CHAPTER 1

INTRODUCTION

CHAPTER 1: INTRODUCTION

1.1 OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY

There are definitional challenges with Corporate Social Responsibility, as there are with many other management and social science concepts, which makes it difficult to analyse organisations' responses to it on a consistent basis.

Defining corporate social responsibility is a challenge. Due to the fact that corporate social responsibility is an "essentially contested concept," one that has complex "internally complex" rules and standards of application that are quite broad in scope, this is the primary reason. (Moon, Crane, and Matten, 2005:433-434).

For the second time, Corporate Social Responsibility is a wide term that incorporates a variety of business-society themes and can be used interchangeably with other terms (Matten and Crane, 2005). Third, there is no doubt that it has been a dynamic phenomenon throughout its history (Carroll, 1999).

It was during the 1960s that definitions began to be widened, and it was during the 1970s that they got even more numerous. In the 1980s, there were fewer new definitions, but there was more empirical study, and alternative themes were beginning to gain traction. Corporate social performance, stakeholder theory, and corporate ethics theory were some of the alternate disciplines offered at the university level. In the 1990s, Corporate Social Responsibility (CSR) remains a central concept, although it gradually gives way to or is transformed into new thematic frameworks (Caroll, 1979). The concept of corporate social responsibility was still in its infancy and elusiveness for academics, and it was a difficult matter for business executives and their constituents in the early 2000s and later in their careers.

As a result of the varied “INTERPRETATION” of the term "Corporate Social Responsibility," the concept has created a multitude of behaviours (“Freeman 1984; Crane and Matten 2004; Welford 2004; Habisch and Jonker 2005; Fairbrass et al 2005; Moon, Siegel, 2008; Lockett, Moon, and Visser, 2006”). The concept of corporate social responsibility has evolved tremendously since its conception in the 1950s. (Carroll 1999;

Freeman 1984:38; Carroll and Beiler 1977; Sturdivant 1977). The outcome appears to be a misunderstanding of what the phrase indicates, whether it should be adopted, and if so, how and why it should be adopted (Welford 2004; Stigson 2002).

Essentially, Corporate Social Responsibility (CSR) is the notion that expresses the social imperatives and ramifications of economic success at its most fundamental level. The empirical definition of Corporate Social Accountability thus includes policies and activities that are clearly developed and articulated by companies that indicate company responsibility for some of the wider societal good. The firm, on the other hand, has complete discretion over how the duty manifests itself and is directed. The Corporate Social Responsibility of a firm is thus distinguished from the core profit-making responsibility of the company and from the social responsibilities of the government (Friedman, 1970).

Bowen (1953), one of the original proponents of the concept, described corporate social responsibility as business policies and actions that contribute to the values of the society in which they are implemented or promoted. Businesses are responsible for pursuing policies, making decisions, or following paths of action that are consistent with our society's goals and values. Even while he acknowledged that social responsibility is not a cure, he asserted that it is an important topic that businesses should explore in the future.

It is defined by Frederick (1960), another early proponent of social responsibility, as the utilisation of society's resources, both economic and human, in such a way that the entire society benefits, as opposed to merely the corporate entities and their shareholders.

Keith Davis (1960) social responsibility was defined as "businessmen's decisions and actions taken for reasons that are at least partially unrelated to the firm's direct economic or technical interest," according to which "businessmen's decisions and actions taken for reasons that are at least partially unrelated to the firm's direct economic or technical interest." The author asserted that a lengthy and convoluted process of deductive reasoning could be used to justify some socially responsible business activities as having a reasonable likelihood of generating long-term economic gain for the organisation, thereby compensating it for its socially responsible viewpoint. It was he who established the "Iron

Law of Responsibility" which said that "businessmen's social responsibilities must be proportional to their social power." On the other hand, he asserted that if social responsibility and power are about equal, then corporations' avoidance of social responsibility results in a progressive degradation of their social influence.

The notion of social responsibility, according to Joseph W. McGuire, "The concept of social responsibility assumes that the corporation has not only economic and legal obligations, but also certain responsibilities to society that extend beyond these obligations," He went on to say that the company should be concerned about politics, community welfare, education, employee happiness, and the entire social realm. He was right.

According to the Committee for Economic Development (CED), "A business functions by public consent, and its basic purpose is to serve constructively the needs of society to the satisfaction of society." A key contribution to the field of Corporate Social Responsibility, this was a groundbreaking study. With regard to social contract between business and society, the CED examined, it noticed that it was changing in major and critical ways, with enterprises being required to assume greater societal responsibilities than ever before, as well as to serve a broader range of human values. Businesses are now expected to contribute to the overall quality of life, rather than simply generating a large quantity of goods and services as is now the case. As long as business exists to serve society, the quality of management's response to altering public expectations will determine the company's long-term success or failure (CED, 1971). According to Votaw (1972), social responsibility can refer to a duty, a liability, social consciousness, corporate legitimacy, charitable contributions, "do goodism," managerial enlightenment, and other conceptions, amongst other concepts.

"Corporate social responsibility," according to Carroll (1979), is "the entire range of obligations a business owes to society," which includes "the economic, legal, ethical, and discretionary expectations society has of organisations at any given time."

According to the World Bank, a good firm "voluntarily shares its market power and resulting monetary gains with those groups- who have been adversely affected by the power- and thus yields accountability for its action and performance with those groups- who have been adversely affected by the power."

CSR, as defined by the Canadian Center for Philanthropy, involves "a set of management practises that ensures the company minimises the negative impacts of its operations on society while maximising the positive impacts." This definition provides a relationship between social responsibility and business actions based on the respect for legal instruments, the population, communities, and the environment. It is applicable to both public and private sector organisations.

Green Paper on Corporate Social Responsibility published by the European Commission proposes a European framework for corporate social responsibility. "Promoting a European Framework for Corporate Social Responsibility." “Corporate Social Responsibility” is defined as "a voluntary process by which companies integrate social and environmental concerns into their business operations and interactions with their stakeholders." according to a report published in July 2001. Taking a socially responsible stance includes more than just complying with legal requirements; it also entails going above and above and investing "more" in human capital, the environment, and stakeholder relations." Furthermore, the word "more" is highlighted in the original version of the document, as the European Commission wishes to draw attention to the lack of consideration for the various cooperating actors, as well as the importance of a significant increase in sensibility and cures in the future, as well as the importance of businesses investing in social responsibility as a vehicle for the best competitiveness and enlargement.

Patricia Ditzler (1983) described Social Responsibility as a philanthropic expenditure or action committed by a company for which the marginal profits are lower than those available from other alternatives. She defined Social Responsibility as follows: According to Donna Wood (1994), corporate social responsibility is "a business organization's configuration of social responsibility principles, social responsiveness processes, and observable outcomes as they relate to the firm's societal relationships." As defined by Backman (1975), social responsibility is a set of additional proclaimed firm objectives that are not directly related to profit but instead address negative externalities, increase working conditions, and improve the overall quality of life in the community.

To improve the quality of life for employees and their families, as well as the local community and society at large, the World Business Council for Sustainable Development (WBCSD) defined it in 1998. (WBCSD, 1998) The council's working group recently organised global stakeholder meetings (WBSCD, 2000) and updated its definition to include sustainable development.

According to Michael Hopkins (2003), corporate social responsibility is concerned with how a company treats its stakeholders in an ethical or responsible manner, including employees. In civilised cultures, the term "ethically or responsibly" alludes to how stakeholders should be treated with respect. Social duty include economic and environmental responsibilities, as well as other responsibilities. Both inside and outside of a corporation, stakeholders can be discovered. A more general purpose of social responsibility is to enhance people's living standards while retaining the profitability of the company, which applies to people both inside and outside the enterprise.

