SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

PREVIEW

This chapter presents a summary, conclusion and recommendations on the research topic Corporate Social Responsibility and Environmental Sustainability in Indian Companies. The chapter synthesizes the findings of the study, and then conclusions are made based on Indian scenario of CSR as well as based on study. At last recommendations are provided to effectively implement CSR approach.

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. During the last few decades, environmental legislation has developed everywhere. It implies that ecological responsibility belongs to government. However globalisation has altered the ability of governments to carry their social and environmental responsibilities, on the other hand strengthening economic liberalism emphasizes that the responsibility of common good can be left to market forces. Sheth & Parvatiyar (1995) argue that sustainable development can be achieved only by proactive CSR practices and active government interventions.

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’. This chapter defines meaning of CSR and ES as applicable worldwide. The elucidation also focuses on the characteristics, areas, drivers and benefits of the concept of corporate social responsibility. A brief overview of CSR in global context has been given and also international codes and standards explained 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 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 in India.

Chapter three presents the research design of the primary and secondary data. It includes research objectives and the hypothesis of the study and also research objectives, hypothesis, sample size and data sources for both primary and archived data. The chapter puts forth details about the structure of the questionnaire along with respondents’ and organizational demographics. It also includes the method of data collection. Finally, it incorporates details about organization of study. Chapter four presents a dynamic conceptual development of CSR in India, the discussion is followed by historical development of the 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 chapter seven.

7.1 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. Companies in India have taken on board the widespread language of CSR; CSR therefore seems to be in a perplexed state. Individual companies define CSR in their own limited ways and contexts. Despite the lack of a single definition, my own research has shown that by examining different definitions from around the world, it is clear that there are commonly held understandings about what constitutes CSR. 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 are strategically implementing the policy. 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 order to successfully pursue CSR approach, budget is the main requirement. Although 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 respondents also argued that there are no specific budgets allocated for CSR initiatives, and also reported that funds for CSR activities depends on the decisions of the board and the management. The study reveals that allocated budget for CSR initiatives was not more than 5%. It is also evident from the study that budget allocation in unlisted companies depended upon Board’s decision.

- It has been experiential universally that in order to follow CSR effectively, management commitment along with stakeholder engagement is the major requirement. In my 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. This reflects that top management are well aware of importance of
CSR, the need is to channelize and streamline the resources efficiently. The major outcomes of investing in CSR by respondent companies were the enhancement of corporate reputation, improvement in relations with suppliers, institutions, donors, community, helps in acquisition of commercial benefits and also strengthen the sense of employees.

- 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. Companies are taking various measures to protect our physical environment. The study depicts that reducing CO₂ emissions and negative effects on air water and soil are the major concerns for companies, followed by other initiatives such as developing environmentally conscious factories and offices, reuse and recycling of resources and products, enhancing energy efficiency and developing environmentally conscious factories and offices, educating its employees regarding global environmental conservation activities, which is a positive futuristic approach.
Thus the study finds that there are three kinds of Indian companies when it comes to corporate responsibility. These are: big Indian multinational corporations that have proper corporate responsibility mechanisms in place; large national companies that appreciate the value of corporate responsibility but have no inherent structures to show for it; and many small and medium-sized enterprises that are gradually doing work at best. Thus, it is identified in the study that companies are proactive towards corporate social responsibility and environmental sustainability but the scenario is different in case of listed and unlisted companies; there is significant difference in the proactiveness of both the companies and also amongst their sectors.

7.2 ISSUES & CHALLENGES:

The survey elicited responses from participating organizations about various challenges facing CSR initiatives in different parts of the country. The study conducted on listed and unlisted companies have unearthed certain ground realities which are required to be checked and proper solutions are required to be implemented for effectual coverage of CSR in Indian companies. The problems identified during study are:

- One of the strong findings of this research is that there is a lack of knowledge and expertise relating to CSR issues in India. Though key personnel of companies are dedicated to engaging with CSR issues, they often nag about the missing of good examples of CSR successes, lack of detailed guidance and framework as to what steps to follow in introducing CSR practices and absence of skilled personnel, including access to consultancy services.

- There is a lack of interest and awareness of the local community in participating and contributing to CSR activities of companies. This is largely due to the actuality that there exists little or no understanding about CSR within the local communities, and also no diligent efforts have been made to extend awareness about CSR and inculcate confidence in the local communities about such initiatives.
The concept of CSR and ESiS being followed by organisations and they are practicing initiatives but 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 fact, in some cases, staff is having no knowledge about which practices are being adopted by their respective organisations and in which areas and local communities they are operating.

In India companies have associated with NGOs and local bodies for implementing CSR initiatives. These non-governmental organizations and Government agencies usually hold a constricted attitude towards the CSR initiatives of companies, often defining CSR initiatives more charity-driven than local in approach. These NGOs lack transparency in their functioning. Many a time’s companies are not even aware of the level of implementation done by these NGOs and local bodies in areas of operation.

