Chapter 1

INTRODUCTION

1.1 Introduction
1.2 Scope of Study
1.3 Statement of Problem
1.4 Objectives of the study
1.5 Hypothesis for the Study
1.6 Methodology of the Study
1.7 Significance of the Study
1.8 Conclusion
1.1 Introduction

Corporate social responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

Corporate Social Responsibility is coming to age in business practice, teaching and research. But it is not a well-defined field of study with clear boundaries; rather it is a field of practice that comprises several intellectual agendas and lines of inquiry. CSR is of interest to diverse groups, who in turn have different priorities. These groups include businesspersons, academia, governing bodies, non-governmental organizations, the community and the consumers, to name just a few. This latter aspect of differing priorities of separate groups brings with it the risk of one group’s interests dominating those of the others. Moreover, it is a field in which practice is ahead of theory. All these factors, combined together, pose a unique set of challenges for practice, research and teaching. Indeed one important point of debate is whether CSR can be treated as a field of academic study or a field of practice alone.
Business everywhere is being drawn into new relationships with the community. The term 'Corporate Social Responsibility' has acquired a significant meaning as a result of changing intellectual climate within organizations. There is great involvement of people in building human and physical resources in the society. However, the practice of CSR is subject to much debate and criticism. Proponents argue that there is a strong business case for CSR, in that corporations benefit in multiple ways by operating with a perspective broader and longer than their own immediate, short-term profits. Critics argue that CSR distracts from the fundamental economic role of businesses; others argue that it is nothing more than superficial window-dressing; still others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful corporations.

The emergence of corporate governance and the effects of globalization have made CSR gain an increasing impetus. However, the meaning of social responsibility of business has changed over a period of time. During the twentieth century CSR meant charity, donation, philanthropy and compliance of business ethics and maintaining harmonious labor relations. In the twenty-first century CSR has come all the way from corporate giving for social causes, to corporate actually working for the improvement and development of the society from which they make profits.
Each business is trying to reach different goals. Problem solving looks as to what extent the business will work to fix the problem. Many, particularly libertarians, assert there is no "social responsibility" to do that an individual or business should not initiate physical force, threat of force, or fraud against another. Anything, but to refrain from doing. They argue that social responsibility only exists to the extent.

1.2 Scope of the study

In today's globalize and increasingly competitive world, sustained profitability is not possible. Following all laws and caring for the environment makes good business sense, and helps in image building. In terms of societal responsibility, every company must understand and implement measures which would enable sustained growth and prevent bankruptcy. Companies cannot justifiably say that they are fulfilling their CSR by claiming to be a model employer or by developing work in villages or giving donations for good cause.

Thus the study focuses on 'what is CSR?' Is it philanthropy and charity? Is it social and humanitarian work or protecting the environment? Is it undertaking public service tasks which normally government should be doing? Or is it all of these? Or is it as the firms insist that a firm best serves the public interest when it best serves its own private interests through effective service to consumers, adequate profits to stockholders, fair working conditions for employees and
scrupulous observance of the law. To go beyond these commitments is folly.

The study also extends beyond the theoretical and legal framework to the practical implication of CSR in the two fortune successful corporate houses of the country viz. Reliance group of industries and the Tata group of companies. Latter is popularly known for spreading the message of business ethics and societal corporate responsibility in the country and former is not only country's but the world's one of the most successful business group. The study aims at their societal work in the financial year 2007-2008 and also the consequence of the same.

1.3 Statement of Problem

The scale and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones. The definition of CSR used within an organization can vary from the strict "stakeholder impacts" definition used by many CSR advocates and will often include charitable efforts and volunteering. CSR may be based within the human resources, business development or public relations departments of an organization, or may be given a separate unit reporting to the CEO or in some cases directly to the board. Some
companies may implement CSR-type values without a clearly defined team or program. Hence, the title is stated as mentioned under:

“A study of corporate social responsibility- comparative analysis of Reliance group of industries and Tata group of companies.”

1.4 Objectives of the Study

1. To study the conceptual framework of corporate social responsibility as an emerging area in the corporate sector.

The main aim of the study is to understand the actual concept of CSR. Is it simply the responsiveness and sensitivity of a business towards all its stakeholders in such a way that it enables an improvement in their lines, fulfills its responsibilities towards them; beyond compliance in an obligatory and dutiful manner or does it stretches far beyond this or restricts in certain boundaries?

