CHAPTER - 2

LITERATURE REVIEW

This chapter presents a review of available literature, which form the secondary sources of data and information relevant to the present research study. The objective of this review is to assess the knowledge and information which may be of help in understanding the current thinking and findings on the different aspect of Corporate Social Responsibility (CSR). Literature reviews form part of research studies for the purpose of bringing out the gaps in the studies and also for critically understanding the different perspectives employed in the reviewed literature and analyzing their findings.

The present researcher has surveyed a good amount research and other literature in the area of CSR in order to shape the present study in a useful manner. The literature reviewed in this chapter fall into different categories. A first set of literature are those which deal with the development of the concept and practice of CSR. They explain the context of the emergence of CSR, its defining features, its important elements and constituents. They also explain the effects and benefits of CSR.

A second set of literature deal with different tools and instruments, and also international initiatives. These also contribute to understand the defining features and dimensions of CSR. Among these are included the relevant materials on the United Nations’ “Global Compact” and “Global Reporting Initiative” (GRI). These are two important initiatives at international level which have been employed to
devise a model benchmark for measuring the CSR commitments of business organizations all over the world. These initiatives also provide standards for business organizations to follow in optimally utilizing the resources available to them for evolving and implementing CSR strategies.

This chapter also reviews some of the previous research studies which deal with theoretical conceptualizations on CSR and the evolution and progress of CSR policies and practices in Asia and Europe.

2.1 CSR: Definition and Constituents

There are a numerous definitions of CSR. In fact, the definitions get multiplied from time to time synchronizing with the increasing interest generated by the phenomenon of CSR among scholars and writers in different fields. Marrewijk (2003) observes, perhaps somewhat exaggeratedly, that there are as many definitions of CSR as the amount of literature being written about the subject. This multiplicity of definitions and writings appear to be a reflection of the intense discussion and debate among academic scholars, business leaders, policy makers, consultants, etc.

The different conceptions of CSR discussed in the literature may perhaps only be indicative of the multiplicity of definitions. The multiplicity also point to the different kinds of actors and the diverse range of activities which fall under the rubric of CSR. The different actors include some of the prominent figures in business around the world, actors in different sectors, in governments and industry, apart from those from the civil society. The wide range of voices is significant, whether emanating from big corporate organizations or small firms or whether
reflecting the concerns of people who critically view business activities. There are also differences in perspectives and concerns depending on whether the voices are international, national or local level.

The CSR as a significant concept went through various stages of evolution. Its modern use and understanding mainly emerged and evolved in the USA from the 1950s (Carroll, 1999). Since then there has been significant attempts to formalize the concept of CSR. By the turn of the new 21st century, the concept and practice of CSR gathered strength through the momentum of its growth over the past many years (Crawford and Scaletta, 2005). Williams writing in 2005 notes that CSR is now regarded to be at its most relevant and important stage of evolution (Williams, 2005).

According to Lantos (2001) the CSR as a concept has debatable legitimacy and unclear boundaries. For Fischer (2004) it is an “ambiguous” concept. There are authors for whom it is “subjective” (Frederick, 1986) or “amorphous” (Margolis and Walsh, 2001) or unclear (McWilliams, 2001). McGuire (1963) describes CSR as a “fuzzy” concept (McGuire, 1963).

The reason for these different characterizations of CSR is that it remains a broad concept and suffers from lack of consensus and common understanding on what exactly it means or denotes (Votaw, 1973; Carroll, 1991; Jones, 1995, 1999; McWilliams and Siegel, 2001; Whitehouse, 2003; Garriga and Mele, 2004; Kakabadse, et al., 2007).

Various points of views of academics about CSR is discussed and summarized below. Kakabadse, et al., (2007) arranged the various perspectives in defining the
CSR as reflected in the debate over its content and meaning over the last 50 years, as in the following Table:

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition of CSR</th>
</tr>
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<tbody>
<tr>
<td>Bowen (1953)</td>
<td>Obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of values of our society.</td>
</tr>
<tr>
<td>Frederick (1960)</td>
<td>A public posture towards society’s economic and human development and a willingness to see that resources available are used for broad social ends and not simply for the narrow private interests</td>
</tr>
<tr>
<td>Friedman (1962)</td>
<td>Social responsibility of business is only to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to say, engage in open and free competition.</td>
</tr>
<tr>
<td>Davis and blomstrom (1966)</td>
<td>It implies a person’s obligation to consider the effects of his decisions and actions on the whole social system, which affects the society in various ways.</td>
</tr>
<tr>
<td>Andrews (1973)</td>
<td>Maintaining a balance, through voluntary restraint, between profit maximization and sensitivity to the social costs of economic activity and focusing corporate power on socially desirable objectives even though it may be less economically attractive</td>
</tr>
<tr>
<td>Arrow (1973)</td>
<td>Maximization of profit, limited only by law and ethical codes, in order to make contribution to the social good.</td>
</tr>
<tr>
<td>Sethi (1975)</td>
<td>Corporate behavior which is congruent with the social norms, values and expectations</td>
</tr>
<tr>
<td>Carroll (1979)</td>
<td>Fulfillment of economic, legal, ethical and discretionary philanthropic expectations the society</td>
</tr>
<tr>
<td>Jones (1980)</td>
<td>Obligation of corporates to all groups of people other than the direct stakeholders, which is beyond the obligations prescribed in the laws</td>
</tr>
<tr>
<td>Wood (1991)</td>
<td>CSR basically means that business and society are interwoven rather than separate units.</td>
</tr>
<tr>
<td>Bloom and</td>
<td>Obligation of the business, which go beyond legal</td>
</tr>
<tr>
<td>Authors</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Gundlach (2000)</td>
<td>requirements and responsibilities towards shareholders, to the people and groups who can affect or are affected by the business policies and practices, which are intended to minimize any harm and to contribute to socio-economic development.</td>
</tr>
<tr>
<td>Baker (2003)</td>
<td>Management of business processes in such a way as to produce an positive impact on the holistic development of people and society</td>
</tr>
<tr>
<td>Van Marrewijk (2003)</td>
<td>Acting as an agency for environmental management, environment-friendly production systems, human capital management and value creation</td>
</tr>
<tr>
<td>Crowther and Rayman Bacchus (2004)</td>
<td>Business is concerned with its broad relationship with governments and individual citizens, and, at the local level where it operates, with its relation with local society, and with its stakeholders and shareholders.</td>
</tr>
</tbody>
</table>

Source: Kakabadse et al (2007)

It can be seen from the definitions of CSR given in the above Table that CSR means quite different things to different people. These definitions fall into two broad categories: the first gives emphasis on profit maximization (Arrow, 1973) and the second on the responsibility of business to all stakeholders other than shareholders. Sutcliff (2003) and Lobbezzo et al. (2004) points out the ambiguity in the concept of CSR on account of the absence of a consensus about what really constitutes CSR and what elements should be rightly included in it and what should not be included. In this regard, it is pertinent to note the observation of Welford (2003) that the corporates often choose to adopt a definition that suits their interests. It is pertinent to note here the distinction made by Friedman et al. (2006) who, while analysing Caroll’s discussion of CSR (Caroll 1979), states that of all the four responsibilities mentioned by Carroll (1979), namely, the economic, legal, ethical and philanthropic, the ethical and philanthropic really constitute the social responsibility. The former two are not really social responsibilities. The same viewpoint is also held by Michael McComb (2002) and Ruth Lea (2002). Michael McComb is of the view...
that the CSR is action for community development based on a corporate philosophy that determines decision-making in the areas of selection of partners, hiring of services and also overall strategy for the promotion of business including brand development. For Ruth Lea, CSR is essentially going beyond the binding duties and obligations set by the law so that a positive impact could be effect in the society and on the environment. Carrol’s four aspects of CSR is said to be based on the theory of legitimacy, which maintains that corporations need to be legitimate in their functions, relationships they establish, and the interactions with the customers and communities. The theory of legitimacy has been further elaborated by Eweje (2006).

