Preview

This chapter presents a detailed review of literature on Corporate Social and Environmental Sustainability in global context as well as in Indian Companies. The aim of the following literature review is to identify the most important and knowledgeably important academic and practical works throughout the past decade on the concept of corporate social responsibility and environmental sustainability. The reviews have been categorized into two levels: reviews at global level and reviews of the study in India.

The review of related literature is a ratified task calling for a profound approaching viewpoint of the overall field. A literature review is a systematic, explicit and reproducible method for identifying, evaluating and interpreting the existing body of recorded work produced by researchers, scholars, and practitioners (Fink, 1998). The aim of the following literature review is to identify the most important and knowledgeably important academic and practical works throughout the past decade on the concept of corporate social responsibility and environmental sustainability. This description progressively flows through the history of the concept, definitions of CSR, analysis of CSR approaches, CSR drivers, benefits etc. Environmental sustainability has garnered a positive response lately by companies as climate change has become a serious threat for human kind. There has been lot of researches done on the same by academicians and other institutions worldwide linking CSR initiatives and environmental sustainability.

There has been a lot of work done by various academicians, NGOs, various organizations and institutes to comprehend and to knowledgeably describe the concept of corporate social responsibility. To make the presentation systematic, the researcher has
categorized all the studies into following sections, and is presented in the chronological order as far as possible:

- **First section** focuses on review of literature at global level.
- **Second section** review of literature of studies in India.

### 2.1 REVIEW OF LITERATURE AT GLOBAL LEVEL:

*Holdren et al. (1995)* define environmental sustainability by focusing on its biogeophysical aspects. Biophysical sustainability means maintaining or improving the integrity of the life supporting systems of the Earth.

*Gladwin et al. (1995)* questioned the very purpose of an organisation. If an organisation is also engaged in transactions with the environment that use the environment’s resources and services, then that organisation is decreasing the availability of those resources for all the other constituent parts of the Earth.

According to *Mallen Baker (2004)*, CSR is about how companies manage the business processes to produce an overall positive impact on society.

*Asian-Pacific Computing Industry Organisation (2004)* has in its policy paper *Corporate Social Responsibility* defined CSR as the term often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organization’s performance against economic, social and environmental parameters.

*Uhlaner et al (2004)* have referred to various types of CSR – economic, legal, ethical, and philanthropic; and *Longo et al (2005)* have utilized a stakeholder approach examining the CSR contributions of firms vis-a-vis an array of key obligations and stakeholders.
Jackson & Nelson (2004) in their book provide a comprehensive description of the global trends, competitive pressures and changing expectations of society that are reshaping the rules for running a profitable and principled business.

According to Idowu&Towler (2004), various motives for CSR include augmented customer loyalty, more supportive communities, the recruitment and retention of more talented employees, improved quality and productivity, and the avoidance of potential reputation risks which may arise from environmental incidents.

A significant issue raised in some literature is about the effectiveness of strategies undertaken by communities to insist corporate accountability. Garvy& Newell (2005) argues that the success of community-based strategies for corporate accountability is conditional upon the right combination of state, civil, societal and corporate factors.

Welford (2005) in a comparative survey of CSR in 15 countries across Europe, North America, and Asia, reflects that the low response rates from countries like Hong Kong, Malaysia, Mexico, and Thailand may in itself be an indicator of CSR being less rife in developing countries. This seems to be borne out by the research findings, in which these countries fairly consistently underperform when compared with developed countries across aspects of CSR considered by the survey.

David Waldman et al. (2006) define CSR as actions on the part of the firm that appear to advance or comply in the promotion of some social good beyond the immediate interests of the firm and its shareholders which is required by law. Such actions may result in a company embodying socially responsible attributes in their products.

Baughn et al. (2006) had examined two aspects of CSR practices – social and environmental in 15 Asian countries, drawing from over 8,700 surveys of firms in 104 countries in the form of Executive Opinion Survey using structured questions conducted through the World Economic Forum. The study demonstrated substantial country and regional differences in
CSR. Strong relationships were found between CSR and the countries’ economic, political and social contexts.

