CHAPTER 3 LITERATURE REVIEW

This chapter has great reference with any research work. Literature review provides different benefits to the scholar of respective work. It is helped in the following manner.

a) It brings adequate familiarity with the work which is planned to undertake.

b) Degree of work done in the respective areas

c) Degree of usefulness of work done in the respective areas

d) To identify sub areas which are covered so far in the respective work

e) To locate sub areas which are not included so far in the respective work

f) To know whether present study is exclusively new area of work or extension of any previous work done by other scholar

g) It makes path clear to undertake proposed work in the right direction

In this unit, study on corporate social responsibility is examined for the following areas like CSR practices by Indian companies, CSR a neglected area for the corporate, analysis of Indian sector banks with regard to CSR and so on. Total 28 studies are covered and their brief is as follows.

1) **CSR practices by Indian Corporate**

Sanjay Kumar Panda, (2009) focuses on the part played in CSR by Indian corporates. He points to the fact that much before the term CSR became fashionable, Indian businessmen had been discharging their social obligations through philanthropy.

2) **"CSR" A neglected area for the corporate**

Sudhir Chandra Das, (2009) concludes that the social sector remained a neglected area as, despite a rise in their revenue earnings, the states are perennially in financial distress due to a more than proportionate increase in expenditure.

3) **Analysis of Indian Sector Banks with regard to CSR**

Mahabir Narwal, (2007) finds that Indian banks concentrating mainly on education, balanced of growth, health, environmental marketing and customer satisfaction as their core CSR activities.
4) **Critical Evaluation of companies with regard to CSR**

Bala Ramasamy, Lee Chew Ging, (2010) finds that having universal accredited management systems in place differentiates CSR-active companies from inactive companies. Also, firm size does not matter for CSR performance.

5) **Assessment of CSR funds for the corporate**

Nicolas J.F. Ragodoo, (2009) found that Most businesses have established procedures with regards to the allocation of corporate social responsibility (CSR) funds. They are willing to help in creating a better society whether through financial or non-monetary means, and do have the resources to do so. However, presently, only 11 per cent of CSR funds are devoted to the fight against poverty.

6) **Analysis of Indian hospitals pertaining to CSR**

R. Rohini, B. Mahadevappa, (2010) found that the Indian hospitals must take into account the social, cultural and financial characteristics of the patients while fulfilling societal obligations. Training needs, environmental impact audit and encouragement for employees to join local voluntary organizations are the immediate needs for improving the CSR activities of the hospitals.

7) **Strategic Evaluation of CSR performed by Indian Companies**

Syed Kamran Hameed; [2010] concludes that to increase the general awareness about CSR the companies have to consider environmental, social, and ethical awareness in their business strategy and try to go beyond philanthropy or charity and adopt a long-term sustainable strategy in the business to become ethical corporate citizen.

8) **Strategic Analysis of CSR performed by Service Organization**

Emilie Helmer; Karin Ståhl; [2009] found that the definition of CSR is rather complicated in a service organization context. A strong correlation between position and knowledge about the concept was identified. Service organizations tend to engage in strategic CSR activities to a greater extent than pure altruistic. Moreover, several stakeholders seem to influence the process of CSR in a service organization. The demand
from the shareholders is considered as vital in the aspect of social responsibility, as well as the demand from customers and employees.

9) **CSR practices by social enterprises**

Burkett, I & Langdon, D. (2005) found that social enterprises need the support of governments and corporations in order to start-up and develop into strong, viable and sustainable businesses.

10) **Application of CSR for the corporation**

Hopkins, M. (2007) found that how corporate social responsibility can be a useful tool for corporations to promote economic development.

11) **Performance evaluation of SMEs with reference to CSR**

Monga, (2004); Fisher, Shirole & Bhupatkar, (2001) analyzed that culture plays a huge role in the judgment of Australian, Malaysian and Indian SME managers as far as corporate social responsibility is concerned.

12) **CSR practices by various SMEs**

Tarun Kumar, (2004) observed that since most SMEs were led by owners, the value system and philosophy of the owner played a significant role in determining the CSR practices undertaken.

13) **CSR practices by Indian Entrepreneurs**

Spence & Rutherford (2003); Murillo & Lozano, (2006) found that there is support in the Indian context also for the influence of personal values of entrepreneurs on CSR practices.

14) **Strategic Analysis of Indian Companies with regard to CSR**

Johan Classon; Johan Dahlström; [2006] concludes that CSR can influence customer perceptions on a product or service offering and in the end affect company performance through the links in the CSR-Performance Chain. Furthermore, we have found that companies’ level of CSR must lie on or above customers’ baseline (i.e. minimal...
acceptable level) in order for them to avoid boycotts, since boycotts affect company performance negatively.

15) **Conceptual Analysis of the CSR implemented by Indian Corporate**

Shinde, (2005) has found that to a growing degree companies that pay genuine attention to the principles of socially responsible behavior are also favored by the public and preferred for their goods and services. This has given rise to the concept of CSR.