There are also definitions of CSR by others which mainly follow the principle of taking into account the interests of the people, community and society while pursuing the primary goal of business, viz., earning profit and safeguarding the interests of shareholders (Johnson, 1971). For example, Hopkins (2003) points to the ethical responsibility of firms to act in a responsible manner towards all the stakeholders. According to Moon (2002), the activities that can come under CSR are socially responsible relations with employees, production processes that are sensitive to social concerns, and other activities reflecting ‘community involvement'.

According to Welford (2004), for the corporates to be socially responsible, their policies and activities should incorporate essential principles derived from international Conventions and agreements on human rights, especially the UN’s Declaration of Human Rights and Conventions of the International Labour Organisation (ILO). According to him, accountability and transparency with clear-cut provisions against bribery and corrupt practices and a positive commitment to
the protection of community should qualify for the best CSR practice of the corporates.

In general it could be seen that the most widely used and accepted definitions of CSR for practical purpose and policy making by Governments are those which give emphasis on the principles of human rights, sustainable development and community and environmental concerns reflected in the international conventions, code of conducts, compacts and guidelines. This should be taken as the contemporary meaning of CSR as opposed to the connotation of philanthropic activity. This contemporary meaning of CSR was first expressed by Howard R. Bowen in his book “Social Responsibilities of the Businessman”.

There also various international initiatives and instruments which have laid down some relevant principles in their respective areas of concern on which are based the essential elements of the idea of CSR as formulated by a number of international organizations which have come up to promote CSR. The following Table summarises these initiatives and instruments:-

**Table – 2.2: Initiatives Relevant for definition and application of CSR**

<table>
<thead>
<tr>
<th>Aspiration Principles and Codes of Practice</th>
<th>Full name of the Instrument</th>
<th>Abbreviation Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN Global Compact</td>
<td>UN Global Compact</td>
<td>UNGC</td>
</tr>
<tr>
<td>Amnesty International’s Human Rights Guidelines for firms</td>
<td>Amnesty International’s Human Rights Guidelines for firms</td>
<td>Amnesty</td>
</tr>
<tr>
<td>Ethical Trading Initiative Base Code</td>
<td>Ethical Trading Initiative Base Code</td>
<td>ETI</td>
</tr>
<tr>
<td>Global Sullivan Principles</td>
<td>Global Sullivan Principles</td>
<td>Sullivan</td>
</tr>
<tr>
<td>Organization for Economic Co-operation and Development</td>
<td>Organization for Economic Co-operation and Development</td>
<td>OECD</td>
</tr>
</tbody>
</table>
The definitions of CSR adopted and promoted by international organizations set up to promote CSR like the Business for Social Responsibility (BSR) and the World Business Council for Sustainable Development (WBCSD) are largely based on the principles laid down in the above initiatives and instruments. Thus, the definition of CSR by the WBCSD focuses on the ethical commitment of business organizations to contribute to the economic development through efforts to improve the quality of life of their labourers and other employees and their families and also of the community and society at large (WBCSD, 1999). The European Commission (2001) focuses on the integration of social and environmental concerns in the

| Guidelines for Multinational Enterprises |  |
| ECCR/ICCR Benchmarks for Global Corporate Responsibility | ECCR/ICCR |
| **Management Systems and Certification Schemes** |  |
| Social Accountability 8000 | SA8000 |
| International Organization for Standardization ISO9000 & 14000 | ISO9000/ISO14001 |
| Eco-Management and Audit Scheme | EMAS |
| EU Eco-label criteria | EU Eco-label |
| Forest Stewardship council’s Principles and Criteria for Forest Management | FSC |
| **Accountability and Reporting Frameworks** |  |
| Global Reporting Initiative Guidelines | GRI |
| Accountability 1000 Series | AA1000S |

*Source: European Commission (2003): Directorate General for Employment and Social Affairs*
business operations and interaction of business organizations with their stakeholders. The International Business Leaders Forum (IBLF), set up to promote positive impacts of business on society and minimize the negative impacts, encourages businesses to follow sustainable development practices. The Working Group on Social Responsibility for ISO 26000 emphasizes the need for transparent and ethical conduct of organizations and for making them responsible for the impact of their decisions and activities on the society and environment.

However, there are also definitions of CSR put forward which emphasize the voluntary nature of the CSR. For example, the International Organization of Employers (IOE) views CSR as essentially a voluntary initiative to take into account social and environmental concerns while conducting business operations. Following a similar line, Philip Kotler and Nancy Lee, (2005) emphasise on “discretionary” business practices and contributions of firms to improve the well-being of the community. For Mallen Baker ( ) the social commitment of a firm is to manage the business processes to make a positive impact on the welfare of the society.

2.2 Literature Review at National Level


This study is one of the first attempts at studying CSR practices of Indian companies after the coming into force of the new Companies Act 2013. The study discusses the CSR activities of Tata Company and ITC Company in the areas of environmental friendliness, social accountability, employee’s
safety, human rights promotion, healthcare, education, health etc. The study also evaluate the compliance of these two companies in the reporting of their CSR obligations. The study finds that these companies, which are India’s two large private companies, are earnestly engaged in CSR activities in the areas of education, protection of environment, and promotion of innovation in agriculture. It is also the finding of this study that these companies have benefitted from fulfilling their CSR responsibilities. The authors conclude that the companies cannot afford to shirk from their CSR responsibilities mandated by the Companies Act 2013 because of increasing consciousness created among the various stakeholders by the advanced technologies like internet. It will be costly for the companies to ignore the demand for accountability and therefore the companies necessarily have to adopt the “triple bottom line” approach in accounting for and reporting the values created by them. In arriving at its conclusions, the study adopted the “chi-square” method for testing its hypotheses, using as relevant source of primary data the responses of a select sample of respondents.

2. **Issues and Challenges of Corporate Social Responsibility in India** - Bhupender & Vikas Kumar Joshiya, Assistant Professor, University of Delhi (2012)

The focus of this study is the policies for CSR in India, the status of CSR and the challenges faced by it. The study records the finding that the companies are under pressure to be transparent in accounting and reporting their CSR activities. This is an outcome of the change from CSR being perceived merely as a voluntary philanthropic commitment to its understanding as a specific obligation towards society. While observing that
adoption of CSR as a social responsibility is a positive development, the study also point out the need for moving away from theoretical understandings to concrete actions.

