difficult for many governments, especially in developing countries, to fulfill their responsibilities. A second and related development was the increasing importance of intangibles, including brand names and reputation, in determining the worth of an enterprise. The supplier codes became a means of “risk management” for brand reputation. Codes and management systems addressing other reputation risks, such as possible bribery and corruption scandals, were also developed. Risk management became one of the strongest components the business case for CSR and codes of conduct became a central feature of CSR.

Another source for the present concept of CSR is the incorporation of ideas drawn from human resource development (HRD) concerning the retention or training of the workforce. Existing thinking and practices in this area fit well with the CSR concept. Companies came to describe their HRD policies as an aspect of their social responsibility towards their employee “stakeholders”, and as evidence that they were taking the “high road” to being competitive. Industrial relations and collective bargaining are hardly ever mentioned, even where the subject is the company’s relations with its employees. Of course, the impact of successful employee retention on society is less significant for companies that outsource most of their work. Moreover, these kinds of HRD policy cannot have much of a role in low-skill, labour intensive industries operating in environments where basic human rights are not respected (Justin, D. 2003).

1.7.iii CSR Surveys

In the context of India, CSR studies were few and limited. Singh and Ahuja in 1983 conducted a study in India on CSR of 40 Indian Public sector companies for the years 1975-76 and found that 40 percent of the companies disclosed more than 30 percent of total disclosure items included in their survey. This study concluded that the Indian companies placed emphasis on product improvements and development of human resources.

According to a survey done by Partners in Change 2000, which covered 600 companies and 20 CEOs for judging Corporate Involvement in Social Development in India 85 percent agreed that companies need to be socially responsible; only 11

percent companies had a written policy; over 60 percent of the companies were making monetary donations; health, education and infrastructure were most supported issues. From 2000 onwards, 4 important surveys have been conducted, which give significant macro level conclusions about Indian corporate. The first and second surveys were carried out in 2001 and 2002 by Business Community Foundation for TERI-Europe. The survey sought to explore the perception of workers, company executives and general public about social, economic and environmental responsibilities. It was found that all companies irrespective of size or sector have awareness of CSR and its potential benefits. Many companies were collaborating with NGOs, have labor and environmental policy guidelines in place. A third survey was jointly conducted in 2002 by CII, United Nations Development Program (UNDP), British Council (BC) and Price Water Coopers (PWC). The most striking features of the responses to the survey is that the respondents are in near unanimity that CSR is very much a part of the domain of corporate action and the passive philanthropy is no longer sufficient. A significant proportion of respondents, recognize CSR as the mean to enhance long-term stakeholder value. The fourth survey, the Karmayog CSR Rating 2007-08 is for the largest 500 companies in India. Karmayog is a platform for the Indian non-profit sector providing research on CSR activities of Indian companies. It rated the 500 largest Indian Companies based on their CSR activities. The companies were rated on 0 to 5 levels based on criteria like products and services, reach of CSR activities, expenditure on CSR, harmful processes etc.

1.7.iv Karmayog CSR Study in India

Karmayog research (fourth survey) was kept as base and further research was extended to find out the current scenario of CSR activities in India. For this, firstly the social aspects by organizations like OHSAS, GRI, and ISO etc. were streamlined for compilation and better understanding. Then, a list of 500 companies taken by Karmayog from Dun and Bradstreet's 2006 edition of 'India's Top 500 companies' was made. Karmayog rated these companies on a '0-5' scale based on information from the company's website and latest annual report. Out of 500 companies, 229 companies got a '0' rating and thus were filtered out for not showing any CSR activity or producing cigarettes/tobacco products and liquor. For the rest 271 companies annual reports/CSR reports were downloaded and its content analysis was done. It was found that around 26 companies are reporting on environment in the

name of CSR. These were dropped out from the list, so a final list of 245 companies was obtained on which the further work was performed like downloading CSR related reports from the websites and studying the same, etc. The assessment of 245 companies was done by mapping their reported aspects against the 18 GRI social aspects which are globally accepted and most widely used. The GRI social aspects were clubbed as Society Performance Indicators, Human Rights Performance Indicators, Labor Practice and decent work Indicators, and Product Responsibility indicators. The CSR reports (245 companies) were thoroughly examined and its content analysis was done to find out the use of GRI aspects, CSR initiatives and special innovations. A binary code of '0' and '1' was allocated for 'not using' and 'using' the particular indicator respectively. The assessment was based on four criteria: the social indicators tracked by the company, the innovativeness in CSR on a 5 point scale, linkage of CSR initiatives to business, and focus area of CSR in each company.