2. To study the legal framework of corporate social responsibility.

CSR, ethically and morally to an extent are expected to be voluntarily. The Gandhian principle of Trusteeship is a huge support to the same. However, many or most companies fail to follow their duties. Hence compelling need to enforce certain guidelines to fulfill the same. Thus a legal framework to undertake corporate social responsibility has been framed.
3. To study the policies and strategies adopted by Reliance Group of Industries to promote corporate social responsibility at different levels.

After understanding the concept and laws binding CSR it is felt to study the CSR adopted by one of India's biggest business house. The Reliance Group, founded by Dhirubhai H. Ambani (1932-2002), is India's largest private sector enterprise, with businesses in the energy and materials value chain. Group's annual revenues are in excess of US$ 34 billion. The flagship company, Reliance Industries Limited, is a Fortune Global 500 company and is the largest private sector company in India.

4. To study the corporate social responsibility in Tata Group of Companies with different strategies and schemes.

After the most successful company of the country the need to study one of the most so-called ethical companies of the country is felt. The foundation of what would grow to become the Tata Group was laid in 1868 by Jamsetji Nusserwanji Tata — then a 29-year-old who had learned the ropes of business while working in his father's banking firm — when he established a trading company in Bombay. The Tata Group is one of India's oldest, largest and most respected business conglomerates. The Group's businesses are spread over seven business sectors. It comprises 96 companies, operates on six continents and employs 350,000 people.
5. To make comparative analysis of corporate social responsibility in Reliance Group of Industries and Tata Group of Companies considering several parameters.

The study till point would then lead to a path where the researcher feels the need to study the two business giants in comparison. The study here would highlight the various aspects as to where do the companies differ in exhibiting their CSR in spite of same conceptual framework and the same legal background.

6. To draw conclusions regarding corporate social responsibility in current global environment so that valuable suggestions can be given to promote better corporate social responsibility in the corporate world.

The last objective is to study the relevance of CSR and the changing face of the same to draw meaningful conclusions and useful suggestions. The ever changing business environment has led to a changing face of CSR also right from the corporate charity and philanthropy to the new buzz word 'corporate citizenship'.

1.5 Hypothesis for the Study

CSR, as a statutory requirement on paper is similar in Reliance Group of Industries and Tata Group of Companies. However, in actual practice there is a difference, which is indicated by the practices adopted by both these corporate entities.
1.6 Methodology of the Study

a. Secondary Data:

The various secondary data was collected from various previously available published sources like books, journals, newspaper articles and magazine articles. Internet was also referred to some extent.

b. Primary Data:

Primary data was collected by making personal visits to Reliance Group of Industries and Tata Group of Companies for conducting interviews of various officials in those organizations.

1.7 Significance of the Study

The study has its own significance for all referring it. It proves to be useful to various sections of the society who have a glance at the study. These groups vary from the concerned companies mentioned in the report, to the other research scholars and the society at large.

1. To the companies, as they can use the suggestions and recommendations, if required to check upon its CSR.

The two companies in study, i.e. Reliance Group of Industries and the Tata Group of Companies can come to know about their CSR policies and strategies from the eyes of the third person, the researcher. They can also get some valuable suggestions from the researcher based on the policies and strategies they follow. Some of these suggestions and recommendations can also prove of utmost help to them.
2. The various research scholars can refer the study in future as a secondary source of data for their work.

Research is an ongoing process. By the time this study ends a time gap for further study is automatically created. Thus the research scholars who undertake the same topic in future for research can refer this report as a secondary source of data collection. The researchers who also take up some other related topic can also refer the same as a basis for research work.

3. It can also prove to be a knowledge addition to the society at large.

The study can add up to the existing knowledge of the society in general which they could have otherwise skipped. Some information in the report can add up to the knowledge base of the general people in society and others who refer the same.

4. It is a base for future study.

The scope and limitation of the study also provides the need for further research. Other research scholars can hypothesize the limitations of this study and generate a new research study.

1.8 Conclusion

The above requires a through study of research gap. This term, research gap refers to the lag in what was the last research done on. It also includes what other authors write on a particular topic. All this is presented in the following chapter of review of literature.

***************