3. **Corporate Social Responsibility Initiatives of Major Companies of India with Focus on Health, Education and Environment** - Anupam Sharma and Ravi Kiran, School of Behavioural Sciences and Business Studies, Thapar University, Patiala, India, 2012.

The authors of this study note that many Indian companies are moving towards taking initiatives to meet the various needs of the society through CSR activities. Their study is an attempt to understand the status of CSR activities initiated by a number of large companies in India and the progress made by them. By evaluating the performance the companies studied by the authors, the study significantly tests the effect of the CSR policy introduced by the Government of India. It is a conclusion of this study that that there is a lot more to be desired in the effect of the implementation of the CSR policy adopted by India through the new Companies Act.

4. **Corporate Social Responsibility : An Explorative Review** - Dr. Arvind Jain, Senior Manager(SME), Axis Bank Ltd., Rajkot (2012)-

This research study reviews the existing knowledge on the subject of CSR in India. It records that by the adoption of CSR as an important area for action, many corporate organizations have been able to reap the benefit of building for themselves distinct corporate identities. This helps them to be more competitive and successful in a competitive world.
5. **Globalization of Corporate Social Responsibility Focussing on Indian Markets - Soheli Ghose, Assistant Professor, Department of Commerce, J.D. Birla institute, Jadavpur University (2012)**

This study deals with the theoretical and legislative aspects of CSR. It also discusses some specific instances of CSR activities and some cases of violation of CSR obligations. The study postulates three levels involved in social responsibility of a company. The first level defines the expectation from a business organization and its managers and members for bringing about responsible outcomes. The second level relates to the processes to be adopted and the third level relates to the assessment of the effects of the decisions taken and the process adopted. The study suggests the need for the companies to go beyond reporting compliance with the laws and strive to really meet the social objectives. The study also point out the need for effective monitoring of CSR activities by the Governments and the companies themselves.


This study is an effort at gaining a general understanding of the various benefits of and challenges faced by CSR practices. The benefits and challenges are brought out through an analysis of the initiatives undertaken by the corporate sector for sustainable development.

7. **Corporate Social Responsibility Rating: India Focus- Lokaranjan Guha, Professor, EIILM, Kolkata (2011)**
This paper makes a study of the CSR performance of a number of Indian Companies which satisfies the various standards of sustainable business practices like ISO 9000, ISO 14000, ISO 18000. The study, conducted before the introduction of the new Companies Bill which mandated CSR provision for Indian companies, finds Tata Steel (TSE) to be a best example in complying with the major dimensions of CSR, namely, social welfare, ethical behaviour and green practices. The study commends the example of TSE for other Indian companies to follow, especially the Small and Medium enterprises.

8. **Strategic Corporate Social Responsibility: Challenging Sustainable Actions in India** - Ms Nidhi Khurana, Asia Pacific Institute of Information Technology, Panipat (2011)

This study throws light on the importance of CSR strategy delivering values to the society in the context of the “current” economic conditions of India. The study explores the loopholes in the implementation of CSR strategies to find out the reasons for the lack of their effectiveness. The sectors of the economy where CSR strategies could be effectively implemented are identified in this study. The paper urges the corporates that CSR need not be considered as non-profit activity and on the contrary it could in the long run be profitable for them.

In her paper, Sweta Singh examines the complexity in the CSR trends in India and analyses the major concerns and potential impacts of CSR. This study contains a good assessment of the various approaches towards CSR with the help of a perusal of important publications, documents and articles on topics related to CSR. This analysis has been undertaken with the objective of obtaining an in-depth insight on the existing CSR theories and practices of the corporate sector entities in India.


This is an explanatory study CSR practices of “top” 500 companies of India. The study evaluates their CSR performance on the basis of the standards suggested by the Global Reporting Initiative (GRI). This paper also contains a discussion of the complexity in defining the concept of CSR and evolution of CSR ideas and practice in India. The conclusion in the study highlights the tokenism resorted to by a large number of companies. Even this token gesture is intended only to get publicity for the company.

11. **Corporate Social Responsibility of Indian Business Houses** - Dhond Arvind, Assistant Professor(Selection Grade), St. Xavier’s College Mumbai (2008) -

This study is one among a number of similar studies which attempt to evaluate the social responsibility of Indian companies. The study takes “social responsibility” to be what the company does to contribute to the
society’s development going beyond statutory obligations. The authors posit companies that companies need to be “corporate citizens” by fulfilling their moral obligations to the society.

2.3 Matrix of Studies included in Review

1. Ms. Seema Sharma’s study (2011) discusses the variations in the meaning of CSR as it is practiced by different actors in India. The author has done a Structured Interview and Journal Diversity in understanding CSR. According to the author, CSR can be understood either as an aid to business, or as philanthropy, or an ethical commitment. In her study, she has invited attention to the differences in the nature of debates on CSR at the global level during three distinctly different periods, namely, during the Great Depression in USA, during the Cold War period and during the period of Globalisation. The author suggests that the social, economic and political contexts of these three different periods might have had their bearing on the meaning attributed to the CSR by the different participants in the debates.

2. Mr. Rahul Hakhu’s study (2010) on the status of CSR in India, analyses the reports and journals of Indian corporate sector companies and finds that a growing number of companies are moving towards taking decisions in consonance with ethical requirements with regard to the needs and expectations of the people and communities and environment sustainability requirements.

3. The study by Mr. Anupam Ghosh and Mr. Chhanda Chakraborti (2010) is focused on the role and impact of the “Global Compact” (GC) and
'Millennium Development Goals' (MDGs) in shaping CSR practices for socio-economic development and national and international levels. The study explores the applicability of GC and MDG goals for the CSR practices in India. The study inter alia comes to a finding, which is based on the analysis of Auditor's Report and CSR reports and journals of Tata Steel Ltd, that this company largely follows the UN’s MDG goals in their CSR activities in Jharkhand. It is a conclusion of the study that CSR activities can act as instruments of development by bridging the gaps in developmental efforts by governments.

4. Mr. A.K. Sharma & Ms. Rupal Tyagi’s study (2010) is concentrated on the level of adoption by Indian companies of the principles of the Global Compact (GC). The study analyses the determinant variables in the Indian companies’ adoption of these principles. The study also touches upon the level of sincerity and commitment of Indian companies in this regard. It undertakes a good review of available research studies, papers and articles. This helps to have a clear understanding of the impact of Global Compact initiative on the different economies of the world with particular focus on India. The study finds that while the Indian corporates are largely responsive to the Global Compact principles, there is a lack of commitment in reporting the progress to the Global Compact. The reporting is irregular. The reason cited for this irregularity is lack of resources. A large number of Indian corporate entities while promising to adhere to the Global Compact principles tend to show reluctance to actually implement these principles by incorporating them into their business processes.
5. Dr. Ahmed Khalil Mohammad study of CSR in the Indian business organizations brings out that the CSR activities of the Indian business organizations are largely concentrated on philanthropy or at best an extension of philanthropy. This finding is similar to the Karmyog study on CSR Rating of India’s 500 largest companies.