It was observed that 46% companies got zero rating (no reporting), around 8% scored 3/5 and 4/5 Karmayog rating. Around 49% companies out of 500 largest Indian companies were reporting on CSR. Most of the companies report on donations, renovating schools in villages, mid-day meals etc. It is expected from a company to at least spend a minimum of 2% of income on CSR activities annually. But in most reports there is no mention of the amount spent in any of their balance sheets or annual reports. Well defined expenditure on CSR has been shown by very few companies. Companies reach for CSR activities was also unsatisfactory in the sense CSR activities of only 25% companies were for employees and rest were focusing on vicinity and society at large. Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc. believing that charity and philanthropy equals to CSR. Most companies use CSR as a marketing tool to further spread the word about their business, for instance, donation of a token amount to some cause on purchase of a particular product. The fact that companies are hiring advertising agencies for their CSR further highlights this. Companies hesitate to state the processes followed by them, the damage caused by these processes, and the steps taken to minimize this damage.

Very few companies have a clearly defined CSR philosophy. Most implement their CSR in an adhoc manner, unconnected with their business process. Most companies

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

According to Shrivastava and Venketeshwaran (2000) there are two extreme views - companies that comply with the laws of the country they operate in are considered as 'socially responsible'; in the other extreme view, the CSR activities of a company are considered as purely philanthropic, in which case money is given for charity without expecting anything in return.

The results suggest that CSR is often guided by the commitment of the top management. With compliance and enforcement slack, employee's care is just employers' benevolence, environment care and total quality management are driven by market forces and legislation, CSR is considered as an additional activity of Human relation and public relation department. CSR is qualitatively different from the traditional concept of corporate philosophy. It acknowledges the debt that the corporation owes to the community within which it operates, as a stakeholder in corporate activity. It also defines the business corporation's partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities (Jagdish Gulati, 2005).

The problems and issues that confront society today are too large and complex to be solved by government and NGOs alone. Sustainable solutions to society's problems can only be found through the collaboration and involvement of all who are part of it. Companies have tremendous strengths; they have extremely capable people, technology, access to money, the ability of geographical reach, etc. Thus Corporates are important stakeholders in society. Corporate Social Responsibility helps to define the contribution of a company beyond economic value and creating employment, and weighs this contribution against the damage done by the company through its products and processes (Karmayog, 2009).

The corporate India has focused their CSR activities across 20 states/UTs, out of which, Maharashtra received maximum attention from Indian industrialists for initiating their CSR activities with a share of 35.68%. It is followed by Gujarat (11.62%), Delhi (9.66%), Tamil Nadu (9.17%) and Andhra Pradesh (7.04%) among others.

Percentage of CSR activities among the Indian States

| Rank Share | CSR Areas | Percentage (%) |
|---------------|----------------------|----------------|
| 1 | Maharashtra | 35.68 |
| 2 | Gujarat | 11.62 |
| 3 | Delhi | 9.66 |
| 4 | Tamil Nadu | 9.17 |
| 5 | Andhra Pradesh | 7.04 |
| 6 | West Bengal | 6.71 |
| 7 | Karnataka | 6.55 |
| 8 | Rajasthan | 3.27 |
| 9 | Punjab | 2.13 |
| 10 | Uttar Pradesh | 1.96 |
| 11 | Orissa | 1.31 |
| 12 | Dadra & Nagar Haveli | 0.98 |
| 13 | Haryana | 0.65 |
| 14 | Kerala | 0.65 |
| 15 | Madhya Pradesh | 0.65 |
| 16 | Goa | 0.49 |
| 17 | Jharkhand | 0.49 |
| 18 | Assam | 0.33 |
| 19 | Chandigarh | 0.33 |
| 20 | Uttarakhand | 0.33 |

Source: ASSOCHAM Research Bureau

1.7. v New Company Bill 2013 on Corporate Social Responsibility

Very recently the new Company bill has passed by both the parliament houses. Under Companies Act, 1956 there is no provision for Corporate Social Responsibility but the Companies Bill, 2012 incorporates a provision of CSR under Clause 135. This Clause states that every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more during any financial year, shall constitute a CSR Committee of the Board consisting of three or more Directors, including at least one Independent Director, to recommend activities for discharging Corporate Social Responsibilities and the company would spend at least 2 per cent of its average net profits of the previous three years on specified CSR activities (India CSR, 2013). With the new legislation, India would possibly become the first country to have Corporate Social Responsibility spending through a statutory provision.