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. In absence of same, existent needs of the community cannot be evaluated and discovered.

Lack of measurability was the prominent problem the researcher faced. Companies’ claims regarding the CSR initiatives are denied by the beneficiaries. Hence level of applicability cannot be measured by any methodology.

Another problem which was identified during the study was that there is a lack of agreement among local agencies regarding CSR projects. This lack of compromise often results in duplication of activities by corporate houses in areas of their intervention. As
stated earlier NGOs and other local bodies are the main operators thus in many cases companies are engaged with same NGOs thus duplication of activities take place. This limit the scope of practices and activities which otherwise could have taken place.

- There are no definite statutory guidelines or policy directives to give a state-of-the-art direction to CSR initiatives of companies. It is found that the extent of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program. Thus unlisted companies have reported of missing of legal guidelines and framework for them. Government has not prescribed any guidelines and framework for companies with small and medium capital size leaving them in dark which way to go.

- The reporting structure of the companies is also weak and unorganized. Beneficiaries complain that they do not know what companies are doing for them and companies otherwise publishing reports are complex in nature and are only to meet out GRI guidelines.

- There is a lack of Coordination among Stakeholders. It was observed that partnerships between all stakeholders the Government and society in general are either not effective or not effectively operational at the ground level in the CSR area. This state often creates barriers in implementing CSR practices.

- The most significant obstacle for implementation of CSR on a wider extent is the lack of the association between CSR and financial success. Since no straight association is apparent, companies find it hard to assess how much to invest in CSR and also companies remain unaware of the financial benefits generated through CSR interventions.
It is noted that only medium and large corporate houses are involved in CSR activities, that too in selected geographical areas. This issue builds a case for more companies to be brought under the CSR domain.

It was also noted that respondents were unable to differentiate CSR from philanthropic activities. It was also observed that response rate of reporting was high, though most firms are not following structured reporting on a regular basis.

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.

**7.3 RECOMMENDATIONS:**

In order to comprehend the future of CSR in India and to take time bound conventional measures, the following recommendations are listed for serious deliberation by all concerned stakeholders for their effective operationalization to expand CSR in the company’s core business and to build collaborative relationships and effectual networks with all involved. 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. This must engage managers in identifying priorities and
areas to work, for their country, sector and company as well as developing effective skills in putting ideas and thoughts into practice. There is need to develop training programmes, available to company managers especially in those areas where there is already little capacity.

There is also need of an emergent conception of awareness about CSR amongst the citizens to make CSR initiatives more successful. This awareness creation can be initiated by diverse stakeholders including the media by drawing attention to the good quality work done by corporate houses. The requirement is to bring about effective changes in the approach and attitude of the public towards CSR practices adopted by corporate houses.

Companies must generate awareness to the various stakeholders regarding its contribution to corporate social responsibility through its affiliation with social cause through event management and company websites as it is directly related to augment in sales and brand loyalty.

It is recommended that there is need 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. Such an approach will give confidence and inspire young minds, and help them work towards finding more innovative solutions to the concerns of the needy and the poor.

2. **Improve Partnership With Stakeholders:** It is evident that a partnership between all stakeholders and the Government and society is not effective and striking in CSR domain. This often creates barriers in implementing CSR initiatives. 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. It must include a formal partnership with local administration, easy grants, tax deductions and other fiscal incentives. This will be helpful in encouraging and motivating corporate houses for voluntary participation in diverse CSR activities.

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. Incentives to be presented to the private sector to support their good work. This would motivate companies in positive direction.

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. The same has been to an extent complied as Company’s law 2013 has given CSR policy. This would further help in regulating and delivering social and environmental objectives by the business sectors.

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. Organizations strategic consideration needs to be on such sectors which are naive and under tapped. That means corporate should focus on such areas in which CSR initiative has not been taken instead of following the same initiatives which has already been taken by the other companies.

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:** It was identified that many CSR initiatives and programs are not taken up in rural areas and localities. Hence it is recommended that companies should also 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, for example, it is the lack of resources that represents one of the major barriers for better CSR implementation. A CSR fund can support companies and could also be helpful in encouraging companies to move forward. If the government would allocate funds through such manner, the business sector would also be ensured that government is supporting their initiatives and thus would be encouraged to follow law.

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.
7.4 LIMITATIONS OF THE STUDY:

- 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.

7.5 SUGGESTIONS FOR FUTURE RESEARCH:

Increasing size of sample firms and years of observations can dramatically improve the outcome.
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. Corporates 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. Corporates will also have to have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effectual relationships and partnerships between corporates, NGOs and the government will place India’s social development on a faster track.

REFERENCES


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