6. Ms. Anjali Taide’s comparative analysis of ten Indian companies rates these ten companies on their CSR performance and also evaluate of the effect of their CSR activities. This study also follows the Karmyog’s “Triple Bottom Line” rating approach. The study significantly observes that there is no correlation between the performance of companies in the stock market and their CSR ratings, for often stocks of those companies which have high rating on CSR had fallen in the market compared to the companies which had lower CSR rating.

7. The Karmayog rating of companies is also the basis of the study of CSR programmes of a number of Indian commercial banks by Mr. Dake Patil Jayashree and Ms. Neeta Pole Aurangabadkar (2011). The authors analyse the CSR programems of the select banks both in the period prior to the introduction of mandatory provision for CSR in the Companies Act of 2013 and in the period after that. According to the analysis in this study, only a few Indian commercial banks have adopted reporting on the basis of the principle of Triple Bottom Line. However, more and more are recognition that the more social and economic development for the people, the more will be the people who will approach banks for depositing their savings. Thus, the banking sector has more potential for leveraging their CSR activities meant to
promote socio-economic development to achieve their core business objective of attracting customers.

8. A similar finding is arrived at by Mr. A. Ananth, Mr. Senthikumar, N. and Mr. Arulraj A. (2011) in their study of customer satisfaction in the banking service. According to this study, a sound CSR policy and practice can help banks to achieve customer satisfaction which is the most important factor in assessing the quality of service in the banking sector.

9. Another study on the CSR practices in the banking sector is by Ms. Nishi Sharma (2011). In her study she makes a graphical presentation of the most important areas for the CSR activities of the public and private sector banks. As revealed by this study, the CSR thrust of both the public and private sector banks are mainly in the areas child welfare, community welfare, poverty-reduction, healthcare, environment, rural development, vocation training of women, education, protection of girl children, education, and employment generation.

10. A study Ms. Sudeepta Pradhan (2009) finds that the Indian banks are aware of the social and environmental issues and that many banking institutions are involved in activities for social development, upliftment of women, protection of environment, culture, promotion of health, community welfare and social security. The study is based on the content analysis of annual reports of banking institutions which contain information on their CSR-related activities.

11. Ms. Jayashree Patil-Dake (2010) in her paper analyses the aspect of financial inclusion policy adopted by the Banking sector in India. The main feature of
the financial inclusion policy is the “no frill accounts” opened for common people by the banks under the guidelines of Reserve Bank of India (RBI). The phenomenon of “no frill accounts” began with the RBI’s “annual policy statement” in April 2005. This statement of RBI advised all the banks to initiate measures for encouraging all those people who have been until then excluded from banking services to open bank accounts. Ms Jayashree’s study finds that of the total such “no frill accounts” opened from 2006 to 2006, 89% per cent were opened in the public sector banks, and only the remaining 11% were opened in private sector banks. The foreign banks opened virtually Nil accounts. This finding perhaps point to the fact that it is still public sector institutions that is more likely to adopt policies meant for social inclusion than the private sector.

12. The study by Eliza Sharma & Dr. Mukta Mani (2013) titled “Corporate Social Responsibility: An Analysis of Indian Commercial Banks” reveals a similar situation of private sector and foreign banks lagging behind the public sector banks in taking up CSR activities. The study finds that some of the banks in the private sector are reluctant to meet the regulations regarding CSR. The banks which have begun to take up token CSR activities need to be encouraged to give emphasis on meaningful and fruitful activities.

Sharma (2011) has given a list of core thrust areas for reporting CSR activities by the Indian banks as: children welfare, community welfare, education, environment, healthcare, poverty eradication, rural development, vocational training, women's empowerment, and protection to girl child, employment. The CSR activities ratings of Indian banking sector has also been done by Karmayog, an NGO to know the different perspective. As per
the report of the Karmayog report show that two third of surveyed 36 banks
couldn't even secure a rating of 3 at a scale of 0 to 5, only one bank could
attain the level 5 in the survey.

13. Krumwiede Dennis, Hackert M. Ann, Tokle M. Ann, Tokle Joanne and
Volurka J. Robert (2012) in their study examine the differences in resource
investments in various areas of CSR activities across six countries, viz., US,
Canada, Hungary, Italy, Taiwan and Lebanon. The study finds variations
between the countries in the focus of CSR activities by firms. For example, in
the area of health and safety programmes, the firms in Taiwan make highest
level of investments than the other countries studied.

14. The study by Idemudia Uwaflokun (2011) critically examines the strengths
and limitations of CSR agenda in the countries belonging to the “South”, i.e.,
the southern regions of the globe. The study argues for the need to identify
the potential areas of research specifically related to the South because of the
differences in the dimensions of the issues and problem in the South
compared to the North. A South-centered approach, it is argued in this study,
can make the CSR agenda attuned to the priorities of the developing counties.
Though this study points out the CSR agenda has not achieved its potential in
Africa, it is also to be noted that there is hardly any study which has attested
to the achievement of the full potential of CSR in any part of the world.

15. Rojanasak Chomvilailuk and Ken Butcher (2010) in their study explore the
effect of CSR practices of banking organizations in Thailand on the brand
preference by consumers. The study finds a modest to significance influence
of CSR practices on the consumers, depending on their age, pre-disposition to support CSR, and cultural values.

16. A study by Yaowalak Poolthong and Rujirutana Mandhachitara (2009) discusses how initiatives towards social responsibility can influence retain banking customers’ perception of service and brand quality in Bangkok, Thailand. The study finds a positive association between the perception of service quality and the trust created by the CSR initiatives.

17. Joseph K. Achua (2008) revises the CSR policies and practices in the banking system in Nigeria. The study finds that adoption of CSR by the banking institutions has served to ensure stability for the operations of these institution while undertaking reforms. The study points out a number constraints faced by the banking system in Nigeria in taking up CSR practices. These constrains largely consist in unfavourable macro-economic situation, laxity in regulations, corruption in the economy, and also self-induced vices within the banking sector in Nigeria.

18. Kirsty Raubenheimer (2008) has studied CSR initiatives by banks in New Zealand and Australia with the help of published annual reports, CSR reports, and web-based information. The conformity of these initiatives with the CSR standards established by international regulatory bodies is examined. By using a system of ranking based on a set of criteria, which include training & development, diversity, supporting environment, health & safety, pay & benefits, organizations values and employment policies, employee relations, and employee engagement and satisfaction, the study finds that the major themes in the CSR practices relates to community initiatives and
environmental protection, although focus on the welfare of employees is also growing.

19. The study by Alan Pomering and Sara Dolnicar (2008) finds low level of consumer awareness regarding CSR programmes of Australian banks. This finding is based on the researchers’ personal interviews with the top executives of the 'big four' Australian banks who are in charge of CSR programs. The study concludes that there is the information needs of the Australian public are yet to be satisfied.