1.8 THE HISTORY AND DEVELOPMENT OF CSR: GUJARAT

1.8.i A Brief Sketch of Gujarat and its Industrial Development



Figure: State of Gujarat in India

Gujarat is one of India's most industrialized states maintains a variety of industries. The principal ones being general and electrical engineering, the manufactures of textiles, vegetable oils, chemicals, soda ash, and cement. New industries include the producers of fertilizers and petrochemicals.

Major resources produced by the state include cotton, peanuts, dates, sugarcane and petrol. The state is rich in calcite, gypsum, manganese, lignite, bauxite, limestone, agate, feldspar and quartz sand and successful mining of these minerals is done in their specified areas. Gujarat produces about 91% of India's required amount of soda ash and gives the country about 66% of its national requirement of salt. Chemical Industries in Gujarat count for more than 35% of Indian Chemical production. It is one of the most prosperous states of India, having a per-capita GDP significantly above India's average. Kalol, Khambhat and Ankaleshwar are today known for their oil and natural gas production. 'Dhuvaran' has a thermal power station, which uses coal, oil and gas. On the Gulf of Khambhat, 50 kilometers southeast of Bhavnagar, is the Alang Ship Recycling Yard (the world's largest). General Motors produces the 'Astra' car at Halol near Vadodara. Jalalpur is a large town of Gujarat, where several small and large textile industrial units have been established. Surat, a city by the Gulf of Khambhat, is a hub of the global diamond trade.

Global Prosperity Index 2012 released by the Legatum Institute finds Gujarat to be scoring highest on social capital in India. Gujarat is ranking 15th when it is compared among the 142 nations. It ranks alongside Germany and scores better than several developed nations. This is the recognition of the development in Gujarat under the leadership of Shri Narendra Modi, following the Mantra of 'Sabka Saath, Sabka Vikas'.

1.8. ii CSR Activities in Gujarat

Gujarat is known for its rapid industrialization, has also emerged as one of the most suitable platforms for launching Corporate Social Responsibility initiative. A study conducted by The Associated Chamber of Commerce and Industry of India (ASSOCHEM) is anything to go by, the state is the second most sought after by the India Inc. for the CSR play. It stands second with share of 11.62% in total CSR activities, while Maharashtra tops the chart with total share of 35.68%. Delhi (9.66%),

Tamil Nadu (9.17%) and Andhra Pradesh (7.04%) are the other states with the highest CSR activities.

Figure: Map of Gujarat



The study "India Inc. and CSR areas" further reveals that from the 300 Indian companies, which had been grouped under 18 broad sectors based on their economic activity, the maximum initiatives have been undertaken by almost 74 companies engaged in chemical sector, accounting for a share of 12.11%. The 62 companies in FMCG (Fast Moving Consumer Goods) and consumer durable space are placed at second position with a CSR initiative's contribution to the extent of 10.15%. With 53 companies, the textile sector occupied third place with effective CSR initiatives, contributing a share of 8.57%. Releasing the study report, ASSOCHAM president Sajjan Jindal said, "Out of the total 26 activities, community welfare perceived to be the top priority area on the corporate sector's list with a share of 21.93%" (Kumar Sachin 2009).

The government of Gujarat has, in its newly announced industrial policy, refrained from making Corporate Social Responsibility mandatory. It has also rechristened CSR

as "Wealth with Social Health". Previously the Gujarat government had made it mandatory for state-run public sector enterprises to contribute 30% of profit before tax for social causes as part of their CSR that is now optional in the new industrial policy. This report states that the policy now reads "Business entities should synergize with the state to improve social health in surrounding areas, so we intend to develop a flexible and optional arrangement between the state and business". Principal Chief Industrial Advisor R J Shah said, "Corporate Social Responsibility has been made optional in the new industrial policy" (CSR Asia, 2009).