**Mitchell and Hill (2009)** investigated the development and use of corporate social and environmental reporting by businesses within a large municipality in South Africa. There seemed to be a strong call for improved CSR, and a greater degree of accountability and transparency by businesses. The survey was conducted through the use of interviews following a structured questionnaire with the Global Reporting Initiative used as an appropriate framework. It was suggested that implementation of a comprehensive and externally controlled and certified standard, such as ISO 14001 would not only reduce environmental impacts but facilitate increased CSR.

The **Millennium Ecosystem Assessment (2005)** and the **IPCC’s Fourth Assessment (2007)** Reports highlight how humanity is creating adverse environmental impacts. These effects are of a nature and scale to cause significant concern about the viability of human well-being on the planet (but not about the viability of life on the planet, which will continue regardless of whether or not humanity flourishes). These sorts of concern should, at least, cause us to question the purpose of what we do and how we do it.”

Different authors, academicians and institutions have defined CSR differently. **Alexander Dahlsrud (2006)** in his paper *How Corporate Social Responsibility is defined: an Analysis of 37 Definitions* has tried to clear out the confusion on as to how CSR is to be defined. He concluded that there are many available definitions of CSR and they are consistently referring to five dimensions (the stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension, the environmental dimension), though different phrases are used to define these dimensions. The definitions are predominantly congruent means similar in nature therefore; it is not challenging to have one universally accepted definition.

**Dr. P Katsoulakos& Prof. Y Katsoulakos (2006)** in their white paper *A Multi-Dimensional View of Corporate Responsibility* have identified the main driving forces for
corporate responsibility. These are investor and consumer demands and governmental and public pressures.

**Graafland (2006)** has used a sample of 111 Dutch companies to test the hypothesis that a positive strategic and moral view of CSR stimulates small and medium enterprises to undertake CSR efforts. For the purpose of the study, manager’s strategic views of CSR (the extrinsic motive), as well as their moral views (the intrinsic motive), have been measured through a single-item approach and with reference to five stakeholder groups: employees, customers, competitors, suppliers, and society at large. The extrinsic motive is constructed as a company’s moral duty, while the intrinsic motive sees CSR for its contribution to the long-term financial success of the company. Results show that a vast majority of respondents had a positive view of CSR in both dimensions. Nevertheless, there is a weak correlation between strategic CSR and actual CSR efforts.

**Malini M. (2006)** in her article emphasizes on the implementation of CSR in emerging economies. The first argument raised is that a smart approach, considering universal norms and values, is needed to lead the transformative potential of CSR as a movement. This approach would also control and avoid the environmental and social consequences of rapid growth. Furthermore, it is necessary to have energetic national corporate leadership along with solid home grown constituencies demanding higher corporate standards.

According to **UN (2005)**, the challenge for corporate social responsibility (CSR) in developing countries is framed by a vision that was distilled in 2000 into the Millennium Development Goals—a world with less poverty, hunger and disease, greater survival prospects for mothers and their infants, better educated children, equal opportunities for women, and a healthier environment.

**P. Heugens & N. Dentchev (2007)** has identified the risks that companies are exposed to when integrating CSR. Seven risks associated with CSR investment were identified. They ranged from failing strategies implementation to legitimacy destruction. The findings suggest
that CSR involvement is not an innocent activity and that experimenting with it can be dangerous for the competitiveness of business organizations.

Study by LRQA & CSR Asia (2007) on CSR in Asia: the Real Picture, indicates that in some countries, it has been seen a move away from voluntary approaches to CSR and the mandating of certain activities through the law. Particular challenges in the region include under-developed governance structures within companies and a continued concern about bribery and corruption. The key findings are that in China much interest from the government is seen, in Hong Kong, NGOs have demanded improved CSR initiatives from large listed companies.

It has been identified by many academicians that CSR is the means to attain sustainability. Jeremy Moon (2007) in The Contribution of Corporate Social Responsibility to Sustainable Development, have acknowledged that well-known companies can differentiate their brands and reputations as well as their products and services if they take responsibility for the well-being of the societies and environments in which they operate. In the study, it was acknowledged that to attain sustainable growth through CSR, companies must align and incorporate CSR with business strategy and integrate it across all operational functions, thus making it easy to invest (not spend) the funds necessary to achieve its objectives and Implement an open information strategy for more transparent information sharing with multiple stakeholders.

