SUMMARY

The prominent development in society has forced the companies to consider the views of diverse interest groups in decision making. Building relationships with customers, suppliers, employees, communities and other stakeholders have become vital to competitiveness and lead to establishment of a new progressive and people focused corporate strategy. This brings us to the increased importance of CSR. The question of ecological responsibility has also been a bit vague.

The study “Corporate Social Responsibility and Environmental Sustainability in India Companies” has tried to comprehend the concept in existing scenario; it has also focused on research question to comprehend the concept of Corporate Social Responsibility and Environmental Sustainability, to identify and compare the corporate social responsibility practices and environmental pro-activeness of Indian listed and unlisted companies as well as of the various sectors under study, to analyze the perception of managers regarding corporate social responsibility and environmental sustainability ,and to suggest ways through which company can enhance corporate social responsibility and environmental sustainability practices.

The study has examined 100 Indian companies, out of which 50 companies were listed on NSE (National Stock Exchange), Bombay Stock Exchange (BSE) as well as on other exchanges and other 50 companies were unlisted. For primary data collection, survey instrument was used while for secondary data, the company’s websites were referred. The primary data collected from the survey instrument was analyzed using Z test and one-way Analysis of Variance (ANOVA), along with Descriptive Analysis for assessing the questionnaire. The whole study is comprehensively covered in seven chapters.

Chapter one presents an introduction on the research topic ‘Corporate Social Responsibility and Environmental Sustainability in Indian Companies; focuses on the characteristics, areas, drivers and benefits of the concept of corporate social responsibility; a brief overview of CSR in global context , explains international codes and standards in order to understand the structure of CSR globally. Chapter two presents a detailed review of literature on Corporate Social and
Environmental Sustainability in global context as well as in Indian Companies. The reviews have been categorized into two levels; reviews at global level and reviews in India. **Chapter three** presents the research design of the primary and secondary data, research objectives and the hypothesis of the study, sample size and data sources, details about the structure of the questionnaire along with respondents’ and organizational demographics, the method of data collection and details about organization of study. **Chapter four** presents a dynamic conceptual development of CSR in India, models adopted in India. Details of the genesis of Indian philanthropy linking roots with culture has been put across, along with concluding remarks on the current state of CSR in India and its latest policy framework. **Chapter five** presents the results and interpretation of primary data collection through a survey. The first part of the chapter analyses quantitative data of the study while the next part analyses the qualitative data of the survey study. The last part explains and interprets the results in accordance with research objectives and hypothesis drawn. **Chapter six** discusses profile and case study analysis of Tata Consultancy Services and Mahindra & Mahindra in detail. Key findings, summary, conclusion, suggestions and future scope of research are presented in concluding part.

**KEY FINDINGS:** Following are given some **observations** of the study, based on the survey as well as on the review of literature:

The idea of corporate social responsibility has constantly expanded in meaning. CSR is mostly perceived as the way in which a company manages its economic, social and environmental relationships, and the way it engages with its stakeholders; a comprehensive set of policies, practices and programs that minimize the negative impact on the company's social and natural environment.

Formal CSR is experienced, usually by large, high net worth national and multinational companies. The issues that signify an organization’s CSR focus differ by size (small, medium and large), sector (for example, financial and banking institutions, automobile sector, consumer
durables etc.) and even by geographic region. Larger companies, with several employees and a large turnover, have more corporate responsibility practices and guidelines in place.

CSR in Indian companies is less formalised or institutionalized in terms of the CSR benchmarks generally used in developed countries, i.e. CSR codes, standards, management systems and reports. There has been lack of legal framework for CSR and ES in India.

The study reflects that while many companies have proper documentation to their CSR policy, appropriate CSR departments; and their CSR Director/Manager and CEO. But many other companies, mostly unlisted companies do not have a specifically designated officer, but many of these companies have indicated that other departments and /or offices look after this function.

In many organisations, separate funds are allocated for CSR initiatives, but this was reported more in case of listed companies than in case of unlisted companies. The study reveals that allocated budget for CSR initiatives was not more than 5%.

In the present study also it was observed that unlisted companies consider the major requirements to follow CSR as budget and management commitment, while for listed companies, partnerships and collaborations with local bodies and stakeholder engagement are significant requirements.

The drivers responsible for opting CSR reported during the survey were: demand of community, company culture and values prompt to do so. In unlisted companies motivation is from the top management and in listed companies shareholders motivate to practice CSR.

The issues being prioritized under the CSR standard are often diverse in India, for example, tackling HIV/AIDS, improving working conditions, provision of basic services, supply chain integrity, and poverty alleviation. During the study also it was evident that the ambit of CSR majorly focuses on initiatives for society/community and environment. In the area of society/community, the companies majorly practice initiatives such as social and inclusive development, health/sanitation, education, infrastructure needs and child care development. The next area at priority is environment and companies at priority practice initiatives in this area. The
areas of workplace and marketplace rest on lower position in CSR agendas of Companies. Though on lower priority the companies invest in their workforce through training and development programmes and also create good work life balance for its employees. In area of marketplace the priority initiatives are product/service quality and availability, continuous product/process innovation and regular formal & informal interactions with suppliers.