In Vibrant Gujarat 2013 Summit, the Government of Gujarat was organized a Discussion Forum on "Corporate Social Responsibility: Moving from Dialogue to Action". Vibrant Gujarat is a biennial investors' summit held by the government of Gujarat, India. The event is aimed at bringing together business leaders, investors, corporations, thought leaders, policy and opinion makers; the summit is advertised as a platform to understand and explore business opportunities in the State of Gujarat. The business case for CSR is gaining momentum as companies around the world are realizing that what is good for the employees, their community and environment is also good for the business. The panel discussion was focused on importance of aligning CSR initiatives with business objectives and corporate values and hence, integrating corporate responsibility across the business functions and enhancing business reputation; necessity of proper auditing mechanism through which CSR initiatives could be measured and the role of government in providing necessary legislative support for promoting CSR further; making CSR an integral part of companies' way of doing business.

Mr. S Jagadeesan, IAS, MD, Sardar Sarovar Narmada Nigam Ltd. while discussing in the forum, said that "the Government can play an important role to aid the process of making resources available to the people in need. The government is trying to make the corporate sector as a partner in making the change". Mr. S. Jagadeesan stressed on highlighting the three main aspects:

1. The need to benchmark CSR activities,
2. Transparent reporting system, and
3. Third party auditing on the nature of CSR expenditure to ensure the use of CSR resources for intended purposes.

He recalled the fact that Gujarat has always been a pioneer in the CSR Activities even without any obligation from the government due to historical and cultural heritage. Even some of the most leading companies have been actively participated in the development of societies of Gujarat. For example, as part of Rs.10 million Corporate Social Responsibility project, India's largest private company, Mukesh Ambani-led Reliance Industries (RIL), has built a market and created a garden for commercial plants in a Gujarat village. The market, set up by Reliance as part of a project to develop the village Moti Khavdi in the state's Jamnagar district, will accommodate shops for eatables, vegetables, spices, clothes and cutlery and shoes. The shops will provide 46 hawkers a permanent place to sell their goods. A RIL spokesman said the project would give the village, some 350 km from here, a new look. Reliance group company Reliance Petroleum is setting up a 29-million-tonne per annum high-complexity petroleum refinery in the Jamnagar special economic zone. Moti Khavdi village is adjacent to the plant site.

1.9 THE HISTORY AND DEVELOPMENT OF CSR: VADODARA REGION

1.9. i A Brief Sketch of the Vadodara Region:



Figure: Map of Vadodara Region

| | |
|------------------------|---------------------------------------|
| District | Vadodara |
| State | Gujarat |
| Country | India |
| Zone | 21 |
| Ward | 21 |
| Total Area | 148.95km ² (51.51 sq mi) |
| Population (2012) | 1,602,424 |
| Rank | 24 |
| Sex Ratio | 919 Females per 1000 Males |
| Density | 10,335/km ² (26,770/sq mi) |
| Languages | Gujarati, Hindi, Marathi, English |
| Talukas | 12 |
| Literacy Rate | 81.21% |
| Nearest City | Anand, Bharuch |
| Legislature type | Municipality |
| Legislature Strength | 84 |
| Climate | Tropical Savana |
| Mayor | Shrimati Jyotiben Pandya |
| Municipal Commissioner | Ashwini Kumar |

Vadodara, also known as Baroda, is the third largest and most populated city in the Indian State of Gujarat, after Ahmedabad and Surat. Vadodara is also known as "Sanskari Nagari" because of its rich culture and traditions and is also an Industrial and Cultural capital of Gujarat. During the days of the British Raj, Baroda state was a Maratha Princely state ruled by the royal Gaekwad dynasty, entitled to 21 Gun Salute, and was one of the largest and richest Indian Princely states. Historical and archaeological findings date this place back to the 9th century when it was a small town called Ankottaka (present Akota) located on the right bank of the river Vishvamitri (whose name is derived from the great saint Rishi Vishwamitra). Ankottaka was a famous centre of Jainism in the 5th and 6th century AD. Some of the Akota bronze images can be seen in the Vadodara Museum. The city was once called Chandanavati after its ruler Raja Chandan of Dor tribe of Rajputs, who wrested it from the Jains. The capital had also another name "Virakshetra" or "Virawati" (a land

of warriors). Later on it was known as Vadpatraka or Wadodará, which according to tradition is a corrupt form of the Sanskrit word Vatodar means 'in the heart of the banyan tree'. It is now almost impossible to ascertain when the various changes in the name were made; but early English travelers and merchants mention the town as Brodera, and it is from this that the name Baroda is derived. Again in 1974 the name changed to Vadodara.