There are many drivers which are responsible for undertaking CSR initiatives, the same has been acknowledged by Anne & Laure Legendre (2008) in their research paper Drivers for Corporate Social Responsibility and Sustainable Practice in Australia. The authors have looked at the reasons or drivers that have led Australian companies to take up a more responsible or sustainable approach to business. It also analyses the different approaches to CSR that companies develop and then looks at links between these approaches and the levels of integration of CSR into the core business. The study analyzed that company culture/values and reputation were very important drivers for CSR, the financial sector responds to very positive
drivers and CSR was not a fixed status to achieve for a firm to achieve, but was seen an ongoing and progressive process through which companies work to embed CSR into their business.

In the study *Company Attitudes to Corporate Social Responsibility* *Véronique De Broeck* (2009) carried out a survey to assess company’s commitment to practices in the area of corporate social responsibility. Despite the low proportion of companies stating that they are implementing CSR initiatives, analysis of companies activities shows that a much higher proportion of them have undertaken actions in the last three years under the environmental or social pillars of CSR. This discrepancy can be explained by the unfamiliarity of the great majority of companies with the concept of CSR. However, it is interesting to note that almost all companies believe that they should be concerned with major social and environmental issues. This clearly shows a positive attitude of companies towards CSR.

In *Sustainable Development and Corporate Environmental Responsibility: Evidence from Chinese Corporations*, *Mao He E Juan Chen* (2009) has employed data from Chinese and multinational corporations to identify why Chinese corporations seldom engage in CER by investigating their motivations and stakeholders. The results show that the most important reason why Chinese corporations do not engage in CER is the fact that their competitive strategy of cost cutting makes them limited in resources, such as money, employees, information. Further study implies that Chinese corporations face more survival pressure, though they are willing to take environmental responsibilities as multinational corporations do.

*Archie B. Carrolland Kareem M. Shabana* (2010) in *The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice*, have answered questions like what do the business community and organizations get out of CSR, that is, how do they benefit tangibly from engaging in CSR policies, activities and practices? In the study, the business case refers to the underlying arguments or rationales supporting or documenting why the business community should accept and advance the CSR ‘cause’.
In the book *Environmental Sustainability: Approaches and Policy Options*, S. Ramaswamy & G. Sathish Kumar (2010) have emphasized on environmental sustainability—the ability of the environment to function indefinitely without going into a decline from the stresses (such as soil, water, and air) that maintain life. Environmental sustainability should harmonize with economic, social, political, cultural, and technological sustainability. With this background, the authors have made a sincere effort to compile the selected papers written on different points of time which reverberated the major environmental events in the world.

Rosamaria C. Moura-Leite & Robert C. Padgett (2011) in *Historical Background of Corporate Social Responsibility* found that in 1950s, the primary focus was on businesses' responsibilities to society and doing good deeds for society. In 1960s, key events, people and ideas were instrumental in characterizing the social changes ushered in during this decade. In the 1970s, business managers applied the traditional management functions when dealing with CSR issues, while in the 1980s, business and social interest came closer and firms became more responsive to their stakeholders. During the 1990s, the idea of CSR became almost universally approved, also CSR was coupled with strategy literature and finally, in the 2000s, CSR became definitively an important strategic issue.

Bedrich Moldan, Svatava Janouskova & Tomas Hak (2011) stated that environmental sustainability is correctly defined by focusing on its bio-geophysical aspects. This means maintaining or improving the integrity of the Earth’s life supporting systems. The concept of sustainable development and its three pillars has evolved from a rather vague and mostly qualitative notion to more precise specifications defined many times over in quantitative terms. Hence the need for a wide array of indicators is very clear.”

2.2 REVIEW OF LITERATURE OF STUDIES IN INDIA:

In the context of India, CSR studies were few and limited till few years back but lately, lot of academicians have worked on the subject. Singh and Ahuja (1983) conducted the first study in India on CSR of 40 Indian public sector companies for the years 1975/1976 and found
that 40 percent of the companies disclosed more than 30 percent of total disclosure items included in their survey.

**Hegde, Bloom, & Fuglister (1997)** conducted a case study of the Steel Authority of India (SAIL), a public sector company. They found that SAIL published a Social Income Statement and a Social Balance Sheet to measure the social benefits to employees, public and the community and the cost involved. These reports showed the efforts made by SAIL in fulfilling its social objectives and responsibilities.