Lately, environment has taken a major concern among organizations. The study depicts that reducing CO$_2$ emissions and negative effects on air water and soil, developing environmentally conscious factories and offices, reuse and recycling of resources and products, enhancing energy efficiency educating its employees regarding global environmental conservation activities are the major concerns for companies. It is identified that there is significant difference in the proactiveness of listed and unlisted companies and also amongst their sectors.

**ISSUES & CHALLENGES** : The problems identified during study are:

There is a lack of knowledge and expertise relating to CSR issues in India, lack of detailed guidance and frameworks, absence of skilled personnel, including access to consultancy services, lack of interest and awareness of the local community in participating and contributing to CSR activities of companies.

The formulation of CSR policy development and implementation is limited only to upper management. The survey revealed that CSR activities of many Indian companies are mainly handled by public relations or human resources department rather than a CSR department. The employees and other stakeholders have limited or no participation in policy making.

In India companies have associated with NGOs and local bodies for implementing CSR initiatives, which usually hold a constricted attitude towards the CSR often defining CSR initiatives more charity-driven than local in approach. In Indian CSR scenario, there is also non-availability of well-organized non-governmental organizations in distant and rural areas as well
as registered genuine local bodies. Lack of measurability was the prominent problem the researcher faced.

There is a lack of agreement amid local agencies regarding CSR projects, which results in duplication of activities by corporate houses in areas of their intervention.

There are no definite statutory guidelines or policy directives to give a state-of-the-art direction to CSR initiatives of companies. Unlisted companies have reported of missing of legal guidelines and framework for them. The reporting structure of the companies is also weak and unorganized.

There is a lack of Coordination among Stakeholders. This state often creates barriers in implementing CSR practices.

Intensely shining projects were related to community development rather than focusing on internal practices such as corporate governance, transparency and disclosures. Hence, it is recommended to develop a sound strategy of CSR aiming at long term goals of firms. Further, a dedicated CSR team or department should be formed to identify the core performance areas.

Thus it is evident that on the one hand, CSR provides benefits; on the other side companies also face problems in practicing this approach. The study reveals that unlisted companies are more prone to problems such as: lack of institutional assistance, lack of knowledge and lack of specific legislation on CSR.

**RECOMMENDATIONS:** Based on the problems stated above, the recommendations are forwarded to the following with their details underneath:

**1. Generation of Awareness and Capacity Building:** There is a need to both raise the awareness in managers about CSR issues and to develop the capacity to implement CSR practices within companies; to develop training programmes, available to company managers especially in those areas where there is already little capacity, need of an emergent conception of awareness about CSR amongst the citizens initiated by diverse stakeholders including the media by drawing
attention to the good quality work done by corporate houses; and to bring about effective changes in the approach and attitude of the public towards CSR practices adopted by corporate houses. to make CSR as a compulsory subject or discipline at business schools and in colleges and universities to create consciousness among youths about social and development issues.

2. Improve Partnership With Stakeholders: It is recommended that suitable approach should be appended to bring together all important stakeholders for the successful implementation of CSR initiatives. As a consequence, a protracted and sustainable perspective on CSR activities should be built into the existing and future strategies of all stakeholders involved in CSR initiatives.

3. Creating The Right Conditions For CSR: The Government should offer Incentives to the private sector to strengthen their good work such as formal partnership with local administration, easy grants, tax deductions and other fiscal incentives.

4. Reward and Recognition: The Government and even private bodies should consider recognizing and rewarding corporate and their partner non-governmental organizations implementing projects that efficiently work for the poor and the underprivileged.

5. Legislation and Regulatory Framework by Government: In the past the role of government in CSR has been negligent. The shrinking role of government in CSR policy framework has led to application of other global standards by Indian companies. Therefore the need of the hour is to legalize CSR among Indian companies through proper policy frameworks and laws.

6. Checking and Adherence of Measures for CSR Application: The Indian government has framed regulatory framework of CSR, but the need is to ensure proper implementation and adherence of the law by the Indian business sector. The government should follow proper checking measures and should ensure that companies are implementing and obeying the law and in case of discrepancies identified, strict penalties should be implied.
7. **Organizational issues**: The findings of the survey also throw light on the necessity that the corporate houses with CSR initiatives should set aside a fixed percentage of their profit after tax (PAT) towards CSR spend. A CSR plan should accordingly be prepared well ahead of commencement of the financial year listing out various activities in form of an annual plan along with CSR objectives, quantifiable benefits and financial allocations.