20. Consmin Joldes, Mihaela Belu and Eugenia Irina Iamandi (2008) in their study focus on the banking sector in Romania in the context of the well-recognized strategic important of the CSR for the banking sector in Europe as a whole. The study draws upon the “RARE” analysis of CSR practices in Europe (Regine Bath and Franciska Wolff (2009), Corporate Social Responsibility in Europe: Rhetoric and Realities, Environment Law and Governance Division, Oko-Institut, Germany) and states that though the banking sector in Romania is not a mature one, the banks in Romania are proving to be as much responsible in taking up CSR activities as the banks in other parts of Europe. The major different between them is only in the way of reporting their sustainability compliances.

21. Corporate responsibility in the Italian banking industry: creating value through listening to stakeholders

22. Gianna Zappi (2007) examines the corporate responsibility practices in the banking industry in Italy. The study finds that the view prevalent in the banking sector in Italy regarding CSR is “multi-stakeholder”-oriented, and
this means that the banking institutions strive to produce value for all the stakeholders with whom they relationships and daily transactions.

23. Rahmawati and Dianita Septia Putri (2011) analyses empirical evidence to examine whether the “earnings-management” practices of companies have any influence in the relationship between the CSR practices and financial performance of companies. The study finds that “earnings management” practices of companies have no influence on their CSR performance. The “earnings management” by companies, which has a positive effect on CSR, has adversely affected the future financial performance of the companies.

24. The study of Masruki Rosnia, Ibrahim Norhazlina and Azizan Azlinna Noor (2009) on Islamic banks in Malaysia probes the association between CSR disclosures by banks and their financial performance. The study, based on Content Analysis and t-test, investigate the differences between banks which disclose their CSR activities and the banks which do not. The finding of the study is that there exists no significant relationship between the CSR disclosure and the profitability of banks. The banks which report their CSRs are usually the banks with high higher assets and working capital, but at the same time such banks also have higher levels of debt.

25. Rettab Belaid, brik Ben Anis and Mellahi Kamel (2009) studied the UAE firms to examine the link between CSR activities and business performance. The study employs the Multiple Regression tool to assess the CSR’s impact on the reputation of business organizations and their financial performance. The firms’s CSR activities, especially higher employee commitment, lead to better financial performance and reputation.
26. Scholtens Bert (2008) studied 289 US firms to understand the effect of financial performance on social performance. The study used on the one hand and firms community involvement, employee relations, diversity, environment and product on the other and used the Distributed-lag model and Granger causation tests. According to this study, there is a strong causal link between financial and social performance. However, there is variation in the degree of impact of financial performance on the different themes of social performance such as employee relations, community involvement, diversity, environment, etc.

27. The study by Simpson Gary and Kohers Theodor (2002) states that the link between financial performance and social performance is a universal phenomenon. The authors arrive at this finding through their empirical analysis of the Community Reinvestment Act ratings of a number of companies in the banking industry.

2.4 Review of Literature

The “Corporate Social Responsibility: Issues and Controversies” by Chandrakanta Sahoo (2011) explores the status of CSR practice in India to find that it is currently restricted to a small section of stakeholders. Their CSR activities are limited to community development projects in the areas of health, education, skill-development, etc. From these findings, the study deplores the fact that the CSR in India is confined to philanthropy. There is scope and need for augmenting and expanding the reach and extent of CSR practices in India from the current isolated, limited philanthropic-based community development interventions. Long-lasting initiatives could be chalked out by associating civil society organizations and
governmental planning and policy-making to support various programmes and projects. The study observes a shift in the approach of companies regarding CSR from the “ethical” to “statist”, and points out the need on the part of the corporate sector to start acting proactively, rather than just reacting to the prodding from the State.

**Dean Roy Nash (2012)** in his study of CSR activities of a number of large public sector companies in India, which are specified as “Maharatna” companies, attests to the commitment of these companies to the cause of social development. Among the companies studied by the author are the National Thermal Power Corporation (NTPC), Indian Oil Corporation (IOC), Steel Authority of India Ltd (SAIL), Oil and Natural Gas Corporation (ONGC) and Coal India Ltd. The author suggests that the private sector corporates in India need to follow the example of these large public sector companies of India, and there is a need to bridge the gap in resource allocation for CSR activities between the public sector companies and the private sector companies. However, it must be noted that the larger outlays earmarked for CSR by the public sector companies is an outcome of the clear-cut guidelines issued to all public sector units (PSUs) by the Government of India’s Department of Public Enterprises. These guidelines obliged the PSUs to earmark separate funds for CSR activities from out of a specified percentage of their previous year’s profit.

**Amit Kumar Srivastava, Gayatri Negi, Vipul Mishra, Shraddha Pandey (2012)** in their case study of “Corporate Social Responsibility: A Case Study Of TATA Group” brings out the scope of CSR activities by private companies in India. The study finds that the Tata Group which has about 80 companies under its fold are engaged in various kinds of CSR activities such as support for Self-Help Groups engaged in poverty alleviation, income generation, women’s empowerment,
maternal and infant survival projects, etc; support for social welfare organizations; healthcare projects, which include immunization and child care, creation of awareness on AIDS; and economic empowerment programmes like promotion of improvised agriculture in tribal areas of Orissa, Jharkhand and Chattisgarh. The study lists such CSR activities taken up by a number of companies coming under Tata group. From these activities, the study concludes that the Tata Group has done commendable work to fulfill its responsibility towards society and nation.

Gahlot Sushmita (2013) in her paper titled “Corporate Social Responsibility: Current Scenario” makes out a case for stricter implementation of Section 135 of the Companies Act for better compliance to it by the companies. It is noted that currently the level of transparency and accountability is low and needs to be strengthened. There is desirability of a CSR Consulting service or organization to help the CSR of companies to succeed and grow. There are a number of issues which need to be taken up and sorted out like the issue of penalty for non-disclosure by companies; the scope of Schedule VII of the Companies Act which indicate the CSR activities to be undertaken; and setting up and strengthening of internal controls. Solving these issues will lead to the discharging of their social responsibilities by the companies in the true spirit of the concept of CSR.

Amresh Kumar (2013) studied the CSR practices in the organized retail sector in India with specific focus on Future Group of retailers. The finding of the study reveals the informal and inconsistent nature of CSR activities of the Future Group. There is need for fostering more dedication to and better structuring of CSR activities. This company does not at present does not bring out a report on their CSR activities. Comparing the performance of the Future group with that of the multinational company Walmart, the author of study observes that the latter
company is more sensitive about its CSR obligations as revealed by its better structured CSR programmes, transparent procedures and robust stakeholder relations. Another different noted by the author between the Wal-Mart and Future group is that while the former’s CSR activities are more directed towards global issues the latter’s activities are confined to the local issues. The author recommends the need to focus on environmental issues such as saving on energy consumption and waste management.

Rajeev Prabhakar and Ms. Sonam Mishra’s (2013) study of CSR in Indian business organizations notices the perceptible shift from the philanthropic orientation of CSR activities of Indian business towards “social responsibility”. The study comments the Companies Act 2013 as a good initiative, but at the same time states that there is much which has been left for the companies to decide. For example, what activities can legitimately be included under CSR is not clear in the Act and its Schedule VII. The CSR as a concept is still evolving and it is for the companies to respond to the call for aligning their business practices to the wider objectives of society. Positive action on their part for evolving a strong and innovate CSR strategy will be fruitful for them as CSR has long been accepted as an ingredient in the success of many business organizations. A sound CSR strategy needs to be directed towards meeting the expectations of all the stakeholders in different areas such as ethical, environmental and social.