Vadodara is surrounded by the beautiful Lakshmi Vilas Palace and The Maharaja Sayajirao University of Baroda which is the largest university in Gujarat. It is famous for the Science, Arts, Fine Arts, Performing Arts, Technology, Management, Psychology, Social Work, Law and Medicine streams.

1.9.ii Industry and CSR in Vadodara Region:

Vadodara is known as the 'Gateway to the Golden Corridor', as all rail and road arteries that link Delhi, Mumbai and Ahmedabad also connect Vadodara, including the Delhi Mumbai Industrial Corridor (DMIC). In Vadodara, various large-scale industries such as Gujarat State Fertilizers and Chemicals (GSFC), Indian Petrochemicals Corporation Limited (IPCL, now owned by Reliance Industries Limited) and Gujarat Alkalies and Chemicals Limited (GACL) have come up in the vicinity of Gujarat Refinery and all of them are dependent on it for their fuel and feedstock. Other large-scale public sector units are Heavy Water Project, Gujarat Industries Power Company Limited (GIPCL), Oil and Natural Gas Corporation (ONGC) and Gas Authority of India Limited (GAIL). In addition to these public sector enterprises, a number of other large-scale enterprises have come up in the private sector such as Bombardier Transportation, a Canadian company manufacturing the Delhi Metro from its site in Savli. Baroda also has quite a few established manufacturing units such as; General Motors, Siemens, Alstom, ABB, Philips, Panasonic, FAG, Apollo Tyres, Sun Pharmaceuticals, L&T, Schneider and Alstom Grid, Bombardier, and GAGL (Gujarat Automotive Gears Limited). There are also a number of glass manufacturing companies in and around Vadodara, including HNG Float Glass, Philips Glass, Piramal Glass etc.

➤ Main Industry Sectors (03):

- Chemicals and Petrochemicals

- Pharmaceuticals
- Biotechnology
- **Special Economic Zones (03):**
 - Nipiam Infrastructure Ltd.
 - Suzlon SEZ
 - Savli SEZ
- **Industrial Estates (13):**
 - Sehra
 - Savli Biotech Park
 - Savli
 - PCC
 - Makarpura
 - Waghodia
 - Nandesari
 - Por Ramangamdi
 - Limda
 - Ranoli (Autonagar)
 - Dabhoi
 - Jetpur Pavi
 - Sankheda

The visionary Maharaja Sayajirao Gaekwad III is also very renowned for his reforming initiatives in the socio-economic development of this region. Maharaja Sayajirao Gaekwad III established the Bank of Baroda in the year 1908 and the bank has successfully developed as one of the leading banks in India as well as internationally and helped in industrial growth. The Maharaja supported in the establishment of railway transport system in his region. He took many other initiatives like improving the state of education, uplifting the conditions of the



Sayajirao Gaekwad III

oppressed and deprived people and various other agricultural, social and judicial

reforms. Sayajirao III played a vital role in the expansion of textile industry in Baroda. He primarily focused on social and educational reforms such as spread of education, removal of untouchability, ban on child marriage, advancement of Sanskrit, legislation of divorce, religious education and ideological studies and the improvement of fine arts as well.

The concept and movement of CSR has been growing rapidly in Vadodara. Now, more and more corporations are being engaged in various CSR activities at Vadodara, e.g. charity, donation, or relief action to affected communities, education, medical assistance, health awareness programs. But if we look at the activities that are practiced as CSR, they are primarily of a short-time and response, rather than proactive activities. This means that corporation's interaction in the field primarily focuses on relief type, and it only has to do with physical reconstruction and recovery. Therefore, it may not have a lasting effect on the community or capacity building to its residents, resulting in short-lived impacts of the activities. Without appropriate approaches at pre-disaster and precautionary level, a truly lasting impact from CSR activities will not be seen. And it certainly is not a wise option to only invest corporate capital and human resources to post and responsive-relief activities. With proper precautionary involvement and activities, communities will be more resilient and better prepared for the future disaster and environmental hazards. What we believe is that the corporate sector has much more to offer for better disaster and environmental management, beyond the level of CSR activities.

1.9.iii Various types of CSR Activities

Among currently practiced CSR activities, broadly five types of CSR activities are recognized. They are -

- (1) Philanthropic or charity
- (2) Contractual
- (3) Collaborative
- (4) Adversarial and
- (5) Unilateral.