Jones cites the Corporate Responsibility Group of the United Kingdom, which is sponsored by the Department of Trade and Industry and defines Corporate Social Responsibility as "the management of an organization's total impact on both its immediate stakeholders and the society in which it operates." Corporations' corporate social responsibility (CSR) is about the honesty and integrity with which they govern their own operations, carry out their missions, live by their values, engage with their stakeholders, measure their impacts, and report on their activities, not just the funds and expertise they allocate to communities in order to solve social problems.

The term "Corporate Social Responsibility" (CSR) refers to how organisations consider their economic, social, and environmental implications in how they operate, with the goal of increasing benefits while reducing drawbacks. CSR is defined as "how organisations consider their economic, social, and environmental implications in how they operate."

1.2 CORPORATE SOCIAL RESPONSIBILITY EVOLUTION

The development of the concept and definition of CSR has a long and rich history that deserves to be emphasised. "Corporate Social Responsibility" is commonly believed to suggest that corporations have a social duty that extends beyond their commitments to their owners or shareholders, as well as their obligations to their employees and consumers. However, it was Howard R. Bowen's book 'Social Responsibilities of Businessman,' released in 1953, that acted as the catalyst for today's argument. The subject of corporate social responsibility has not been thoroughly investigated in recent years. Bowen claimed that if businesses recognised the relevance of broader societal goals in their decisions, the entire society would benefit in terms of general, social, and economic benefits.

FROM ITS BEGINNINGS TO THE PRESENT, THE HISTORY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IS DETAILED.

The growth and spread of the concept, the fall and absorption of the concept, and the revival of the concept's relevance can all be split into three periods. The responsibility notion has tended to go away as a result of criticism of its apparent ambiguity and internal flaws, even while responsibility rhetoric continues to be taught (Levitt, 1958; Friedman, 1962, 1970). Alternative themes, such as approaches to corporate social performance, stakeholder theory, and business ethics approaches, have superseded that term in academic circles, according to Carroll (1999, p. 268). The language of global corporate citizenship and stakeholder stewardship in management circles was based on a rising economic theory of profitable'responsibility,' which was put into practise. The academic context of this developmental history differs greatly in terms of both conceptual and empirical rigour. Business and society studies are a loosely related group of research and teaching programmes that span a variety of disciplines. Even though these streams overlap to some extent, they are not organised around any widely acknowledged underlying paradigm (Preston, 1975). Some of the streams that fall under this category are business ethics, corporate social performance, environmental protection, global corporate citizenship, international policy frameworks, public policy (i.e., company-government relations), and stakeholder “Agree”ment theory.

THE PROGRESSIVE CHANGE ERA

Acting in one's own economic self-interest is a more reliable path to social welfare enhancement than acting in one's own personal interest, according to Adam Smith (1776, Book 4, Chapter 2). The principles of responsibility and responsiveness emerged from

Progressivism. The Progressive reform movement began in the United States at the turn of the twentieth century. Rather than a political movement, progressivism was characterised as "the common spirit of an era rather than an organised group or party" (Tindall, 1988, p. 941). Despite the fact that the current phrase did not exist until after World War II, corporate executives have widely adhered to some notion of accountability and responsiveness practises at least since the 1920s. They did so, however, as part of a business apologetics campaign and a business strategy to defuse tensions with potentially powerful interest groups. Managerial balancing of stakeholder interests has been practised since the 1920s, according to Drucker (1999). Despite the existence of solely product-market theories of efficiency and effectiveness, Freeman (1984) recognised that "business has always dealt with non-market-place stakeholders" in his important book creating stakeholder theorising (p. 28).

[Carnegie, 1900] essentially preached "riches oblige" (named here in homage to "noblesse oblige") and (Mitchell,1989) "traced the emergence of corporate social responsibility in the 1920s as an ideological movement intended to legitimise the power of large corporations" (Oberman, 2000); however, this act of altruism occurred after he had retired from the competitive race for personal opportunities, which he had participated in without regard for legal (Chernow, 1999).

MODERN PERIOD PERIOD PERIOD PERIOD PERIOD

The present "mixed economy" is made up of industries that are both more and less regulated, with the government having an important role (Bowen, 1953). There was a lot of interest in corporate social responsibility in the 1960s and 1970s, which resulted in a lot of scholarly work (e.g., Cheit, 1964; Heald, 1970; Ackermann and Bauer, 1976; Carroll, 1979) and a thriving business of social auditors and consultants (e.g., Carroll, 1979). Up until the 1970s, the concept of corporate social responsibility increasingly focused on the necessity for businesses to strive for the development of society as a whole. However, since the 1970s, the focus has shifted to social responsiveness, which is described as an organization's ability to respond quickly to societal influences. As a result of the shift in managerial style, Corporate Social Responsibility has evolved and become more mainstream, and leadership positions for launching a wide range of Corporate Social

Responsibility initiatives have crystallised and been highlighted. However, by the 1980s, most managers had forgotten about the subject (Dierkes & Antal, 1986; Vogel, 1986), and it was only in the 1990s that it was brought back to the foreground. The field of corporate social responsibility is becoming increasingly crowded, with contributions from a wide range of people.

1.3 THE CRITICAL ROLE OF CORPORATE SOCIAL RESPONSIBILITY

Corporations have a range of interactions with society. They buy buildings, manufacture and sell things, recruit people, and outsource or subcontract other tasks. They also have an environmental impact due to the nature of their activities, such as the usage of valuable resources or the development of by-products that have an impact on the physical environment. Their interactions with society are mediated by their coworkers and the various aspects of society in which they live. Furthermore, for emotional or monetary reasons, businesses may expressly act as accountable.

The organisation cannot function in isolation because it is a part of society. As a result, in addition to their own interests, corporations have an obligation and responsibility to preserve and advance the welfare of society as a whole (Keith Davis, 1975). Any organization's success is dependent on its society. As a result, no company can be successful in the long run unless it fulfils its societal obligations. Initially, businesses were regarded merely as economic entities tasked with the creation of goods and the provision of services to society. Milton Friedman and Friedrich Hayek, as well as Theodore Levitt and others, hold this traditional stance. Friedman writes, "Corporate social responsibility goes beyond the basic purpose of business and violates the responsibility of business to its owners, the stockholders" (1971). Businesses, on the other hand, began to see themselves in broader contexts as time went on.

Human rights are increasingly being recognised, which has led to an increase in society's demands on businesses. This is due in part to a shifting balance of power away from capital to knowledge and to rising literacy levels and the consequent shrinkage of geographic distances due to improved transportation and communication.