8. **Pooling Of Resources**: In many contexts, it’s noticed that companies end up duplicating each other’s efforts on similar projects in the same geographical locations. It is recommended that companies involved in CSR activities urgently consider pooling their efforts into building a national alliance for corporate social responsibility.

9. **Measurability and Accreditation**: As the number of companies involved in CSR activities are increasing day by day, it is recommended to government that an accreditation mechanism and measurability should be introduced for companies through an independent agency for mainstreaming and institutionalizing CSR in the core business agenda of the companies.

10. **Interventions in Rural Areas**: Companies should aggressively consider their interventions in rural areas on education, health, girl child and child labor as this will directly benefit rural people. The focus should be on providing quality of life to the people in the rural sector. So, there is a need for companies to propose and develop innovative products and services, and help the poor prosper. To address the issue of reaching out to wider geographical areas, the involvement of small and medium enterprises (SMEs) in the CSR domain will be essential. It is recommended that a campaign should be launched to both spread awareness on CSR issues amongst the general public as well as to involve SMEs to participate more actively in CSR initiatives.

11. **Better Monitoring and Evaluation Mechanism**: It was felt by the respondents that regular monitoring would ensure checks and balances, would also encourage and motivate other stakeholders. The respondents agreed that any system of internal controls, including internal audit and board of director’s supervision, as well as external verification by means of statutory audits
and independent verification of CSR reporting would ensure better CSR implementation and transparency in CSR fund utilization.

12. **Role of Private Sector:** The role and efforts of the private sector in taking CSR initiatives have been visible and effective. The requirement is to develop and implement an agenda which allows engagement between all three important stakeholders – the Government, the non-governmental organisations and the private sector. A sound CSR policy in consultation with the private sector involved directly in CSR initiatives will be the first right step in this direction.

13. **Allocation of CSR Fund for CSR Initiatives:** Government should set up a compulsory CSR fund, contributing annually to this fund. This fund should be allocated to Indian business sector for undertaking CSR initiatives.

14. **Participation of Beneficiaries in CSR Policy Development:** The companies should give opportunity to its beneficiaries in developing and implementing CSR initiatives as they are the real people who get benefitted by the same.

Like the previous studies, the present study is also influenced by few undesirable factors. Hence, the analysis is not completely free from bias and may suffer from a certain degree of subjectivity. The over-riding research constraint faced in conducting this analysis was the lack of a reliable measure of CSR for evaluating Indian companies from any CSR perspective. The survey instrument relied on CSR respondents from each firm that have restricted our sample size. In some cases multiple respondents were available and in some single. Perhaps the use of multiple respondents in total could have provided greater reliability to measure Indian CSR.

The response rate of companies was not good thereby limiting scope of study. To identify unlisted companies was difficult and they have no formalized CSR structure within their business processes. The scope and understanding of CSR was limited within the companies.

Environmental sustainability is considered as part of CSR within most of the respondent companies therefore during the analysis of data and testing of hypotheses, it is considered as part
of CSR. As the study is based on very small sample size therefore generalizing the findings of this research may not be suitable.

The findings of this study are based on responses collected from a limited geographical area, specifically New Delhi and the NCR (National Capital Region). Future studies should focus on other regions of India such as Bangalore and Mumbai. Every state in India has a different culture which translates differently within the work environment. Thus, more studies on CSR throughout India will provide depth to the findings of the present study.

Similarly, future studies should examine perceptions of CSR among governmental agencies, Non-Governmental Organizations (NGOs) and trade unions. Research focusing on understanding CSR from different stakeholder perspectives will help to better articulate its importance for addressing ethical concerns throughout the global supply chain.

**To sum up,** society expects many things from the corporate sector. Enterprises are being asked to move beyond the commercial sphere. Different stakeholders place varying demands on organizations. Such demand varies over time and in different contexts. This compels organizations to develop new measures of performance. Instead of being profit oriented as seen in the past, organizations are expected to concentrate on multiple agendas like-social, environmental, political and ethical- which are all interconnected.

Several CSR initiatives have been launched in India since the mid-1990s. Practically all top corporate houses in India are involved in CSR programmes in education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion, become an integral part of the corporate strategy, have CSR teams to formulate policies, strategies and goals and to earmark the budgets to support them.

CSR has come a long way in India. Corporate have visibly shown their ability to make a considerable difference in the society and developing the overall quality of life. It is about taking
responsive and sustainable initiatives. It is to be borne in mind that CSR initiatives inflict
significant programmatic and administrative costs on businesses and only financially strong firms
are able to maintain CSR activities on the long run and can afford the overhead CSR costs or
investments (Mittal et al., 2008). Thus, there are many factors which are required to be taken care
of, such as industry sector, large and small firms, multi-nationality and market risk profile.
Corporate will also have to have the expertise, strategic thinking, manpower and money to
facilitate extensive social change. Effectual relationships and partnerships between corporate,
NGOs and the government will place India’s social development on a faster track.