



# Impact of Corporate Social Responsibility

Gurmeet Singh

Assistant Professor, Business Administration Department  
Maharana Pratap Group of Institutions, AKTU

Coauthor Siddhant Mishra

Assistant Professor, Business Administration Department  
Maharana Pratap Group of Institutions, AKTU

**ABSTRACT:** This research paper explores the transformative impact of Corporate Social Responsibility (CSR) initiatives on individuals facing economic hardship and social marginalization. Focusing on the direct consequences of CSR on the lives of the needy, the study employs a multi-faceted approach. It investigates how CSR programs, ranging from philanthropic activities to sustainable business practices, contribute to addressing the specific needs of impoverished communities. Through a combination of case studies and empirical analysis, the research seeks to quantify improvements in access to education, healthcare, and livelihood opportunities for those most in need. Additionally, it examines the psychological and social dimensions of CSR impact, exploring how these initiatives influence individual and community well-being. By emphasizing the human-centric outcomes, this paper aims to provide a comprehensive understanding of the ways in which CSR can serve as a catalyst for positive change in the lives of the underprivileged. The findings contribute valuable insights to corporate practitioners, policymakers, and stakeholders interested in enhancing the efficacy and inclusivity of CSR interventions for the benefit of needy populations.

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## I. INTRODUCTION

Socially conscious behaviour is becoming more and more common in the business world, according to observations. To ensure their long-term viability, corporations are urged to take social responsibility for a variety of challenges (Welford & Frost, 2006). The idea of corporate social responsibility (CSR) is one that links the business sector and the community. India's CSR heritage is rooted on the antiquated Sewa and Daan customs (Chauhan & Dawra, 2017). These were charitable deeds; in Indian philosophy, daan refers to the virtue of generosity, kindness, or giving alms, and sewa denotes acting selflessly and assisting others without expecting anything in return. This was a major factor in determining how the haves and have-nots interacted (Carroll, 2008). Businesses that made significant profits in the 1950s willingly adopted this practise of giving back to society. In India, there are over one million registered companies, of which only a hundredth are traded on the stock market. A new trend in corporate governance is the creation of dedicated committees within the board of directors to supervise Corporate Social Responsibility (CSR) initiatives. Corporate groups are being urged to relaunch CSR campaigns jointly. Europe established the Corporate Social Responsibility (CSR) Alliance in 2006. It has grown to be a unique resource for developing competence in business Social Responsibility (CSR), with 70 global business houses and 25 national partner organisations as of right now. Lastly, a new study supports the favourable relationship between business and society. The essay demonstrates how companies are using CSR initiatives to lessen the epidemic. It provides information on CSR strategies that Indian businesses employed during the COVID-19 pandemic. The study is based on interviews with 27 CSR managers who oversee creating and carrying out CSR programmes inside their companies. The findings show that businesses are committed to using several CSR initiatives to lessen the virus's impact (Gokarna & Krishnamoorthy, 2021).

## II. OBJECTIVE:

1. To understand the meaning of the term "corporate social responsibility."
2. Public Relations Campaigns provided by government.

3. The advantages of corporate social responsibility.
4. Common problems and difficulties with CSR.

### **III. METHODOLOGY:**

The study report is an attempt at exploratory investigation. The study's secondary data came from a variety of sources, including the Corporate Affairs Ministry's official website, newspaper articles, journals, research papers, media stories, and magazine articles. The researcher has not employed any statistical tools or techniques because the goal is to observe how our nation has changed its CSR policies over time and what effects these policies have had on achieving sustainable growth, rather than attempting to establish a relationship between various variables through discussion.

### **IV. REVIEW OF LITERATURE:**

1. According to Vishwakarma, Vijay (2019), the phrase "corporate social responsibility" (CSR) is not new. A small number of businesses used to make efforts to improve society in the past. Since they believe that every stakeholder is an essential component of every corporate organisation. Better service will undoubtedly aid in the organization's sustainability. This essay seeks to clarify the significance of corporate social responsibility for societal economic advancement.
2. In their article, Bindu Tiwari and Dr. Naveen Kumar (2018) mentioned that they wanted to determine how digital marketing affected the company's performance in terms of corporate social responsibility. The purpose of this report was to identify the best ways to use digital facilities to maximise returns on corporate social responsibility investments. The article also emphasises how CSR supports the promotion of different products and services. Secondary data is the foundation of research. Using the organization's goodwill as a guide, the study has attempted to identify strategies for sustainability and public relations. Promoting and starting CSR initiatives has become simpler with the advent of digitization.
3. Anupam Sharma and Ravi Kiran believe that CSR is becoming more and more of a new area of study in management research. Many businesses in India have adopted CSR activities to address the diverse needs of the community. He claims that compared to the FMCG sector, the IT and auto industries are more likely to adopt CSR programmes. The authors said that by participating in fresh CSR projects, India has entered or undergone a revolutionary change.
4. Rahul Hakhu says that a corporation should look forward while adopting corporate policies and take the effort to implement them in the business to gain a competitive edge and profitability in the context of a liberalised world. He highlights the government's desire for corporations to bear a greater share of the nation's economic development and how the expansion of corporate social responsibility (CSR) might help move the country from an agrarian economy towards an industrial one. He proposed that CSR offers Indian businesses and other stakeholders' useful information regarding development and reputation prospects.