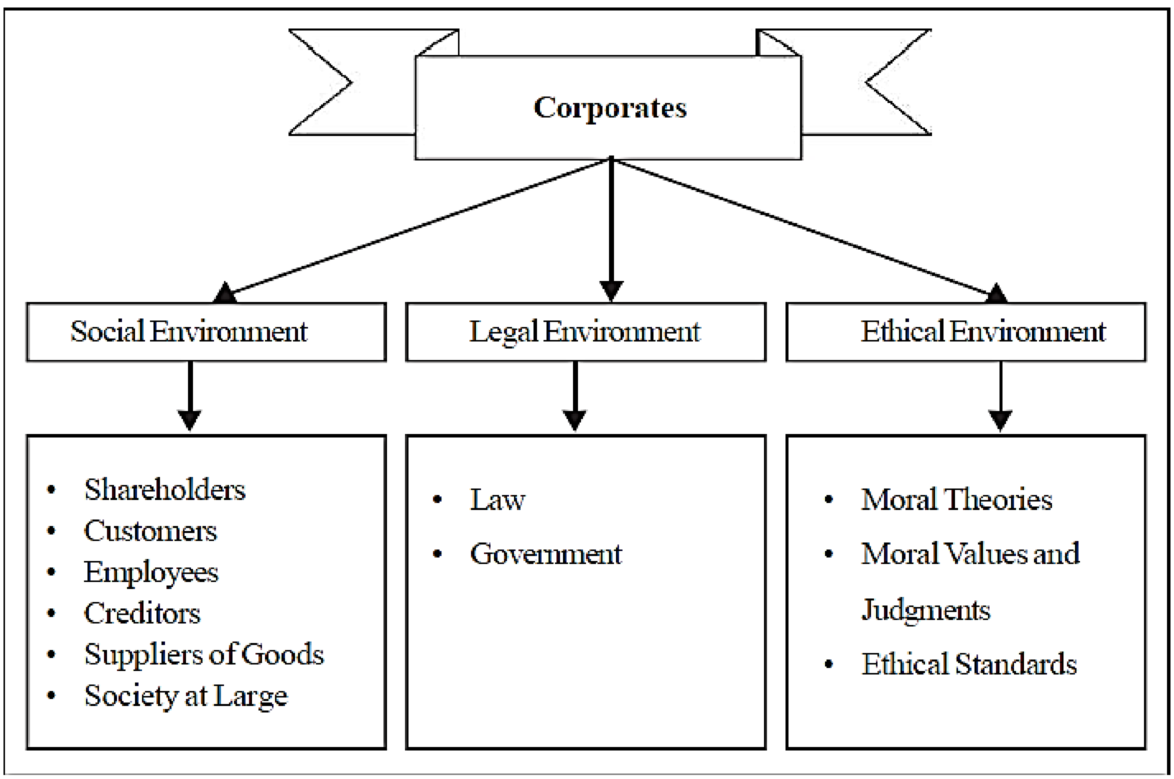
There are several ways in which an organisation obtains inputs from society, such as the use of skilled or unskilled labour or raw commodities, as well as natural resources. As a result, corporations are obligated to look out for the interests of the general public if they want to remain viable. It is impossible for a business to operate without the help of other businesses. Real world businesses, like real world people are necessary for their existence.

To put it another way, corporate social responsibility (CSR) is about a company's long-term commitment to society's economic advancement. In order to be effective in community engagement, it is necessary to create relationships with local citizens and have an understanding of their daily issues. The government sees CSR as a commercial investment in the country's long-term growth. Is primarily concerned with a company's economic, social and environmental impacts. The term "social responsibility" refers to a corporation's responsibilities to society (CSR).

Industry in the twentieth century, according to Goyder (1951), cannot be understood as a private arrangement for the profit of stockholders. It has evolved into a joint effort that includes workers, management, consumers, local government officials, and trade union leaders. Goyder claimed that enterprises must be accountable to the general public, and he attempted to connect the concept of a responsible firm to Gandhiji's trusteeship concept, which aims to ensure that private property is used for the common good. Business now understands that the world is not made up of strangers. There is a symbiotic interaction between humans. Customers, employees, suppliers of products, stockholders, and competitors are all present. Most organisations today recognise and admit that they have societal responsibilities in addition to financial accomplishment. The term "corporate social responsibility." was coined to describe this concept. As a result, businesses must consider the impact of their activities on all stakeholders, including the general public.

Large and small business executives realised that their responsibilities extended beyond their own stockholders to a wide range of stakeholders who rely on or are influenced by corporate success. Stakeholders are the people that are involved in the process. Stakeholders are "any group or individual who can affect or is affected by the achievement of a corporation's purpose" according to Freeman's (1984) conventional definition (Kolk and Pinske 2006). A company's stakeholders include its employees, the communities in which it operates, suppliers, consumers, the government, and society at large, in addition to its shareholders. Decision makers, according to Davis Blomstorm (1975), have a responsibility to behave in ways that protect and enhance the welfare of society as a whole, as well as their own. Protection and enhancement are two aspects of social responsibility. "To protect" implies to avoid having a negative impact on society, whereas "to improve" means to have a positive impact. The business community should rally behind the general public. Corporate productivity will surely rise if they are socially and economically boosted. Environmental aspects indicated in the diagram below, such as the social, legal, and ethical environment, must be considered by corporations.

Figure 1 : Corporates and Environmental Factors

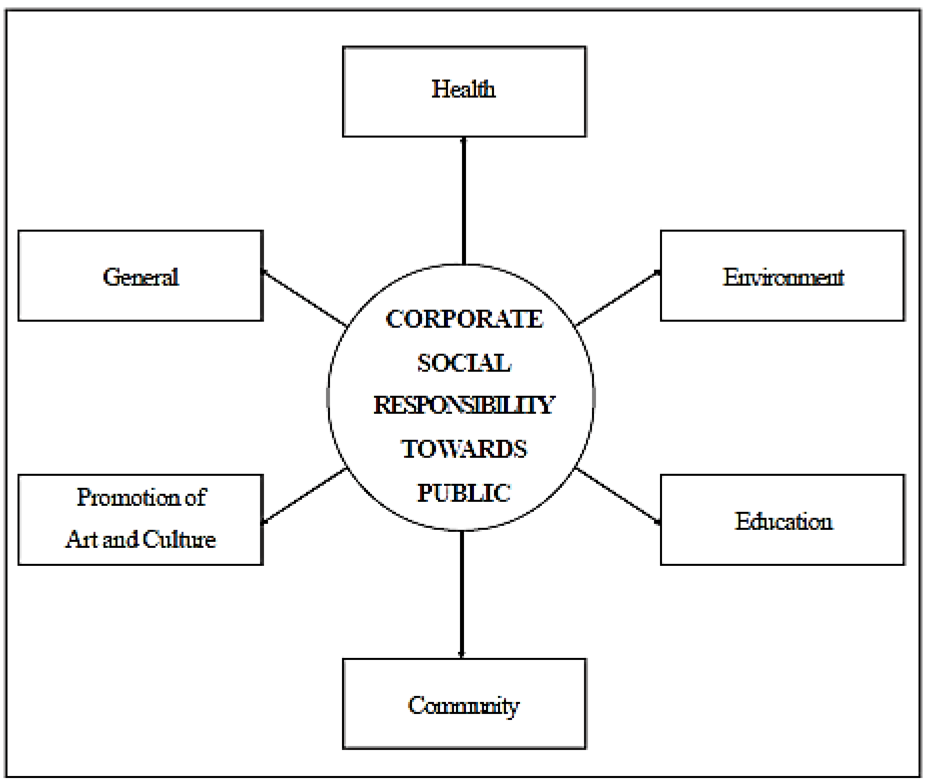


Source: Sethi (1991)

Corporate Social Responsibility, as shown in the diagram above, is the responsibility of a company to act in a way that serves the interests of its many external communities and environmental factors, such as the social environment, which includes customers, employees, creditors, suppliers of goods and services, society and the legal environment, which includes state and local governments. – In order to be successful, the company must adhere to a set of moral standards, judgments, and beliefs.

Corporations are more than just a business that generates revenue. They owe it to society to help it overcome the problems that corporations face. All of these areas must be considered when it comes to the practise of corporate social responsibility. This includes addressing health and environmental issues as well as the promotion of art and culture. The following diagram illustrates some of the acts that corporations are supposed to take as part of their social responsibility to society.

