

Available online @ [www.iaraindia.com](http://www.iaraindia.com)  
 SELP Journal of Social Science - A Blind Review & Refereed Quarterly Journal  
 ISSN: 0975-9999 (P) 2349-1655 (O)  
 Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)  
 Volume. X, Issue 41  
 April - June 2019  
 Formally UGC Approved Journal (46622), © Author

## CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND MANAGEMENT IN INDIA: A CASE STUDY OF ANDHRA PRADESH

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### Abstract

*Corporate Social Responsibility Practices and Management is generally understood as responsibility of any undertaking or business to work in an ethical and sustainable manner to ensure environmental protection and human well-being. In a current scenario the role of organisations in economy is not just the revenue generation but is also expected to integrate social, ethical and environmental aspects in their day-to-day operations. It is significant to get acquainted to the past researches done in particular field in order to recognize the opportunity and area for future research. The present study reviews the study done in a decade regarding realization, adaptation and implementation of corporate social responsibility practices in Indian organisations and its impact on their overall success in market as well as society. It is found that though organisations has started taking various initiatives towards social responsibility and there is a lot of information available on CSR spending of companies, little is known about how these companies are making their CSR practices innovative and at what extent and in what areas they are contributing towards society that forms the core of their success. This paper focuses on the Corporate Social Responsibility Practices in India: A case study of Andhra Pradesh.*

**Key Words:** Responsibility, Environmental, Acquainted, Implementation, Contributing.

### Introduction

Corporate social responsibility is generally understood as the obligation of business towards its society and stakeholders to act in an economically, socially and environmentally sustainable way. In a present time, companies are expanding their scale of operations and going beyond their domestic boundaries and since they acquire resources from society, they are no longer expected to play their ancient role of profit making but also required to discharge their responsibility towards its stakeholders by integrating ethical,

social and environmental concerns in their business operations and ensuring transparency and accountability in its reporting. According to World Business Council for Sustainable development "CSR 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." It is evident that to ensure its competitiveness in market and sustainable development of an organisation, it is essential to frame an effective CSR strategy

and policies and demonstrate a close knitted relationship with society by preserving and upgrading it.

The concept of Corporate Social Responsibility (CSR) has been part of the academic and business vocabulary for decades. According to Meehan et al. (2006), CSR together with the concepts of Corporate Social Performance and Corporate Citizen are three perspectives under the main headline Corporate Responsibility (CR). Briefly, CSR may be interpreted as voluntary and philanthropic acts by business firms designed to alleviate social problems or benefit a disadvantaged group chosen by the firms' managers. Corporate Social Performance is about the configuration of the firm's principles for social responsibility, processes of social reaction and policies, programs and observable results related to the firm's social relations (Wood, 1991). Corporate Citizen can be perceived as a process that focuses on protecting individuals economically and social and political rights in an era when globalization is eroding national guidance of these rights (Mattan and Crane, 2005). In line with these developments, the concept of code of conduct has also emerged that is a set of rules to guide behaviour and decisions of companies, suppliers and other business partners. In this paper, the focus is on the concept of CSR.<sup>1</sup>

### Objective of the Study

The main objective is to study the Corporate Social Responsibility Practices and management in India: A case study of Andhra Pradesh.

### Methodology

This paper is based on secondary data. Secondary data from various reports and existing work on the topic has been analyzed to arrive at certain results in India.

### Review of Literature

**Fadun et al. (2013)**<sup>2</sup> in his paper "Corporate Social Responsibility (CSR) Practices and Stakeholders Expectations: The Nigerian Perspectives" use Carroll's 1991 CSR model and examines business CSR practices and stakeholders' expectations in Nigeria which states that four kinds of social responsibilities constitute total CSR: economic, legal, ethical, and philanthropic. It has been found that the four dimensions of CSR (economic, legal, ethical and philanthropic) are not ascribed equal importance in Nigeria. Stakeholders lay more emphasis on economic,

legal and ethical responsibilities than on philanthropic component.

**Dhanesh (2014)**<sup>3</sup> in his article "CSR as organization-employee relationship management strategy: A case study of socially responsible information technology companies in India" examined CSR as relationship management strategy that strengthens relationship between organisation and employees in terms of trust, mutuality, commitment and satisfaction. Active participation of employees in CSR activities give them the sense of collaboration and feeling that their opinions are taken into consideration thus increasing their thought of control over their relationship with organisation.

**Singh and Sharma (2015)**<sup>4</sup> in their paper "Corporate social responsibility practices in India: Analysis of Public companies" explains the regulatory framework and CSR policies and activities carried out by public sector units i.e. Coal India Ltd. and GAIL. The initiatives taken include education, skill development, women empowerment activities, development of poor and needy section of society, nutrition, health & sanitation facilities and rural development. It also follows the mandatory clause of contributing 2 per cent of the average profit of three immediate preceding financial years towards CSR activities. The findings revealed the facts that these companies are tremendously working for social responsibility and they are not only covering activities under Section 135 of Companies Act, 2013 but are also going beyond that.