**Vijaya Murthy (2003-2004)** undertook an analytical study on the corporate social disclosure practices of the top 16 software firms in India by analyzing their annual reports using content analysis to examine the attributes reported relating to human resource, community development activities, products and services activities and environmental activities. It was revealed that the human resources category was the most frequently reported followed by community development activities and the environmental activities was the least reported. Most of the information was qualitative. Some firms had separate sections for each category, while many others disclosed their social practices in the introductory pages of the annual report.

A study of CSR practices in India was conducted by **Raman (2007)**. Raman used Content Analysis Technique to examine the chairman’s message section in the annual reports of the top 50 companies in India to identify the extent and nature of social reporting. This study concluded that the Indian companies placed emphasis on product improvements and development of human resources. Community development issues were given relatively less space in the chairman’s messages.

**Raghbendra Jha & Murthy Jha (2006)** in their book *Environmental Sustainability* have mentioned that with globalization fast becoming an irreversible process, it is necessary to pay increased attention to the implications for environmental sustainability. Jha and Murthy expansively evaluated accessible approaches to environmental sustainability and critically review empirical studies of environmental degradation and economic development.
The proactive approach of companies towards CSR reporting might be lacking among organisations but they follow a proactive action in implying the same as analyzed by Chaudhari and Wang (2007) in their paper *Communicating Corporate Social Responsibility on the Internet: A Case Study of the Top 100 Information Technology Companies in India*. The findings indicate that the number of companies with CSR information on their Web sites is strikingly low and that these leading companies do not leverage the Websites to their advantage in terms of the quantity and style of CSR communication. Although the findings do not necessarily imply absence of CSR action on the part of IT companies in India, they attest to a general lack of proactive CSR communication.

MeeraMitra (2007) in her book *India’s Corporate Social Responsiveness in a Globalized World* and Seema G Sharma (2009) in *Corporate Social Responsibility in India: An Overview* has pointed out that, Gandhi’s concept of “Trusteeship” was a significant Indian rethinking on the role of business in society. There are Indian companies today who acknowledge the concept as a guiding force in their CSR work today.

Vikramaditya Singh Malik & RoshanSanthalia (2007) in their paper *Corporate Social Responsibility and Environmental Ethics: The Indian Context* defined the concept of corporate social responsibility (CSR) with relation to the newer concept of environmental ethics and extending to the boundaries of corporate involving themselves in the international carbon trading market. The paper gave reasons as to how exactly Carbon trading is an excellent answer to the prevailing disrespect shown by the corporate against the environment trading. They have stated that India should also try to develop industrial techniques and production methods, which utilize renewable sources of energy.

In one of the pioneer study on *India and the Path to Environmental Sustainability*, Ethan Goffman (2007) stated that currently, India ranks 101 out of 146 countries on the 2005 Environmental Sustainability Index (ESI), which ranks countries based on such measures as health, governance, technology and international cooperation, and evaluates the likelihood that a
country will be able to preserve valuable environmental resources effectively over the period of several decades.

In a white paper on *Corporate Social Responsibility towards a Sustainable Future*, KPMG (2008) has showcased comprehensive understanding of how corporate social responsibility evolved as a concept and the reasons that encourage companies in India to be socially responsible. It has been done through 27 outstanding case studies on companies in India taking CSR initiatives. During the case studies analysis, it was identified that environment garnered the maximum attention of corporate. It was observed that 37 percent corporate implement the CSR initiative through a well-structured separate Foundation.

As per Sanjay Kumar Panda (2008) in *Corporate Social Responsibility in India: Past, Present and Future*, the need of the hour is to institutionalize CSR interventions to deal with major national issues like malnutrition, education, health, unemployment and poverty. The private sector too has to play its role in sharing some responsibility for the society they operate in. He notes that CSR is important for corporate because no business can succeed in a society that is failing.

During the year 2009, Ministry of Corporate Affairs, GOI introduced *Corporate Social Responsibility Voluntary Guidelines*. It stated that the CSR Policy should normally cover core elements such as care for all stakeholders, ethical functioning, respect for workers' rights and welfare, respect for human rights, respect for environment, activities for social and inclusive development. The department has also issued implementation guidelines for the same. These are - companies should allocate specific amount in their budgets for CSR activities and disseminate information on CSR policy, activities and progress in a structured manner to all their stakeholders and the public at large, should engage with well-established and recognized programmes/platforms which encourage responsible business practices and CSR activities.
In the study CSR Initiatives of Indian Companies, Dr. V.V.S.K. Prasad (2010) wrote that organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society.