16) **Acceptance of CSR executed by Indian Corporate**

Gupta, (2007) found that industry had accepted social responsibility as part of the management of the enterprise itself after the community development and social welfare program of the premier Tata Company, Tata Iron and Steel Company.

17) **Critical Evaluation of CSR term in the Indian context**

Bajpai, (2001) found that an ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status.

18) **Strategic Analysis of Indian Companies with regard to CSR**

Hart (1995) took a resource based view of the firm and argued, with specific reference to environmental social responsibility, that CSR can constitute a resource capability that leads to sustainable competitive advantage.

19) **Critical Analysis of CSR term in the Indian framework**

Geoffrey P. Lantos (2001), According to him responsibilities which are mandatory cannot be treated as CSR while those that are voluntary can.

20) **Critical investigation of CSR term in the Indian framework**

Jamali OJ (2007) argues that the use of the term CSR should be restricted to Social Voluntary Responsibility (that can either be altruistic or strategic) and the term corporate responsibility can be used for the other (economic, legal and ethical) responsibilities given by Carroll.
21) **Strategic dimension of CSR with reference to the stakeholder**

Johan Graafland and Bert van de Yen (2006) tested the hypothesis that a positive strategic and moral view on CSR stimulates companies to undertake CSR efforts. They observed that strategic view has a stronger correlation with consumer related CSR policies and practices while moral view was found to have stronger correlation with other stakeholder related CSR.

22) **Implementation of CSR concept by the various firms**

Hockerts (2008) found that most firms conceptualize CSR primarily as a tool to reduce risks and operational cost. Only a minority of firms is actually using CSR as a means to drive innovation.

23) **Marketing scrutiny of different companies with regard to CSR**

Krish (2010) found that companies are integrating CSR with marketing plan. Companies realise that to gain customer loyalty, to make the consumer choose them among a host of competing products, it is imperative to go with trend and project a distinct brand/corporate image, which is of being socially responsible corporate citizen.

24) **Conceptual Evaluation of CSR term implemented by corporate**

Venu Srinivasan (2007) highlighted that Corporate Social Responsibility is more than philanthropy and must not mean ‘giving and receiving’. An effective CSR initiative must engage the less privileged on a partnership basis and benefits must be reached to the deserving people.

25) **Implications of CSR concept by various companies**

Angshuman Paul (2007) pointed out that CSR does not promote a brand and its effect can never be visible in the profit & loss account of a company. CSR plays a role in overall corporate objectives, as a better society means greater future market potential.

26) **Marketing Analysis of CSR policies of different companies**

Subrat Sahu and Catherine Nickerson (2010) suggested that Indian corporations must formulate the form and content of their CSR policies in the future within a marketing
strategy in order to influence their stakeholders positively and increase their competitive advantage.

27) **Strategic exploration of corporate pertaining to CSR**

Bert van de Ven, (2008) has found that Investments in corporate social responsibility are believed to create value not only for stakeholders of the corporation, but also for a corporation itself. One possible way in which this value for the corporation can be created is through the marketing of corporate responsibility.

28) **Evolution and Implication of CSR in the Indian context**

Ramya Sathish, (2010) has found that corporate have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporate, NGOs and the government will place India’s social development on a faster track.

**CSR and Strategic CSR Literature**

CSR captures the dynamics between Business and society (Davis, 1988). In the context of modern day management it was first talked about in 1953 by Bowen. The CSR concept is not so new in the developed world (Hemphill, 2004; Youd-Thomas, 2005). Also in developing countries like India, firms like Tata Steel engineered socio-economic development in an entire region from the very first decade of twentieth century.

CSR as a concept means being ethical towards stakeholders, that is not harming or hurting any stakeholder (Sethi, 1979; Carroll, 1979; Waddock, 2004; Andrews, 1971 Buchholz and Rosenthal 2002; Hopkins, 2003; Wood, 1991; Jones, 2005). CSR represents voluntary company activities (Van Marrewijk, 2003). It means at minimum being legally complaint to the rules of the land (Sethi, 1979; Carroll, 1979). CSR has a dominant goal to better the condition of various stakeholders (broader society, communities and the natural environment) (Riordan et al., 1997; Steiner, 1972; Frederick et al., 1992; Hopkins, 2003; Carroll & Buchholtz, 2003; Waddock, 2004; Sethi, 1979; Carroll, 1979; Fukukawa and Moon 2004; Kotler and Lee, 2005). Further CSR has been seen as a continuous process of engagement of the firm with the stakeholders (Boatright, 2000; Altman, 1998; Waddock, 2004)
Business firms responded by engaging into a wide range of CSR activities. But this engagement of business with the society by CSR activities directed towards a wide range of social and environmental issues generated a lot of criticism! Researchers proclaimed that this type of CSR activities seemingly addressing each and every social problems were neither good for business nor good for the society (Leavitt, 1958; Friedman, 1970; Lantos, 2001; Drucker, 2001; Porter and Kramer, 2006, 2002; Meehan et al., 2006). Their concern was that wide range of CSR activities were not making any progress in alleviating social situation because the social problems were too big to be addressed by a business (Porter and Kramer, 2006). Also firms didn’t have the expertise to find effective and efficient solutions for social issues, thus firms were seen as wasting valuable shareholders resources (Leavitt, 1958). Drucker, 2001 wrote that unrelated CSR activities undertaken by firms could be ineffective and inefficient. Friedman (1970) called for a strategic base for pragmatic social initiatives. Friedman emphasized a lack of logical base for ethical CSR and found ethical CSR as ambiguous. All these arguments coupled with the increase in competitive pressures for firms over the last few decades, have caused executives to examine the nature and extent of their firms' CSR activities. So firms were advocated to indulge in CSR activity themes related to its core business (Collins, 2003).