Sarita Moharana’s (2013) research work, “Corporate Social Responsibility: A Study of Selected Public Sector Banks in India” examines the CSR activities of five selected nationalized banks in India. This study finds that these banks are involved in CSR activities mostly in the areas of education, rural development, health, community welfare and women and child development. The study points out the
need for banks to extend their CSR activities to other important areas and for training the bank personnel to work on social issues.

Swati Sharma, Reshu Sharma & Jugal Kishor’s (2013) descriptive study of “Emerging trends in Corporate Social Responsibility in India” points to the slow change in the nature of CSR activities of Indian companies from philanthropy to the specific objective of meeting social responsibilities. The authors recount that in the period before 1990s, the CSR practice was dominated by the idea of philanthropy which mainly involved an occasional financial contribution to a charity cause. The companies during this period did not allocate resources for any social development purpose. The idea of responsibility on the part of companies for “sustainable development” had not taken root in the period prior to 1990s. It is only in the last decade of the twentieth century that the meaning of CSR assumed the aspect of responsibility to compensate for the social costs involved in carrying out business operations and/or to care for the future generation, depending on how one would like to conceive of the concept of CSR. However, there have been instances where the philanthropic acts was not limited to one-time or occasional giving away of a part of the profit. According to Steiner & Steiner (2006), the very origin of the concept of CSR can be traced back to the benovelent gestures of wealthy businessmen like John D. Rockefeller and Andrew Carnegie, who made donations of millions of dollars for social causes.

The authors further observe that currently the corporates have begun to treat the CSR as a distinct entity and started giving attention to it through various means. Most corporates nowadays incorporate a vision and mission statement in their business promotion materials. These vision and mission statements often touch upon the principles associated with the CSR. The corporates nowadays are also apt to
promote their brands not merely on the basis of the proclaimed quality of the product, but also on the basis of the emotions and values that the people may like to see in the products. This reveals the sensitivity of corporates about the social role they are called upon to play. Most commonly this social role of the corporates is couched in the language of “giving back to the society” through CSR programmes.

**P D Jose & Saurabh Saraf’s (2013)** study titled “Corporate Sustainability Initiatives Reporting: A study of India’s most valuable companies” discusses the variations across sectors in the reporting procedures of business organizations and the content of their reports. The study finds that the reports include aspects of corporate governance, CSR policy and activities, and operational efficiency. Among these three, corporate governance received highest priority, followed by CSR activities and operational efficiency. The main areas of CSR activities reported are education, health, community livelihood, skill development and infrastructure. Organisations accounted various operations-related measures such as conservation of resources like energy, water, paper, and waste management as CSR activities in their reports. About 20% of the companies surveyed reported information relating to “sustainability” issues regarding supply chain and other aspects. The study finds that sustainability reporting by the Indian corporate sector as a whole is very limited. There is comparatively better compliance in reporting by the companies in the sectors related to metals, mining, cement, electric utilities, and information technology. The companies which lag behind in this respect are in the sectors of finance, banking, pharmaceuticals. In the conclusion of the study, the authors point out the need for improving transparency in the reporting. Most companies fail to adopt the recognized guidelines and standards such as Global Reporting Initiative (GRI) in their reporting procedures.
Abha Chopra & Shruti Marriya’s (2013) research paper on “Corporate Social Responsibility and Education in India” invites attention to the role that the corporate organizations can play in changing the current state of education and educational institutions. The study notes that there are some efforts on the part of the corporate organization to help restructuring of the educational system in India at all levels, i.e., primary, secondary and higher educational levels. There are immense potential benefits that the corporate sector can accrue by investing in educational activities. For example, provision of funds by the corporates can help universities and colleges to produce the modern skills and manpower in accordance with the specific needs of the corporates. Besides funds, corporates can also contribute through support for infrastructure development, for development of modern and innovative methods in imparting education, and by organizing training and development programmes and conducting workshops on various issues. The researchers have taken note of the strong desire on the part of some big corporate players to help bring about qualitative and quantitative changes in the education sector. They have discussed the various initiatives in this direction by some of the companies like the Microsoft company’s contribution to improve computer education in India; the Azim Premji Foundation’s efforts to promote quality universal education for the purpose of which it has at its disposal about 1000 field workers paid by the Foundation; the Bharti Airtel’s setting up of its Satya Bharti School programme to contribute to the cause of academic development of children from under-privileged families, etc.

Ramendra Singh & Sharad Agarwal’s (2013) study titled “Corporate Social Responsibility for Social Impact: Approach to Measure Social Impact using CSR Impact Index” argues the case for developing “scalable” CSR models. The study
notes that at present the CSR activities of business organizations are largely confined to the local areas of their operation and their beneficiaries are mostly the local people living close to a business operation. It is argued that if business organizations are able to develop scalable models, it would help expand their CSR activities throughout the country. In this effort, they can associate with NGOs working in each local area. By such efforts, businesses can create greater socio-economic value which will benefit them to claim wider legitimacy, going beyond the local areas and communities. The study also calls for a directional change in the perspective of the corporates. This change consists in adopting a meaningful and fruitful strategy for expanding their CSR activities from the usual areas of health and education to newer areas in order to aim for a holistic and comprehensive change in the society. Such a sound strategy will help corporates to use their CSR expenditures for really sustainable development.

Akanksha Jain (2014) in her article titled “The Mandatory CSR in India: A Boon or Bane” supports the mandatory provision for the corporates to allocated at least 2 percent of their profits as a necessary intervention on the part of the government for bringing about economic justice in India. It is a novel solution considering the various social problems the country is beset with and also taking into account the fact that the business leaders in India have so far been not forthcoming to take the responsibility for the costs of their business activities. They mostly do not want to take responsibility for the pollution of environment that they are causing and they often run away from human hazards that they cause. The new law has ensured that the various chemical and oil companies have at least begun to take environmental and safety initiatives and technology companies to take tech-education initiatives. Thus, the initiative on the part of the Indian Government in introducing the CSR
law turns out to be a boon for the good of both the corporates and the society. It has taken India to the equitable and sustainable growth path.

**Anshul Agarwal (2014)** in her paper titled “The New Spectrum of Corporate Social Responsibility in Emerging Economies” take note of the acceptance that the idea of CSR has received from all stakeholders. Analysing the CSR reports of India’s 20 top companies, the author observes that the CSR has become a key factor and helping tool in the success story of many companies. This is evidenced by the innovative “societal marketing” strategy increasingly being adopted by the companies. The focus of this study is a systematic analysis of the CSR spectrum in the developing countries and the possible impact of adoption of this spectrum on the emerging markets in these countries. The author finds that more and more companies in the developing countries, especially in India, are realizing the advantage of taking care of the society’s needs for long-term success of their business. The author finds that, among the specific benefits of CSR for these markets is the creation of more employment opportunities for the semi-skilled people.