Figure 2 : Corporate Social Responsibility towards the society at large



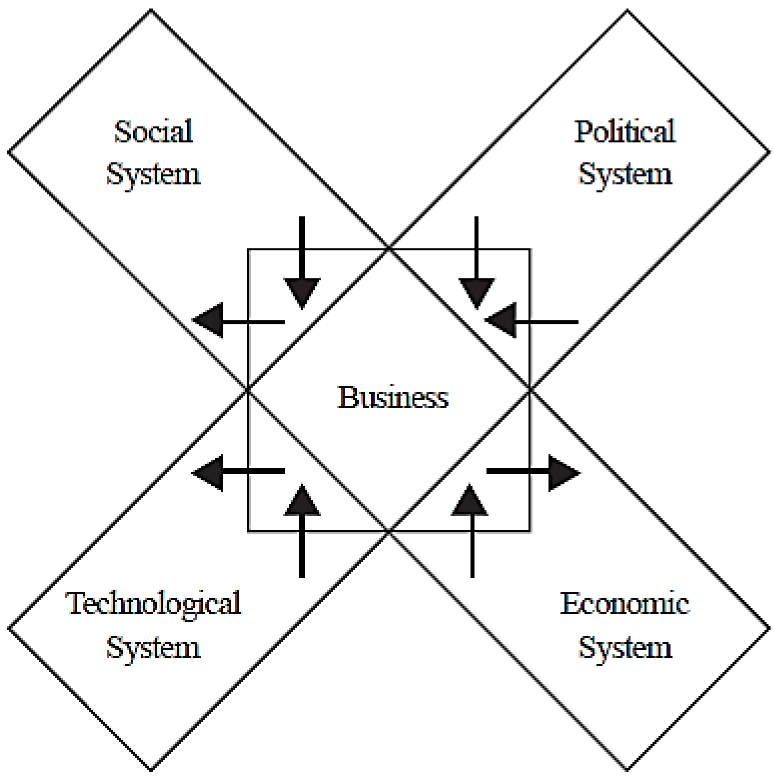
Source: Adapted from Kamatchi. P, 2002

1.4 BUSINESS AND SOCIAL RESPONSIBILITY

The role of business in today's society, economy, politics, and technology cannot be overstated. As a result, businesses have a duty to society as a whole. Business has a significant influence on a country's wealth. These CEOs have "enormous power" to influence the lives of employees, customers, shareholders, and other stakeholders in a significant way.

As a part of the overall environment in which we live, business is both influenced by and influences it. Both businesses and their surrounding environment benefit from this mutually beneficial relationship, as illustrated in figure 1.3. The survival and growth of a company are dependent on the existence of such a partnership.

Figure 3 : Business and the total environment

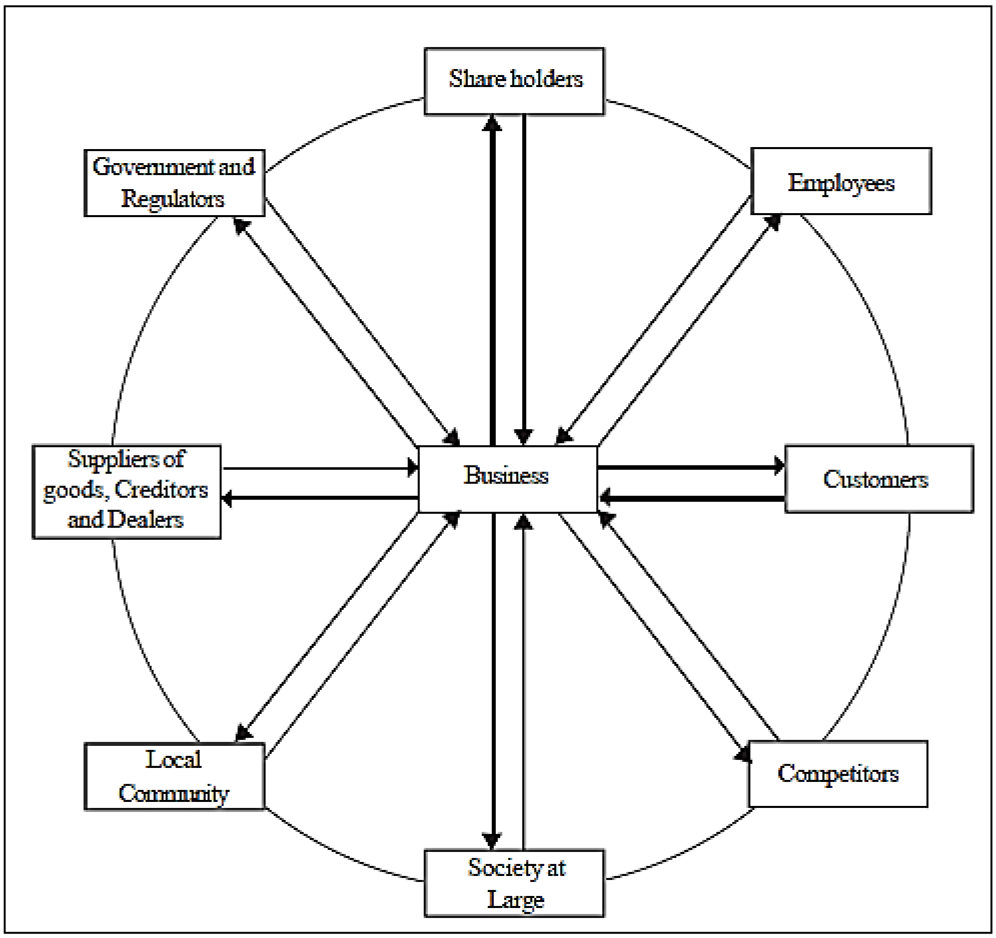


Source: Porter and Kramer 2006

Members of the Company's Board of Directors

Business activity is more than just market transactions; rather, it is a cooperative and competitive venture that involves a large number of people who are organised in various ways. In a corporation, several people or groups of people can work together to accomplish a common aim (Boatright 2003). According to Freeman and Reed, the term "stakeholder" has two meanings (1983). If we use the term "broad definition," we mean any group or people that the company can affect or be affected by, as opposed to the "tight definition," which refers to those who are essential to the organization's survival and growth (according to Beaauchamp and Norman 2001). Freeman (1984) presented a stakeholder map of the organisation as depicted in the figure below.