### **DEFINITIONS:**

**According to International Labour Organization** – A way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise driven imitative and refers to activities that are considered to exceed compliance with the law.

#### **CSR is:**

- Voluntary: enterprises voluntarily adopt socially responsible conduct by going beyond their legal obligations.
- An integral part of company management.
- Systematic not occasional.
- Linked with sustainable development.
- Not a substitute of the role of government or for collective bargaining or industrial relations.

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---multi/documents/publication/wcms\\_116336.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_116336.pdf)

#### **According to World Bank –**

Corporate social responsibility (CSR) has become an established part of the global landscape, with companies throughout the world abiding by the United Nations Global Compact and many governments starting CSR initiatives. Michel Doucin explains the history behind the phenomenon, identifying the pioneers, including those in emerging markets, and the different interpretations of CSR. He argues for the recently adopted genuine international rules to shape a universal CSR framework.

<https://documents1.worldbank.org/curated/fr/731511468325284128/pdf/661030BRI0Box365730B00PUBLIC0P500240CSR.pdf>

**According to ISO 26000 –**

ISO 26000 defines social responsibility as "the responsibility of an organization in relation to the impact of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development; including the health and well-being of the society; takes into account the expectations of stakeholders; complies with applicable law while being consistent with international standards of behavior; is integrated throughout the organization and implemented in its relationships".

<https://www.blog-qhse.com/en/iso-26000-a-pillar-of-corporate-social-responsibility-csr#:~:text=ISO%2026000%20defines%20social%20responsibility,of%20the%20society%3B%20takes%20into>

**LEGAL FRAMEWORK OF CSR IN INDIA:**

The Ministry of Corporate Affairs issued the Corporate Social Responsibility Voluntary Guidelines in 2009 as part of the official and progressive attempts by the Indian government to formalise the responsibilities of companies towards the Indian society and its citizens and to put the CSR issue in a concrete pose. Following that, guidelines on the social, environmental, and economic responsibilities of businesses were implemented. The firms Act of 2013's Section 135 was the most ambitious attempt to require firms to engage in CSR initiatives. It brought the CSR initiatives of Indian corporations under the corporate law framework and mandated CSR spending and reporting for the first time in India. More specifically, Section 135's requirements mandate those businesses having.

- (i) to establish a Corporate Social Responsibility Committee consisting of a minimum of three directors, including one independent director; and
- (ii) (ii) to allocate, in each fiscal year, a minimum of two percent of the company's average net profits from the three consecutive fiscal years, in accordance with the Corporate Social Responsibility Policy.

**Top 10 Indian Companies for Sustainability & CSR 2018**

1. Tata Chemicals
2. Ambuja Cement
3. Infosys Ltd
4. Mahindra & Mahindra Ltd.
5. Tata Motors Ltd.
6. Tata Power Company Ltd.
7. Bharat Petroleum Corporation
8. ITC Ltd.
9. Hindustan Zine Ltd.
10. Indian Oil Corporation

**2019**

1. Tata Chemicals
2. Infosys Ltd.
3. Bharat Petroleum Corporation
4. Mahindra & Mahindra Ltd.
5. ITC Ltd.
6. Ambuja Cement
7. Tata Motors Ltd.
8. Vedanta Ltd
9. Hindalco Industries Ltd
10. Toyota Kirloskar Motor India

**Source: A study conducted by Futures cape**

**CSR PROMOTION:**

The Ministry of Corporate Affairs released voluntary recommendations for CSR in India to strategically encourage CSR activities. This indicates that a CSR policy should cover the following essential topics:

- Consideration for all parties involved
- Moral operation
- Respect for the Welfare and Rights of Workers
- Respect for Human Rights
- Preservation of the Environment
- Initiatives for Social and Inclusive Development

**The worthwhile effects of corporate social responsibility (CSR)**

Corporate Social Responsibility refers to a business practice that involves companies taking responsibility for their impact on society, including economic, social, and environmental aspects. CSR initiatives can contribute to the economic well-being of weaker sections in society in several ways:

**Employment Opportunities:** Companies engaging in CSR activities often create job opportunities for local communities. This is especially beneficial for economically weaker sections, as it provides them with income and a chance to improve their standard of living.