### 2.5 Literature Review at International Level

1. **Alex Edmans (2012) -- The Link Between Job Satisfaction and Firm Value, with Implications for Corporate Social Responsibility.**

   This Research probes the inter-relationship between job satisfaction of employees and the value of a firm. The firm value is equated with future stock returns, instead of the productivity of the employees. Alex Edmans establishes the positive link between job satisfaction of employees and the
firms value by observing the higher stock returns per year generated by the 100 best companies rated as best to work in America. The rating of the companies as best is based mainly on the basis of the response of the employees. These best companies to work with generated between 2.3 percent to 3.8 percent higher return on their stocks per year than other companies in all the years in which the list companies have been so rated. After establishing this link, the author of the study proceeds to deduct that since Corporate Social Responsibility can bring about positive change in employees satisfaction through various employees welfare and other measures, it is also linked to the firm’s increased stock value. The inter alia also suggest that since the stock returns are affected by short-term shocks, there is need to shield business managers from such shocks in order to encourage focus on long-term growth. The study also highlights the fact that there are certain assets which cannot be measured physically. These intangible assets consists of human capital, brand, loyalty of customers, intellectual property etc. The study brings out the need appreciating the contribution of CSR strategies in creating such intangible assets for the firms.


This Paper, published in a special issue of the Socio-Economic Review, discuss the need for the Institutional Theory to focus on the contributions the Corporate Social Responsibility could make in the business management practices. The Paper at first laments the lack of this focus in the Institutional Theory even after the CSR has emerged as an important and persuasive topic.
in the business literature. The paper argues that the CSR should be understood by going beyond the voluntary behaviour of companies and it should be fitted into a company’s institutional behaviour and mechanisms. It is pointed out that the CSR emerged in a context of the failure of the claimed social solidarity of the liberal market economies. There is a tension between the meaning of CSR which is defined solely by the business actors and the meaning of CSR when it is defined by all the stakeholders. This tension is the function of a basic paradox existing between the notion of CSR as a voluntary act, which is supported by a liberal market ideology, and the notion of CSR as a binding responsibility to the society. The CSR could be more effective if it is practiced by the business organizations as part of institutional mechanism.

3. **Impact of Corporate Social Responsibility Towards Firm Value & Profitability** by Martin Surya Mulyadi and Yanita Anwar, BINUS University, Jakarta, Indonesia (2012)

This is a study Indonesian business corporations to assess the relationship between Corporate Social Responsibility and the firm value. The study, which employs “double linear regression model” and “GRI” to measure CSR activities, finds no significant relationship between CSR activities and firm value or profitability. In Indonesia, the CSR obligation is presently confined to businesses dealing with natural resources. The above finding of the study is with respect to 30 companies operating in areas other than natural resources.
4. The Impact of CSR on Firm’s Profitability in Nigeria by Yisau Abiodun Babalola, Accounting & Auditing Department, Volodymyr Dahl East Ukrainian National University, Ukraine (2012)-

The study analyses the CSR performance of 110 Nigerian firms based on their annual reports and financial summary published between 1998 and 2004. The study finds an inverse relationship between the profit-after-tax of the companies and their spending on CSR activities. This means that the more the profit these companies made the less their spending on CSR proportionately. The firms generally spend less than 10 percent of their annual profits on CSR activities. The study contains a warning for the companies that if they continue to avoid shouldering social responsibilities, they are likely to face difficulties in the long-run in sustaining their profitability and even their survival. The authors argue for establishing legal mechanisms and institutions for implementation by the government in Nigeria to ensure that the companies take care to account for the social costs of their operations.

5. The Strategic Approaches to CSR by Large Companies: A Contingent Model, by Llaria Bissacco, Paolo Maccarrone and Cristina Spinelli Politecnico di Milano, Italy (2010)-

The study highlights the pervasive impact of the CSR on almost all the aspects of the functioning and management of business organisations. It analyses the approaches of some large companies towards CSR in this context and finds the differences in the approaches based on contextual variables. These contextual variables include industry-specific aspects and
some contingent factors. With respect to the industry-specific variables, it is observed that the companies operating in the field of oil and energy, for example, have greater awareness of the costs involved in their operations. This is because all the stakeholders of such companies are concerned with environmental issues. Hence, there is more sensitivity and willingness to take up CSR activities among the companies in the sector related to oil and energy. They mainly take up emission reduction and other measures to mitigate the adverse effects on environment, like the climate change. The study also finds that the size and extent of CSR activities are dependent on the global presence and market size of the companies. A contingent factor for this is that companies operating globally are likely to be more visible to the NGOs which will scrutinize their activities from the point of view of social costs.


This essay begins with pessimistic note on the concept of Corporate Social Responsibility. The pessimism of the essayist is given in the quotes from the “Devil's Dictionary” at the very beginning which state that a “Corporation” in its very nature is a device for individuals to seek profit without shouldering individual responsibility and “Responsibility” is a dubious burden that can be easily unloaded on anything, like, for example, on God or on fate. The author proceeds to explain that the sanction of society on the Corporation to behave within the norms of the society and contribute to the fulfillment of the society’s goals is a difficult proposal for the Corporations
to practise, if not quite impossible. For, the society’s norms are not singular. They are often contested and ambiguous. However, the essayist notes that the Corporations can be made good instruments for delivering solutions to the society for various reasons. One is that the people can often “vote with their feet” and make Corporations to satisfy their expectations about the products and services. Another view expressed by the author is the Corporations in deciding to follow the whims and dictates of the socially conscious individual consumers are in fact deciding to manipulate the society for their own benefit.


This study discusses the debates on CSR definitions in the context of the CSR practices of some of the large pharmaceutical companies in Europe. The study records the preliminary finding that the big pharmaceutical companies in UK are engaged with the CSR agenda and they are incorporating social responsibility into their business operations. In Germany, the various Companies have various emphases in defining the reponsibilities related to the CSR that they would like to take up. The strategy of Novartis in Germany has been found to be most extensive and the scope of their activities is comprehensive and the objectives long-standing. It is also the finding that different companies choose to use different terminologies. For example, the Bayers prefer “social responsibility”, the Schwarz and Novartis adopt the term “corporate citizenship”. After these preliminary findings, the study offer some propositions for further research.

This paper gives a summary on CSR, covering the definition and different elements of CSR and the common approaches in the implementation of CSR. It highlights the role being played by the shifting values in engendering new expectations from the corporates. It also refers to the aspect of reputation of companies based on intangible assets as the cause for the rise of corporate social responsibility.


This paper seeks to examine the argument of Milton Friedman that the social responsibility of firms is only to maximize profits in the context of economic environment in which Friedman has made his statement. The paper examines the two different situations: one is the scenario in which individuals can contribute to social cause by themselves and at the same time invest in firms for maximizing profit, and the second scenario is that the firms contribute a portion of their profits to social causes. The paper brings out that it is the entrepreneurs, and not the shareholders, who bear the cost involved in CSR. Corporate Social Responsibility is a costly proposal if it cannot be a perfect substitute for realizing the real social responsibilities. CSR can enhance social-giving and, at the same time, corporates can increase profits doing CSR activities.
The above Review of Literature brings out the following points:

The CSR as a distinct term implying responsibility of businesses to the society came into common vogue in the 1960s and 1970s. The meaning of CSR in a general sense is taken to denote the commitment of businesses to conduct themselves ethically and make some efforts, along with allocation of some portion of financial capital at their possession, to improve the economic situation in the society as a whole. The companies can start with the improvement of well-being and satisfaction of their own labour force or employees and then expand to the local community and the larger society (Holmes and Watts (1999).