**Singh (2016)**<sup>5</sup> in her paper "Corporate social responsibility: Its roles and challenges in Indian context" explains the role of corporate social responsibility and resistance faced in its implementation and remedial measures for it. It recognizes that CSR actions have been perceived by the companies in order to enhance its impact on society and stakeholders. But the participating organisation also faces some challenges like lack of community participation in CSR activities, transparency, lack of community participation in CSR activities, Non-availability of clear CSR guidelines etc. It is important for the corporate sector to locate, promote and implement successful policies and practices that attain triple bottom line results.

**Chatterjee and Mitra (2017)**<sup>6</sup> in their paper "CSR should contribute to the national agenda in emerging economies - the Chatterjee

Model” state that India has its own challenges and dilemma i.e. high population, that means having low life expectancy, education etc on one hand and burden of under developed and disturbed population on the other. They also formulated another model of CSR i.e. “The Chatterjee Model” which lay emphasis on projectivisation of CSR activities by the stable and large organisations that ensures complete transparency and accountability. There is greater need in India, than in the West, to build systems to serve the societal needs for health care, education etc. It urges that CSR should contribute to the national agenda of country, assisting it to accelerate its shift from emerging to developed nation.

### **Corporate Social Responsibility Practices and Management in India**

India has a long 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 generally 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 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 for them as 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. 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 (Shinde, 2005). It has also been found that to a growing degree of companies that pay genuine attention to the principles of socially responsible behaviour are also favoured by the

public and preferred for their goods and services. This has given rise to the concept of Corporate social Responsibility Practices in India

### **Corporate Social Responsibility Practices and Management in Andhra Pradesh**

Andhra Pradesh Corporate Social Responsibility Society (APCSRS) under the administrative control of Higher Education Department, for the purpose of getting and managing CSR funds and also for coordinating, monitoring and implementing the various ongoing projects connected to The proposed APCSRS Society shall be registered under Andhra Pradesh Society Registration Act 2001.

Andhra Pradesh CSR Society, we assist you in forming networking and partnership with the corporate majors of Indian and global industry, eminent educationist and prominent foundation working in domain of education; to assist in framing education policies through close linkage with the government.

#### **Learning**

- Global trends that affect your business
- Education best practices on competitiveness
- Improve internal efficiency and productivity
- Get an insight into Government policies and their impact on businesses

#### **Networking**

- Networking opportunities with Indian and Global Corporate Majors,
- eminent educationist and prominent foundation Platform to enhance your business and develop newer markets

#### **Sharing**

- Share your best practices with other members
- Help enhance quality of Indian Education System

#### **Caring**

- Opportunity to give back to society
- Get involved with important initiatives in the areas of Higher Education
- for women, differently abled, transgender and other socially and economically marginalized section of society

The study shows that all the companies presented themselves as they have the CSR policies and also practices CSR. A large number of companies reflect their CSR philosophy or social, environmental and ethical objectives & their mission, vision documents,

organizational policy and plans. However, even if surveyed firms have CSR policies and objectives but there was no relationship between the agenda of the company and the Millennium Development Goals. The companies adopting CSR initiatives for rural development in Andhra Pradesh. About 50 per cent of respondents take CSR initiatives in the infrastructure sector & 57 per cent in the environment which includes events like tree planting, the awareness creations among the masses on the environmental issues, etc. It is also surprising that even if the central govt. & the State govt. have separate departments for education and health sector, these two are the priority issues for the firms and are often under the banner of CSR in both public and private companies in Andhra Pradesh.<sup>7</sup>

#### **Function CSR and Management in Andhra Pradesh**

- i. There will be an implementing body which will involve government officials in Higher Education Dept.
- ii. There will be a section in the Higher Education Department, to exclusively deal with CSR initiatives, further a Project Manager with at least 2-3 technical support person/consultants to execute various activities/tasks/ initiatives under the AP CSR Society.
- iii. The Project Manager shall have an experience of ten years in implementing CSR Projects and shall be appointed by the Department of Higher Education.
- iv. Technical Support Group/Consultants shall be appointed by the Department of Higher Education who shall have 3-5 years experience in implementing CSR Projects.
- v. Financial Consultant shall be a Chartered Accountant with 10 years of experience and shall be appointed by the Department of Higher Education.
- vi. The administration expenses shall be met from the CSR funds. vii. The remuneration of the Project Manager/Technical Support Group (Consultant) Financial Consultant shall be decided by Higher Education Dept. as per prevailing rules/order

#### **Conclusion**

The conclusion of this study is that social responsibility is regarded as an important business issue of Indian companies irrespective of size, sector, business goal, location of the company. Because Indian companies are

realizing that without socio-economic development of the local communities, there can be no stability and sustainability for doing business so as to compete with the global market. The study shows that all surveyed companies present themselves as having CSR policy and practices. Though there is lot of reporting and information available on CSR spending, policies and initiatives taken by various companies in diverse areas, but all the information of CSR has been illustrated qualitatively till date. No researches has been conducted after implementation of Companies Act, 2013 that mandate at least 2 per cent of Average net profits of preceding three financial years should be contributed towards Corporate Social Responsibility Practices.

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