**Skill Development:** CSR programs often include initiatives for skill development and training. By enhancing the skills of individuals in economically weaker sections, they become more employable and can access better economic opportunities.

**Microfinance and Entrepreneurship:** Some CSR initiatives focus on providing financial support to micro-enterprises and entrepreneurs in economically weaker sections. This helps in fostering economic independence and promoting self-sustainability.

**Education and Training:** Many CSR programs are directed towards education and training. By supporting educational initiatives, companies contribute to creating a more skilled and knowledgeable workforce, which can ultimately improve the economic conditions of a community.

**Infrastructure Development:** Companies may invest in the development of infrastructure in economically weaker areas. Improved infrastructure, such as roads, transportation, and basic amenities, can contribute to economic growth and development.

**Healthcare Initiatives:** CSR activities often include healthcare initiatives, which can improve the overall well-being of the community. Healthy individuals are more productive, and this can positively impact the economic conditions of a region.

**Environmental Sustainability:** While not directly related to economic well-being, environmental sustainability initiatives can indirectly benefit communities by preserving natural resources, which are often crucial for the livelihoods of economically weaker sections.

#### **ISSUES & CHALLENGES: -**

The following are the issues:

1. Grew Users Interest: According to a recent International Environics survey, 50% of respondents said they have either rewarded or penalised businesses for what they saw as their perceived social performance.
2. Lack of Transparency: One of the main concerns raised by the poll is a lack of transparency.
3. Demands for Greater Disclosure: Stakeholders, including consumers, workers, communities, suppliers, investors, and activist groups, are placing an increasingly strong demand on businesses to provide more information.
3. Lack of Well-Established NGOs: It has also been noted that distant and rural areas lack well-established non-governmental organisations.
4. Corporate Social Responsibility (CSR) Initiatives and Limited Perspective of firms: Agencies from Government and Non-Governmental Organisations typically have a limited perspective on the CSR initiatives of firms, frequently characterising CSR initiatives as more contributory than locally oriented.
5. Lack of CSR rules: Businesses' CSR initiatives lack clear legislative rules or policy directions to provide them with a specific direction.
6. CSR Initiatives & Narrow Perspective: Government and non-government organisations typically have a limited perspective on businesses' Corporate Social Responsibility (CSR) initiatives, frequently characterising CSR efforts as more donor-driven than locally focused.
7. Need to Develop Local Capabilities: There is a severe lack of qualified and competent organisations that can successfully support the ongoing CSR initiatives started by businesses, so it is necessary to develop the capacity of the local nongovernmental organisations.
8. Branding Activities: The media is crucial in disseminating positive news and educating the community about the various upcoming corporate social responsibility programmes of businesses.

#### **CSR: PROBLEMS:**

It can be summed up as follows:

- Transparency issues
- Limited community participation in CSR activities
- Narrow view towards CSR projects
- Need to develop local capacities
- The absence of well-run non-governmental organisations

#### **BUSINESS SOCIAL RESPONSIBILITY (CSR) IN INDIA: PROBLEMS AND DIFFICULTIES**

- Lack of clarity in CSR rules
- Lack of consensus on how to implement CSR concerns
- Narrow view towards CSR activities

#### **V. RECOMMENDATIONS:**

The survey's recommendations are clear indications of the current situation in the CSR domain and, as such, involve necessary and appropriate steps to be taken to establish CSR on more stable ground. This is necessary to examine the long history of CSR in India and take concrete steps to mainstream it. Taking note of this astute insight, the following suggestions are enumerated for the careful consideration of all relevant parties to effectively operationalize CSR inside the organization's core business and to establish cooperative partnerships and productive networks with all parties involved.

## **VI. CONCLUSION:**

Based on the aforementioned analysis, it can be inferred that the government implemented Corporate Social Responsibility (CSR) to hold firms more accountable to their shareholders and the wider community. Since corporations are social entities, they have a duty to care for all its stakeholders. It is essential that they carry out this duty effectively to ensure that each shareholder is treated fairly. These days, a lot of big businesses are using volunteer programmes to enhance their social and environmental performance. In other words, both public and private organisations will need to share best practises, adhere to strict guidelines, actively promote corporate social responsibility (CSR), and pool resources where appropriate. One of the main issues facing business is the need for more trustworthy measures of advancement in the area of corporate social responsibility (CSR), in addition to the spread of CSR strategies. Open communication and dialogue can raise an organization's perceived credibility and, concurrently, elevate the bar for other businesses.

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