Figure 4 : The Stakeholder map of an organization

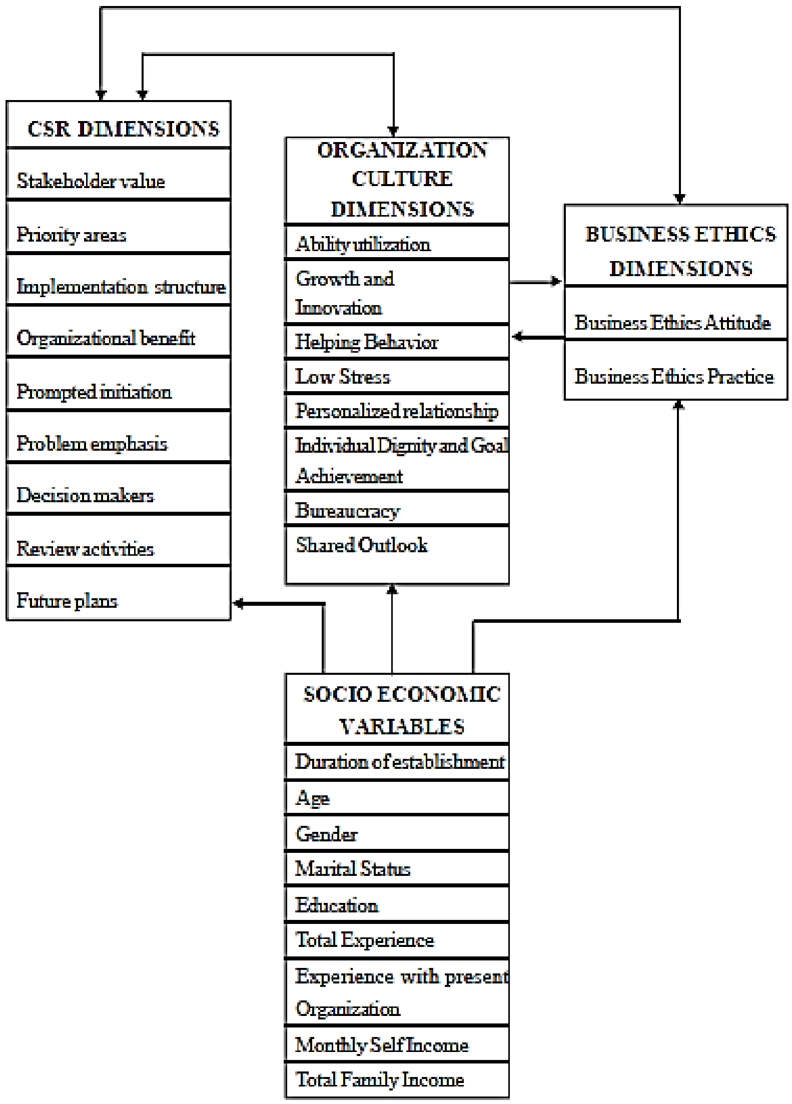


Source: Freeman 1984

Rather than being seen as an obstacle to global advancement, the company must earn its reputation as a partner again. Doing no harm extends beyond compliance with environmental regulations, community relations, and ethical standards. The best practise is always followed by the law. Rather than allowing itself to be pushed into the defensive, business should lead the charge in areas such as environmental and social sustainability.

1.5 CONCEPTUAL FRAMEWORK

Figure 5 : Conceptual Corporate Social Responsibility - Organizational culture -Business Ethics Linkage model



The Frame of Reference for Conceptual Thought Corporate social responsibility (CSR) is demonstrated to be linked to other variables such as Organizational Culture; Business Ethics; and Socioeconomic variables. Stakeholder value, priority areas, implementation structure, organisational benefit, prompted initiation, problem emphasis, decision makers, review activities, and future plans are some of the nine components of corporate social responsibility that make up the dependent variable. Independent variable Organization Culture includes eight elements such as the use of abilities, growth and innovation as well as helping behaviour as well as low stress and personalised relationships. Bureaucracy as well as a shared outlook are also highlighted. In the same way, the study of business ethics can be broken down into two categories: attitude and practise. Socioeconomic characteristics such as time in business, gender, marital status and education are also linked to variables of Corporate Social Responsibility (CSR), Organizational Culture, and Business Ethics in a framework developed by the researchers in this study.

1.6 INDIA'S CORPORATE SOCIAL RESPONSIBILITY

After independence, the Indian government has pursued numerous development projects. India's social development requires a multi-pronged strategy due to poverty, environmental degradation, unequal access to money, and the absence of essential services. This requires a multipronged strategy. Most of the government's responsibilities fall on private sector and non-profit organisations. Civil society groups, like consumer action and advocacy groups, have also put pressure on businesses to alter their business practises and better respond to public suffering. In India, however, many businesses have always been aware of their social as well as financial obligations.

With their vast wealth, traders and merchants of the Indian pre-industrial era donated a significant amount of money to the welfare of their local communities and the less fortunate. When faced with adversity, wealthy merchants and dealers have always reacted in their own unique way. Business giants such as Tata and Birla did not get involved in social welfare programmes or aid the people they served until after independence. To compensate for economic changes and state failures, business has taken over social welfare (Shrivastava and Venkateswaran 2000; Bhat 2000; Moodithaya 2002).

Socially responsible practises should benefit all stakeholders, including employees and the general public. Corporate social responsibility (CSR) is becoming more prevalent in Indian company practises (Moodbidri 2011). For many Indian businesses, corporate social responsibility (CSR) has taken on a new significance in the form of philanthropy as a core principle (Gopalakrishna 1992). Economic concerns for the impoverished are not as prevalent in developed countries as in developing ones because of strong and resourceful governments and social-security programmes (Hoekstra 2003).

The economic and social changes in India have had a significant impact on corporate involvement in charity endeavours. To gain a competitive advantage, firms have structured their reaction to society's requirements in order to better serve their customers. India's social and economic changes have led to a wide range of CSR initiatives, from charitable giving to strategic philanthropy, which has become the norm in India today. An attempt is made in this chapter to shed light on India's CSR future in light of the country's rapid expansion and historical context.

This chapter focuses on CSR in India's development. Cultural, religious, and societal factors in India have a significant impact on charitable giving. To begin, the sub-chapters in this chapter focus on the charitable contributions made by merchants and traders during the industrialization era and the American Civil War. Also considered for their effect on CSR practises are business giants from the 1940s and 1980s such Jamsetji Tate, G. D. Birla, and Jamnalal Bajaj. Globalization and the advent of modern firms like Infosys, Wipro, and a few others have transformed India's social and economic landscapes. This study examines the features and consequences of socially responsible practises at various stages of business development.

1.6.1 DEBATE ON DEVELOPMENT AND PRIVATE-SECTOR RESPONSIBILITY

Aside from being the world's largest democracy, India has also become the world's fastest-growing economy in recent years. A whopping 17.5% of the world's total population resides in India, despite its diminutive size. At 1.2 billion people, India has one of the largest populations in the world (Census 2011). India's economic clout and numerous triumphs in literature, medicine, education, and the arts have been documented throughout history. More than a third of global GDP has long been generated by India's economy (Bhattacharya 2008). Even during the reign of the Moghal empire, India was the world's leading economic power and accounted for almost 20 percent of global GDP (GDP) (Maddison 1995). More than 60 years of deliberate economic growth have been put in by India since its independence from British rule in 1947. During the early 1990s, the country's economic growth was boosted by liberalisation and privatisation, making it one of the world's fastest-growing economies. Since 2005, India's annual GDP growth rate has exceeded 8 percent. As a result, according to the World Bank's India Development Update (World Bank 2016), the GDP of the country will rise by 7.7% in 2017-18, compared to the previous year. An estimated 83% of India's GDP comes from the industrial and service sectors, and if they grow and diminish the country's reliance on agriculture, it will lead to even more rapid development for this rapidly growing country.

Despite increased economic progress, a huge portion of the population remains impoverished, illiterate, and unable to afford basic necessities. China's human development score, which is the second fastest-growing economy in the world, isn't particularly impressive: India was ranked 136th in the 2013 UNDP Human Development Report (HDR) on many human development indices; in 2014, it was ranked 135th in the HDR of the UN Development Program (UNDP) (UNDP 2014). 32.7 percent of Indians are estimated to be living below the poverty level, according to HDR research. India's richest 1% now control 49% of the country's total personal wealth, while the rest of the population shares the remaining 51% evenly (Shorrocks et al. 2014). Micro-problems such as a lack of essential amenities, illiteracy and regional inequities have also increased; for example 62.8 percent of adults in India are illiterate (UNDP 2014).

However, enterprises in the private sector are expected to play an important part in the welfare of the community by distributing some of the burden of social services. A wide range of social issues, from poverty reduction to rural development to environmental preservation, are now being addressed by private businesses. The ability and desire of corporations to take a role in social transformation is critical to socioeconomic growth. Companies in India have a long history of supporting social causes. When it comes to the requirements of the community, businesses have always been able to provide products and services. On the following page, you'll find a brief history of business involvement in social reform.

1.6.2 INDIA'S CORPORATE SOCIAL RESPONSIBILITY: THE EVOLUTIONARY PROCESS

In Indian culture and history, it has always been a component of the equation. As early as the dawn of time, when society was barely being established, it was already in use (Gulati

2005). In many religions, the concept of "giving," is weaved into their teachings. Prior to colonisation, charitable giving based on religious beliefs and principles was popular in pre-colonial India. Zakaat is a portion of a Muslim's income that is donated to the needy and destitute. Sikhs and Hindus both practise Dharmada, in which a portion of sales proceeds or profit is set aside for communal charity, and Dashaant, in which a portion of sales proceeds or profit is set aside for religious purposes (one tenth of profit goes to charity). Helping the needy and the impoverished has always been a common social norm. The first organised care for the poor was provided by Buddhist and Christian monks (sanghas) (Dadrawala and Viswanath 2004). There are several examples of how the gospel of service has been put into action, such as and homes for the elderly and infirm. "Act of giving" and "personal service" to the destitute are also emphasised in Christianity. The establishment of social institutions ensured that the care for the less fortunate was integrated into everyday life in the same manner that it had been in previous communities. These individuals continued their previous activities after founding new groups.