**Strategic CSR and its Importance**

The concept of Strategic CSR was an answer to the discontent with traditional CSR. Fry et al., 1982 first wrote about strategic philanthropy. It was that type of corporate philanthropy, that helped attain business cause as well as serve charitable purpose (Quester and Thompson, 2001; Ricks, 2005; McAlister and Ferrell, 2002). Most researchers view Strategic CSR as CSR activities that are good for society as well as good for business (Carroll, 2001; Burke and Logsdon, 1996; Marsden, 2000; Lantos, 2001; Porter and Kramer, 2006; 2002). Only Strategic CSR activities that both create true value for the beneficiaries (support good cause for society) as well as enhance company’s business performance (win-win for both business and society) were seen as sustainable in the long run (Bruch, 2005). Strategic CSR helped to accomplish strategic business goals (Carroll, 2001). Strategic CSR is the philosophy of integrating CSR into firm’s strategic perspective and operations (Werther and Chandler, 2006). Altman, 1998 wrote
corporate citizenship and community relations have been found to be strategic, when firms' economic benefits are identified. Ven and Jeurissen, 2005 advocated that the more firms integrate CSR into their corporate strategy, the better firm's will be able to satisfy the demands of stakeholders. Strategic philanthropy grew popular from around the mid-1980s (Jones, 1997 and Carroll, 2001) and it is expected to grow in the years ahead (Lantos, 2001). Since 1990s there has been an increased emphasis on aligning philanthropic activities with the business goals (Smith, 1994; McAlister and Ferrell, 2002). Companies practicing strategic CSR expect to enhance business performance and long-term interests of the company (Sze'kely and Knirsch, 2005).

Increasingly there are evidences of firms having started engaging into CSR initiatives which are benefiting the organizations as well (that is strategic CSR) . Mescon and Tilson, 1987 found that firms were using charitable donations as a part of strategic plan for the purpose of gaining competitive edge. Saiia et al., 2003 found that giving (donation) was strategically intuitive and empirically documented. Similarly Brammer and Millington, 2004 investigated changes in the pattern and determinants of corporate charitable contributions between 1989/1990 and 1998/1999 for a broad range of stakeholders and concluded that charitable contributions are becoming more of strategic value. Garone, 1999(also Drumwright and Murphy, 2001) wrote that philanthropy is increasingly becoming integrated with corporate strategy plans. Crawford and Scaletta, 2005 based upon the KPMG’s International Survey of CSR Reporting 2005 highlighted the top ten motivators driving corporations to engage in CSR for competitive reasons. Similarly Perrini, 2005 drawing the Strategic CSR Process had put seven major themes in Strategic CSR. Peter Jones and his colleagues in their study of UK’s ten leading food retailers reported that each of the food retailers had its own approach to CSR and importantly each of the food retailers made its case for locating CSR as an integral element of the core business for long term growth and financial security for stakeholders so as to maintain or enhance the market position (Jones et al, 2005).

Further Jones et al, 2005 reported that many of the environmental initiatives addressed in the CSR reports were designed to reduce energy use and waste generation and also reduced cost at the operational level. Neville et al., 2005 contended that strategic fit, competitive intensity and reputation management capability moderated the CSP-FP
relationship. According to Fombrun (1996; 2005) Corporate Citizenship (CC) has become a strategic tool to manage reputational risks from stakeholders and managements' are executing these corporate CC strategies to enrich and enhance business opportunities. Marsden, 2000 wrote that large firms like American Express, NatWest Bank, Johnson & Johnson (Europe), and Levi Strauss are detaching from philanthropy towards social investment geared to expected measurable outcomes and are taking on social issue related with the company business. Porter and Kramer, 2006 set the stone rolling in Strategic CSR Literature, when they wrote that for CSR to be strategic CSR should contribute to firm value chain (Porter, 1985) practices and/or improve the context of competitiveness (Porter, 1990).

The core component of this work is to investigate or to examine Corporate Social Responsibility trend of Indian Companies. In this regard historical background of Indian Companies is essential to disclose in this work. Thus the next unit is prepared in the context of Corporate Social Responsibility initiatives in India. This presentation can be compared with the study undertaken.