Nilesh R. Berad (2011) in his research paper Corporate Social Responsibility: Issues and Challenges in India conclude that need for more reliable indicators of progress regarding the CSR and dissemination of CSR strategies are significant challenges the companies are facing. To make a business more reliable and push up the standards of other organizations, transparency and dialogue can help in this regard.

Jorge A. Arevalo, Deepa Aravind (2011) in Corporate Social Responsibility Practices in India: Approach, Drivers, and Barriers have focused on four approaches: the ethical, the statist, the liberal, and the stakeholder approach, and investigated the reported drivers and barriers to implementing CSR practices. The study finds that the CSR approach that is most favored by Indian firms is the stakeholder approach followed by the strategic or profit motive. Further, the results indicate that the most significant obstacles to CSR implementation are those related to lack of resources, followed by those related to the complexity and difficulty of implementing CSR.

Sumeet Gupta and Debhashish Bagg (2011) in their research explain that in the 21st century, India will have no choice other than to implement CSR. CSR does not give immediate results. CSR activities undertaken by various corporate might in a way directed towards their own benefits like increasing brand value, increasing employment, acting for environmental sustainability, or just to obey the government and societal laws.

In a working paper series Ramendra Singh & Sharad Agarwal (2013) on Corporate Social Responsibility for Social Impact: Approach to Measure Social Impact using CSR Impact Index, identified that most companies in India engage with local communities near their area of operations and the beneficiaries of CSR activities are generally the local population. The companies should try to develop scalable models of CSR that can be extended across the nation.
using local NGOs in each geographical area, a very helpful resource yet at a low cost. Scalable models will be helpful in expanding the socio-economic impact of CSR activities of the corporate.

**AshishDhawan (2013)** in *Companies Bill 2012: How can India Inc. make CSR a Game Changer?* Has identified that around 8,000 companies would fall under the Bill's ambit and this mandate would translate into an estimated CSR spending of Rs 12,000-15,000 crore annually. In order to maximise the impact of their CSR, Indian corporate houses need to look beyond the traditional lens of charity and develop succinct CSR strategies with potential for large-scale social and economic impact. Private philanthropies set up by India's business leaders can be looked at as models for CSR. The first step towards developing a CSR strategy is to define a maximum of 2-3 social issues.

**To sum up.** CSR is considered a Western idea, which has now to be applied to problems in the developing world (Scherer and Smid, 2000). The concept of CSR is intricate in character. CSR is in general defined as a voluntary action on the part of the large corporations including social, economic and environmental impact of their operations. There are differences in the multiplicity of methodologies adopted in probing and analyzing CSR. Some studies considered CSR as a philanthropic and ethical responsibility; however other studies have made a distinction between CSR as legal compliance vs. CSR as conducting business responsibly and morally. Within the Asian context, most academics paid attention to describing the governance aspects of environmental responsibility.

Corporate social responsibility has become a global agenda and this has been proved by benefits it generated to company, community, general public and environment, and multinational companies should take responsibilities for their actions worldwide, especially in developing countries. Multinational corporations should behave as a moral leader in an area where there are no legal requirements (Scherer and Smid, 2000).
Today, CSR in India has gone beyond simply charity and donations, and is approached in a more planned way. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them.

When considering how CSR can be implemented the literature offers various insights. However, to our knowledge most studies on CSR typically focus on limited aspects (Maignan, Ferrell, & Ferrell, 2005). This means that an integrative framework has yet to be offered for the development and implementation of CSR in a fashion that is soundly integrated to the organization’s strategy, structure, and culture (Bhattacharya & Sen, 2004; Smith, 2003).

There are a wide range of academic publications, describing CSR in the context of developed countries such as Western Europe, the USA and Australia. But practices of corporate responsibility in smaller and developing countries are still at nascent stages. There should be more research necessities in developing countries as it will give a valuable insight to the western meaning of CSR in context (Jamali, 2007).

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