The Companies, however, confront various problems and difficulties, in taking up CSR as a responsibility or even as a business strategy. As pointed out by Matten & Crane (2005), the companies operate in different economic systems. There are also differences within the business organizations about the need to commit to CSR. There are views held by some that the role of business is limited to its natural responsibility of making available good and services to the society. This line of thought can be extend to state that this primary function of business contribute to the general economic development as it involves capital formation for further investment in extended and advanced economic activities. Historically, expansion of commerce and industry has been the main force behind technological and scientific advancement.

However, the argument that businesses can be sustainable in any society only by taking into account the newly emerged concerns of the society is the distinct flavour of the arguments put forward by many researchers, who support the concept CSR as a necessary burden to be shouldered by the business. These set of researchers lay
emphasis on the social and environmental costs involved in the operation of businesses.

Many of the research studies reviewed in this chapter are concerned with the scales and instruments for measuring the CSR commitment of the business firms. Researchers have evolved different rating systems to rank the firms for their commitment to CSR. The Kinder Lydenberg Domini system of rating devised by Ullman (1985) and Waddock and Graves (1997) is an example. This rating system use different attributes to arrive at the final score of the companies. These include quality of employee relations, measures adopted to mitigate environmental costs, the product and brand quality, etc.

Among the different sectors of the economy, the banking sector is perhaps the most studied for the impact of CSR on their financial performance. The reason for this obviously lies in the direct and day-to-day interaction of banking institutions with the people and the apparent benefits that the banks can avail by the economic advancement of community through increased deposits. The extent of studies relating to CSR in the banking sector is revealed by Margolis and Walsh (2002). According to them, between 1971 to 2001, there have been 122 studies published on the close relationship between CSR and financial performance by banking institutions. Among the researchers who have reported the positive relationship between commitment to CSR and profitability of business organizations are Heinz (1976), Bowman and Haire (1975), Waddock and Graves (1997), Cochran and Wood (1984), Mcguire et al. (1988) and Aupperle (1985). Lee and Douglas (1997) , Simpson and Kohers (2002), McWilliams and Siegel (2000), Marc et al (2003), and Allouche and Laroche (2005), Wu (2006), and Margolis et al (2007), Ahmed et al. (2012), Keffas and Oulu-Briggs (2011).
Another important factor in the benefit of CSR for business and industry is the “customer satisfaction”. This aspect has been revealed by a number of studies. McDonald and Thiele (2007) observe that the customer are the most important of the many stakeholders of a business organization because the role of customer in the organization’s stock value, market share and shareholder value far outweigh that of other stakeholders.
CHAPTER - 3

CONTRIBUTION OF PUBLIC AND PRIVATE ORGANIZATION ON CSR

Business in a society consists very critical and active role to play.

The profit in corporate is earned by society. Therefore, the obligation of a corporate is to give back to the society. Therefore, the women empowerment, no discrimination in gender, promotion of education, eradication of extreme hunger and poverty, reducing child moralty and improving maternal health, combating, HIV, AIDS, Malaria and other diseases, environmental sustainability, the projects of social upliftment to control disaster management and employment enhancing vocational skills.

At the global level, now, integration of three responsibilities, i.e. ethical, social, and environmental responsibilities is considered long term success, profitability, competitiveness. The CSR not only helps to uplift the society but also assists to make better image of the organization.

The contribution to CSR by various public and private sector organization is being done. The advent of LPG (Liberalisation, Privatisation and globalization) era, has also shifted major responsibilities for socio-economic development.

The government of India has made CSR mandatory in the form of Companies Act
2013. This act will be applicable from 1 April 2014. Where the organizations which has 5 crore profit.

The contribution by various public and private corporate is mentioned below:

3.1 Amway Foundation

Past Projects:

Project Sunrise

Amway Opportunity Foundation has launched Project Sunrise in 2008 under the global initiative campaign i.e. One by One to support the poor and orphan children by assisting them clean drinking water, education and nutrition intervention which will have a considerable impact on their basic healthcare. Workshops are being organized in these orphanages where the Amway experts and ABOs have used innovative ways of teaching about health and nutrition.

National Project For Visually Challenged

Amway Opportunity Foundation has been working for the cause from 1999 in association with the Delhi based All India Confederation of the Blind (AICB) and the Mumbai-based National Association of the Blind and since then 85000 school going visually impaired children have been benefitted by facilitating them with Braille textbooks. The foundation has established computer literacy vocational training center in small towns of Narendrapur, Guwahati, Jaipur, Mumbai and Thiruvananthapuram which will provide avenues to the newer employment facilities for the visually challenged. Established in 2008 the project is associated with AICB, and the AOF Centers of Excellence at Delhi which will provide 12 months training.
module. Currently the foundation has successfully instituted 15 computer literacy centers in Delhi, Kolkatta, Jaipur, Chandigarh, Ahmedabad, Mumbai, Patna, Hyderabad, Pune, Trivandrum, Madurai, Gurgaon, Raipur, Guwahati and Ludhiana.

3.2 Anandana (Coca-Cola India Foundation)

Past Projects:

- Project Jyoti (A Solar Lantern Project, Rajasthan)
- Project Santushti (A Potable Water Project In, Rajasthan)
- Project Neerjal (A Water Sustainability Project In , Rajasthan)
- Project Ujala (A Solar Lighting Project, Rajasthan & Bihar)

3.3 DLF Foundation

Past Projects:

Community Development

- Rural Infrastructure Program

The villages of Palra, narsinghpur, mewka, nawada, fatehpur, naurangpur of Gurgaon district, in the previous year alone, more than 12.5 kilometer, roads have been constructed to provide connectivity to the Village main road and National Highway No. 8.

- Labour Welfare Initiative

More than, 20,000 construction workers from 21 sites have been assisted by better
living conditions like, housing, education and sanitation. Approximately more than Rs 18 crore has spent by DLF to make better facilities to the workers. These facilities are counted as best in the country.

Education

- **Rural Education Programs**

  To enhance the education system in government schools, this initiative has assisted to various rural primary schools in various sphere. More than 44 DLF learning excellence centers have been established to enhance basic levels of Hindi English and Arithmatic. This endeavour will improve the level of education of government schools.

- **School For Underprivileged**

  To provide the free education to underprivileged children various schools have been established. This effort is trying to improve the children of weaker sections of the society and those coming from below poverty line families. Approximately 1200 students have been assisted by providing uniforms of school, stationary, text books and free meals.

- **Rural Mobile Libraries**

  In conformity with the saying that “A healthy reading habit can transform a person and access to books and reading material relevant to the target group can transform a community”, DLF Rural Mobile Libraries have been introduced in rural Haryana with the aim of promoting reading habits across a vast section of the rural population.