Despite shifts in culture and politics, the practise of business owners making philanthropic contributions has persisted for decades. Merchants began practising charitable giving based solely on their religious and personal beliefs as early as the third decade of the nineteenth century. Large industrial corporations have helped to broaden charitable giving's scope to include people from all backgrounds and beliefs, particularly those from minority groups (Dayal 2001). India's freedom struggle, planned economic development after independence, liberalisation and globalisation programmes in the early 1990s, and new generation companies like Infosys, Wipro, and others have had a significant impact on how Indian business houses practise charity by accepting social responsibility.

The development of CSR practises in India is discussed in relation to the country's socioeconomic and political backdrop throughout this section. There have been five main stages in the evolution of corporate social responsibility (CSR) prior to industrialization (before 1850), business philanthropy (between 1850 and 1920), principled business philanthropy (between 1920 and 1960), and transformation toward CSR (between 1960 and 1980). (1980). (1980-present). In India, business houses, the insurgency for independence, industrialisation, and the charity practises of business houses are all heavily affected by historical content found in books. Also used is Indian government legislation, such as the 2013 Companies Act, which deals with industry and business in India.

1.6.3 PERIOD BEFORE INDUSTRIALIZATION (BEFORE THE 1850s)

India's economy was dominated by merchants and traders prior to modernisation. International trade and domestic finance were just two of their many activities; they also supported local farmers and artists by providing loans and grants. Regardless of whose social group they belonged to, merchants had a similar reason for being charitable. Buddhism and Jainism were two of the most popular religions among traders from Gujarat and Rajasthan during this time period (Ellis 1991).

Commercial ethics and charitable acts were guided by religious ideas. Merchants played a vital role in society since local rulers relied on their support for their economic and military endeavours from the merchants they dealt with. The successful businessmen had a good attitude on life since they were aware of their social status (Ambirajan 1991). Many monarchs, such as the Rajputs (a warrior clan from Rajasthan) and the Marathas (natives of Maharashtra), gave preferential status to trade and commerce between these merchant tribes (Gadgil 1959).

Traders in these communities made a series of financial promises to their families, their communities, and finally society, which began and ended with them (Sundar 2000).

They were a far cry from Parsis, the wealthiest and most up-to-date merchants, who were extremely religious. Families of merchants were taught to practise charity as a virtue by their respective religions. "giving" by a merchant can be divided into two categories: one purely for religious causes, and the other for secular purposes. Temples and other religious facilities were erected or restored and reopened as a consequence of the generosity of businessmen. In Surat, Brahmin bankers from the Taravadi dynasty of Surat built temples; in the northern Indian states of Uttar Pradesh and Uttar Pradesh, a Jain goldsmith from Surat is said to have built Dharma chathras (rest homes for pilgrims) and dormitories for Jain students (Haynes 1987).

As a result of the "noblesse oblige," principle, charitable organisations began to take on a more secular form. There were many commercial families who set aside a percentage of their wealth for philanthropic causes and in especially for education. Collective philanthropy was also practised in many societies, in addition to individual generosity. The village, town, or city benefited from charity as well, even if money was primarily used to assist the community. Donations of money and other resources were the only forms of charitable giving throughout this period. There were many examples of traditional charity that dealt with short-term issues, such as helping those in need following natural disasters. There have been a number of modifications in the charity model as a result of industrialisation.

1.6.4 EMERGENCE OF BUSINESS (1860-1920)

During the mid-19th century industrialisation in India, merchant philanthropy was replaced by industrial philanthropy (Gadgil 1959). As a result of socioeconomic and colonial influences, the country's charity movement was accelerated. In addition, the character of economic activity changed as a result of industrialization's rise. Rural self-sufficiency was disturbed by industrialization and urbanisation, resulting in a widening divide between the rich and the poor. As the world became more urbanised, so did the number of social problems. It was found that traditional charity was unable to deal with the lack of essential municipal services such as water, sanitation and food. Additional well-organized social welfare programmes, or at the very least private funding, were required in light of this situation ("Dadrawala and Viswanath 2004").

Early nineteenth-century business opportunities were seen as an opportunity by many wealthy traders who had made a fortune through trading. As a result of their formal education, a new social stratum known as "industrialists," emerged in the culture. When it came to commercial transactions, they had more resources at their disposal and were more professional. It wasn't just wealthy individuals who donated in new ways; many others still did so in the old-fashioned way. Changing economic conditions have led to a transition away from religious philanthropy to one that is more secular and inclusive of all social classes. As a result, merchant philanthropy evolved into commercial donations as the structure and manner of business activity changed.

Several notable shifts occurred in Indian civilization during this time period. As a result of the arrival of Christian missionaries and western education, Indian society was transformed. As a result of exposure to Western culture and education, many people in the developing world now have new viewpoints about religion, society, and the community as a whole. During the early years of the independence struggle, the economy of the country was thrown into disarray. Human well-being was a major focus for social reform movements such as the "Arya Samaj, the Ramakrishna Mission, and the Brahma Samaj. These groups and organisations advocated for greater emphasis on morality, social justice, and equality for all."

Corporate generosity has also been fostered by the state, which has offered informal encouragement or bestowed official honours that conferred particular social prestige on those pioneering new boundaries (Haynes 1987). The British ruled India in the 19th century pushed a number of important social programmes, but they wanted wealthy individuals to pay money to these programmes as partners in nation building. Overlords persuaded local businesses to provide money to social programmes such as schools, libraries, and rest homes, according to Haynes (1987).

The British monarchs' regulation of charitable giving was another significant factor in the move from charity to philanthropy. Governing religious organisations and how their funds were spent on charitable causes brought the state into the fray. Society Registration "Act of 1860, the Religious Endowment Act of 1863, the Charitable Endowment Act of 1890", and other legislation were developed to organise, legalise, and supervise the operations of charitable organisations and other non-governmental organisations. It was because of these laws that the line between Christian social assistance and public welfare could be clearly drawn, which helped to keep donations under control and rationalised (Bornstein 2012). Despite the regulations, in many parts of the country, unregulated and unofficial payments to religious activities prevailed.

Mid-nineteenth-century industrialization and a growth in exports and trading ushered in a new generation of liberal and westernised entrepreneurs and industrial groups in the country's economy. Additionally, the distribution of charitable funds changed during this period. More than one town, city, or religion began to contribute. Modern philanthropy was pioneered by industrialists like Jamsetji Nusserwanji Tata, India's "Father of Modern Philanthropy," Ardeshir Godrej and Nowroje Wadia, among others, who donated to science and technology, medical advancements for the underprivileged, educational advancements for the underprivileged as well as animal welfare.

Newly wealthy corporate families started using trusts to help fund their charity endeavours. Established in 1892 by the Tata Group's founder, Sir Jamsetji Tata, to encourage talented young people to pursue postsecondary education at some of the world's greatest educational institutions, the JN Tata Endowment Scheme was one of the first of its kind (Shah and Ramamoorthy 2013). Founded by Johns Hopkins University in Baltimore, Maryland, the Indian Institute of Science in Bangalore is affiliated with Johns Hopkins. This institution was a pioneer in the field of scientific education among Indian schools. The N.M. Wadia Foundation was established in India in 1909, making it older than many of the more modern organisations in the West. As a result, corporate philanthropy in India became more secular, inclusive, and methodical throughout this time period in the country.