Philanthropic activities are concerned with donations and grants to those organizations and people dedicated to social and environmental cause. Under

contractual type, corporation contracts out other organizations or groups. Adversarial type of activities concerns more on public relations than actual benefit to affected people and unilateral type does not, by definition, work together with other stakeholders. It is very rare that such CSR activities are involved in proactive activities, and almost all cases are focused on responsive and post-disaster level. The characteristics of CSR activities are consisted of three general traits. They are: (1) one-off intervention, (2) 'responsive' action and (3) non-involvement of community.

The chairman of Gujarat Industries Power Company Limited (GIPCL) of Vadodara commented on CSR as 'Companies such as yours are organs of society, using significant societal resources. Therefore, apart from the financial parameters, the value that created by them need to be measured by the contribution they make to improve the quality of life of our society. The company's CSR activities are being undertaken through Society for Village Development in Petrochemicals Areas (SVADES) and Urja Foundation at Vadodara and Development Efforts for Rural Economy and People (DEEP) at SLPP (Surat Lignite Power Plant).'

The Alembic management firmly believes that CSR is a long-term commitment, not short-term investment. It is not just about philanthropy but about changing business ethos. The endeavour to make a positive contribution to underprivileged communities by supporting them in a wide range of socio-economic, educational, health, fine arts and rural development activities.

1.10 DEFINITIONS OF KEY TERMS

CSR

Corporate Social Responsibility is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.

Vadodara Region

Vadodara, also known as Baroda, is the third largest and most populated city in the Indian State of Gujarat, after Ahmedabad and Surat. Occupying an area of 7,794 sq

km. in the east of Gujarat with population density 9,527 per sq km. Vadodara is divided into 12 talukas.

Sociological Study

Sociological study includes all the social aspects which are related to CSR are analyzed and examined sociologically.

Public Sector

The public sector, sometimes referred to as the state sector or the government sector, is a part of the state that deals with either the production, ownership, sale, provision, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal.

Private Sector

The part of the economy that is not state controlled, and is run by individuals and companies for profit. The private sector encompasses all for-profit businesses that are not owned or operated by the government.

MNC Sector

Multinational Corporation is a form of “capitalist enterprise in which the financial structure, managerial control, an integration of productive activity span national boundaries and are oriented to international markets”. A Corporation that has its facilities and assets at least in one country other than its own country; and has offices and/or factories in different countries is termed as Multinational Corporation. They usually have a centralized head office where they co-ordinate global management. Very large multinationals have budgets that exceed those of many small countries.

Manufacturing Industry

Manufacturing is the production of goods for use or sale using labor and machines, tools, chemical and biological processing, or formulation. The term may refer to a range of human activity, from handicraft to high tech, but is most commonly applied to industrial production, in which raw materials are transformed into finished goods on a large scale.

Service Industry

An industry that provides services rather than tangible objects is referred as service industry. Service industries include: banking, communications, wholesale and retail trade; all professional services such as engineering, computer software development, and medicine; nonprofit economic activity, all consumer services, and all government services including defense and administration of justice.

1.11 AIM AND FOCUS OF THE STUDY

The main aim of this study is to understand how the companies at present times have been maintaining their own social responsibility towards the society at large. The study will also examine many significant accounts in order to understand company's responsibility towards the upliftment of the weaker sections of the society by giving them different beneficial programs and initiatives. These initiatives may include education, medical health care, community and rural welfare, self-employment, better environment etc. Different companies like public sector, private sector and MNCs of Vadodara region have been practicing their several CSR initiatives/activities for the betterment of their surrounding areas in particular and for building and strengthening the society at large in general.

The main focus of the study is on social norms, ethical values, education, healthcare and environment with respect to Corporate Social Responsibility. The study also focuses on sustainable development which includes the stakeholders.

1.12 HYPOTHESES

- The companies in Vadodara region are doing CSR initiatives for the development of the people and their surrounding villages in particular and society at large.
- The corporate houses believe that through the CSR initiatives they can build a good and responsible business entity which will help them in sustainable growth.
- The top management gives regular support and encouragement to employees to get involved in CSR activities of the company.

- More and more companies of all sizes and sectors are recognizing the importance of their role in society and the real benefits of adopting a proactive approach to CSR.
- The companies have built structured CSR programs with CSR team/professionals to implement and monitor the activities.
- Companies' CSR activities are not limited to particular community. Cutting across the various caste, creed, class and religions, the companies do target the society at large.
- The companies are eager to implement innovative and creative concepts in CSR programs with the help of consultants and other organizations.