1.6.5 BUSINESS PHILANTHROPY WITH PRINCIPLES (1920-1960)

Between 1920 and 1960, the United States went through its most dramatic and significant period. Many factors have had an impact on the economics and social environment of India: two World Wars, Gandhian thoughts and ideas, the drive for independence, sectarian division of the nation, and so on. Because of the goal for quick improvement on all levels of government, among the people and within businesses, businesses were encouraged more after independence to make more contributions to social development. Since the government had a good outlook on business, the amount that businesses gave back to the community has increased.

Mumbai and Kolkata were the two most major commercial hubs in India during the early years of the independence struggle (Calcutta). An further effect of nationalism was on business involvement in community programmes aimed at enhancing education, women's empowerment and the resurrection of art and culture as well as the progress of technological innovations. Indigenous Indian industrialization was pioneered by the Birla, Bajaj, and Wadia families, who were active in both the independence movement and India's nation-building during the late nineteenth century (Mohan 2001). “Businesses generously donated to the establishment of nationalist educational and cultural institutions such as Banaras Hindu University, Aligarh Muslim University, Shantiniketan, and the Indian National Theatre and Museums.”

Commercial philanthropy in India was heavily influenced by Mahatma Gandhi's social development views before independence. This belief that enterprises should act as guardians of national wealth and devote some of their profits to the greater good was influenced by Mahatm Gandhi's teachings on Sarvadaya (development for everyone) and the Trusteeship of Wealth during the Indian liberation fight.

As cited by Alagh, n.d., People who had been marginalised and downtrodden were brought into the mainstream by Mahatma Gandhi's beliefs. He gained significant support from business leaders for a number of his initiatives such as rural rehabilitation and self-sufficiency, as well as universal education and the elimination of caste.

Indian industrialists Ghanshyam Das Birla and Ghanshyam Bajaj donated their resources to Gandhi's cause of freedom, but also supported Gandhi's more positive agenda of eliminating "untouchability," “promoting Khadi (hand-woven cotton fabric), promoting village industries, and furthering Hindu-Muslim unity. G.D. Birla, Kasturbhai Lalbhai, and Lala Shriram, all of the DCM Group of enterprises, created some of India's most distinguished educational institutions.” The Birla Institute of Technology (now a university), Benaras Hindu University and Aligarh Muslim University in Aligarh, as well as the Indian Institute of Management in Ahmedabad, are just a few examples of these institutions (Sundar 2013a, b).

State intervention and self-sufficiency were encouraged through a combination of regulation, protectionism, and public ownership in India's post-independence economy. Goals such as rural development, the removal of untouchability, and women's empowerment were central to Gandhi's trust idea and the Gandhian reform movement (Mohan 2001). The Indian government's first two five-year plans are to thank for the recent uptick in economic activity (1950-1955 and 1955-1960). India's commercial sector grew due to the introduction of new players. When macro-economic factors reshaped the industrial sector in the 1960s, new management and ownership structures arose. Since they were more educated and westernised than prior generations of corporate executives, they introduced a new viewpoint to business and its role in the social development process. As many have come to realise, ethical business practises can assist corporations in fulfilling their social duties. As a result, corporate philanthropy now encompasses a broader range of meaningful and socially responsible programmes aimed at enhancing the lives of all people.

1.6.6 THE EXPANSION OF CSR (1960-1980)

The Indian economy has been in decline since the 1960s, and it hasn't stopped since. As a result of a failed rainy season, wars with China and Pakistan, the food crisis, and rising food costs, the entire country was negatively affected. Because of this, industrial growth in the country was slowed. Even after independence, popular attitudes toward private enterprise deteriorated and this tendency lasted until the 60s. Only making matters worse were the unlawful business practises of stockpiling crucial goods and participating in black marketing. In order to obtain industrial licences, launder money, and create monopolies, several corporations engaged in unethical practises (Khanna and Palepu 2005). A few government responses were Industrial Licensing Enquiry Committee in 1969, and the Monopolies Inquiry Commission in 1965. In 1960 and 1961 and 1972-1973, the priority sector tax rate was increased by 47.3 percent. There has been a drop in corporate charitable contributions as a result of higher taxes and stricter regulations (Sundar 2013a, b). Over time, the Central and State Welfare Boards became the primary source of funding for humanitarian endeavours.

At this moment in social development, a shift of emphasis from the private sector to the government was required (Vajpeyi and Rai, n.d.). The government formed a range of public sector firms to help the poor because economic progress tends to exacerbate the gap between the rich and the poor (Mohan 2001).

Jaya Prakash Narain, a famous Indian socialist, presided over one of the most significant worldwide symposiums on business social responsibility held in Delhi in 1965. The Declaration of Business Social Responsibility, which laid out the rationale for it and established that it embraced more than just charitable donations, was a major accomplishment of the conference (Upadhyaya 1976). Many Indian businesspeople, including J.R.D., attended the event.

The Fair-Trade Standards Association was founded in 1966 by Tata, Ramakrishna Bajaj, and others with the purpose of formalising and enforcing ethical business practises. The organisation had 200 members by 1968. Self-discipline and respect for others were the goals of the organisation (Kochanek 1974). Excessive stockpiling and smuggling were all outlawed for the benefit of the organization's customers and members. They stressed that merchants and corporations need to engage in a socially responsible manner when it comes to fair-trade practises.

Due to the influx of international aid organisations into Indian society in the 1950s, the volunteer sector and corporate philanthropy experienced substantial changes in terms of donation amounts and methods (Murray 2002). Some corporations, on the other hand, set up trusts and foundations in order to "demonstration effect." their humanitarian actions. Due to the tax exemption of 50% provided by the Finance Act of 1948, business owners made significant donations to other foundations and trusts. “Pirojsha Godrej Foundation, Bhoruka Charitable Trust, Lakshmipat Singhania Medical Foundation, and Mahindra Foundation were also established during this period (Sundar 2000).”

Meanwhile, the Indian government began to recognise the value of private sector involvement in humanitarian endeavours. Corporations were rewarded by the government for their social development efforts, and apex chambers like the FICCI were used to exert pressure on corporations (Federation of Indian Chambers of Commerce and Industry). To encourage businesses to participate in social programmes, the government has offered tax breaks. Tax law section 35CC, first introduced in 1975, permits enterprises to claim a credit of 100% for expenses related to rural development, road building and maintenance and rural infrastructure amenities like as health care facilities or pharmacies. (Sundar 2013a).

Tax breaks enticed companies to get involved in community development. It was as a result of this that the Indian corporate sector began to focus on rural development." The most well-known activity of the Tata Group is in Jamshedpur's rural development effort. The

Adivasi Bustee (neighbourhood) near Jamshedpur was totally developed thanks to the community-building and social-welfare programmes of Tata Iron and Steel and Tata Engineering and Locomotive Company (TELCO). From an initial budget of INR 850 ($103,281) in 1979, the programme has expanded to an annual budget of more than INR 40 million ($650,000) for work in 650 villages across Madhya Pradesh, Bihar, and Orissa (Srivastava et al. 2012).

There was a mixed economy in India between 1960 and 1980, and several public-sector companies were established during this period. Over the course of this time period, the federal government passed a huge number of rules and legislation. Tax breaks enticed companies to get involved in community development. Since then, a great number of business-led rural development initiatives have been developed and numerous trusts and foundations have been established. CSR began to gain traction over time.

1.6.7 STRATEGIC CSR: 1990 TO THE PRESENT

As a result of the 1990s' liberalisation and privatisation policies, a new generation of business leaders, including Narayan Murthy and Azim Premji, emerged. During this time period, prominent international firms such as IBM, GE, Ford Motor Company, and HP began functioning within the Indian marketplace. There is a new generation of firms that have begun to redefine the scope of CSR initiatives with their fresh ideas and new focus. Many events are organised by Infosys Technologies Ltd. to strengthen business-community interactions. A budget of INR 2.4 billion (USD$39 million) was set aside for CSR activities for the fiscal year 2014 to 2015.

Since its founding, Infosys has made corporate social responsibility (CSR) an intrinsic part of its culture, enlisting workers across the company as well as those at the Infosys Foundation. When it comes to sustainability reporting, Infosys is a pioneer in India. It is also a founding member of the UN Global Compact. Infosys has set the bar high for social-responsibility initiatives in India with their dedication to sustainable development programmes (see Appendix for more on Infosys' CSR operations as an excellent example).

For their part, Indian corporations have proved that they are maturing and expanding their efforts beyond the creation of institutions in the area of CSR (educational, research, and cultural). Thus, the company's CSR activities have been linked to the company's primary business. The environmental lobby and the government's tough requirements and pressure to match global standards have forced businesses to expand their activities towards social development. Human rights, climate change, pollution management, and energy conservation are just a few of the issues that have recently piqued the interest of India's corporate elite.

Several trade groups and nongovernmental organisations, including Action Aid, Partners in Change, and the Tata Energy Research Institute, have shown that firms are growing more engaged in CSR activities as they realise the benefits of doing so (TERI). In 1999, at a time when corporate social responsibility (CSR) was gaining traction in the Indian business community, an international non-governmental organisation (NGO) named Action Aid performed a study on Indian firms' attitudes toward charitable giving. Of the 600 businesses polled, 69% were found to be actively involved in community betterment. In a survey, researchers found that half of the businesses who participated in development activities were doing so solely for charitable purposes (this paragraph is based on Sundar 2002).

This poll was conducted by Partners in Change and IMRB in 2003. It's a fact (Daftari 2003) A survey of 536 private and public enterprises in India found that 84% of them were interested in social development, with 64% doing so purely for philanthropic reasons. In-country sampling was used for this survey. Eighty-one percent of these corporations restricted their charitable activities to funding social-development programmes, despite the fact that these projects rarely got full ownership or sponsorship from these companies (Daftari 2003).

In June 2008, a study on corporate social responsibility (CSR) was done by TNS India and the Times Foundation (CSR). It was recently discovered, thanks to the work of Jain et al. Corporations in the private sector are more likely than government ones to engage in CSR. Most of their efforts were focused on domestic projects to improve living standards, boost access to health care, expand educational opportunities, and safeguard the environment. The CII and the ITC Center of Excellence for Sustainable Development collaborated on the Business Responsibility-India Survey 2013. (CESD). It was our major objective to demonstrate to a wide range of stakeholders that India's top 200 publicly traded corporations are engaged in CSR practises. The majority of companies polled, according to the results of the survey, dedicate at least 2% of their pre-tax profits (PAT) to CSR activities (Indian Institute of Corporate Affairs 2014).

Corporate social responsibility (CSR) has been the subject of numerous campaigns in the last few years. India's corporate social responsibility efforts have been impacted by programmes like the UN Global Compact and the Global Reporting Initiative (GRI) (GRI). Despite the efforts of Indian companies to plan CSR operations, there has been little success in reporting on development projects (Cropp 2010). More than 245 Indian businesses have signed the UN Global Compact Program (UNGCP), a charter aimed at improving global business conditions (UNGCP 2015).

Until businesses can fully integrate social-welfare projects into their core commercial activities, this will remain a long-term goal. Of the 217 Indian companies examined by KPMG in 2008, just 8% reported on their CSR efforts as part of their annual financial reports, while only 25% filed CSR reports (Prasad 2008). According to the Federation of Indian Chambers of Commerce and Industry and Ernst & Young, over 70% of enterprises have environmental and sustainability strategies in place. The vision of top management was often the motivating force for sustainability measures in these organisations.

CSR and sustainability information was disclosed by 68 percent of businesses in India in 2013 (up from 32 percent two years earlier), and a clear majority feels it should be published (Thornton 2013).

Businesses are becoming increasingly concerned with social responsibility and the equitable distribution of the costs of development. CSR practises in India have seen an increase in civil action, pro-business groups, government involvement, and foreign influence. On their websites, annual reports, sustainability reports, and even special CSR reports companies are already exposing their CSR operations to promote transparency and accountability in the near future. Social responsibility and accurate reporting have become increasingly important in attracting and retaining the best and brightest employees, particularly in international trading companies.

One of the most prominent examples of current CSR practises is the increasing presence of international firms in India. International trade is a common occurrence for MNCs, which are corporations with headquarters in multiple countries. Multinational firms such as Microsoft, General Electric, and others have had a major impact on the Indian economy and corporate social responsibility (CSR) in India (CSR). Because of their financial and non-financial resources, we expected these MNCs to have a considerable impact on societal development (Sharma 2009). It is difficult for global firms to build a strong reputation and long-term commercial success in new markets (Bantekas 2004). India's population are being served by an increasing number of multinational firms, either directly or through collaborations with various government and non-governmental organisations, amid the country's current economic climate. As a subsidiary of Intel Inc., Intel Technologies India Pvt Ltd partnered with India's national and state governments to raise educational standards and ensure social and economic progress. For the company's outreach efforts to promote excellent educational standards, teachers and students as well as educational institutions are included. " Through its Learn Easy Steps Program, Intel is educating folks in rural and small communities around the country about computer use and technology (LES). An estimated INR 61 million ($9.2 million) was allocated to CSR programmes around the world during the current fiscal year. According to an Intel India report from 2015, Microsoft's YouthSpark initiative gives Indian youth with access to a wide range of information and viewpoints from around the world. It is the mission of YouthSpark to provide young people with the skills, resources, and experiences they need to make a positive change in the world, and this is achieved via the work of NGOs, academic institutions, and the government. Many Indian citizens have benefited from Microsoft CSR programmes, and the company has contributed more than INR 6.5 billion (USD $96 million) to non-profit organisations (Microsoft 2014). In addition to promoting digital inclusion, the company also focuses on women's empowerment and disaster relief. As a result of the Bill & Melinda Gates Foundation's efforts, Indian villages have seen major improvements in health care. More than $60 million was spent on CSR programmes in India in 2015, according to a report by KPMG, a multinational auditing firm. KPMG came to these conclusions (2015). CSR efforts have been successfully integrated into the business plans of many global corporations (MNCs).

1.7 INDIA'S LEGAL FRAMEWORK FOR CSR

CSR in India typically takes the form of donations to institutions including schools, hospitals, temples, roads, and community development initiatives. Societies gain a lot from systematic and ongoing activities like these. The government, regulatory entities, and trade organisations (such as the Confederation of Indian Industries [CII]) are all working together to make CSR efforts more effective. As a result of the NVGs of 2011 (along with mandatory Business Responsibility Reports for the top 100 companies) and the CSR clause in the Companies Act of 2013, the Indian government has provided a better framework and direction to CSR activities in India.

THE 2 PERCENT BILL IS AN INDICATION THAT INDIA REQUIRES CORPORATE SOCIAL RESPONSIBILITY.

Companies are required by the CSR clause to devote at least 2% of their three-year net income towards CSR. A "CSR Committee," which includes an independent member who will report to the board of directors, must be established by organisations. CSR activities, the amount of CSR funds set aside, the composition of the CSR panel, and, if they have not spent the CSR amount for noncompliance, should be included in the organization's annual report.

When the law demands "project/program" CSR activities, it lays out exactly what kinds of social activities fit under which categories. In this context, we're talking about things like improving people's abilities, increasing access to education, promoting health and well-being, and empowering women. The CSR Committees of other organisations may also work together with an organisation to execute tasks, projects, or CSR activities so that they can independently report on these projects in compliance with the CSR Rules, 2014, as well.

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