

I. EVOLUTION OF THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY AND RECENT TRENDS:

India has had a long history of business involvement. This has often been backed up along with a lot of philanthropic contributions since around 1800, though informally. Philosophers such as Kautilya have also often emphasised on the importance of ethical business practices. Historically, these philanthropic contributions were driven by religious beliefs.

A different kind of business practice emerged in the 19th century because of a stronger inclination towards charity and other social issues such as employee welfare, community service etc.

It was later in the 1950s that the ideology of CSR based itself on assumption of obligation of business to the society. Pursuant to that, by the 1970s the term CSR came into common use.

Although there is not much documentation in regard to the concept of CSR of the earlier years, yet there was an increasing realisation that businesses could not succeed in isolation and that the companies which paid attention to the socially responsible behaviour were also favoured by the public in return.

Amongst the earliest instances of CSR available in India was that by the Tata family headed by JRD Tata. The evolution of CSR is attributed to 4 main stages/models. These are:

a. Ethical Model (1930 – 1950):

During the ethical model the concept of trusteeship evolved under the leadership of Gandhi thus motivating the people to organise their business as a trust in the interest of the community. The influence prompted businesses to play an active role in nation building and in promotion of economic development.

b. Statist Model (1950 – 1970s):

Post independence, this model developed under the leadership of Jawar Lal Nehru when India had adopted a Mixed Socialist economy. The element of corporate responsibility relating to community and working relationships was enshrined in the labour law and management principle.

c. Liberal Model (1970s – 1990s):

The model was encapsulated by Milton Friedman as per whom the model was solely confined to being the economic bottom line. The model implies that it is sufficient for business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends.

d. Stakeholder Model (1990 – Present):

This model came in existence in the 1990's with the realisation of social obligations commensurate with economic profits. As per the model Companies performed as per the "triple bottom line" of the economic,

social and environmental performance. It further focussed on the increasing transparency to society and greater accountability through stakeholder dialogue.

Although a robust CSR model is required to be present across legislations throughout the world it is more so required for a developing country like India because of the diversity and lack of resources, resulting in an increased challenge before it. At the outset, India faces various problems like unemployment, poverty, corruption, lack of education facilities and lack of basic amenities. These more than often cannot be handled by the Government alone and require the collective help of corporates, both financially as well as psychologically. In order to do so, there has to be a positive mindset amongst the organisations to be responsible for the effects of their activities and to ensure that any of their acts do not lead to adverse conditions to the already existing problems.

These problems have further worsened in India owing to the lack of care or effort taken to improve the already deteriorated conditions. The primary issues which need to be addressed due to multitude of factors are given below. These are segregated as per the Triple Bottom Line Approach. These are:

A. People

Health, Diversity, Differently-abled, Safety, Education and Literacy, Child Labour, Ethnicity.

B. Planet

Air, Water and Land Pollution, Climate Change, Biodiversity and Land Use; and

Energy, Toxic Chemicals and Heavy Metals, Ozone Depletion, Fisheries and Ocean.

There are two fold advantages to the organisation and the prevailing conditions by undertaking these CSR activities. Further if an organisation looks at the profitability perspective, these activities would tend to eventually in the long run accrue profits rather than act as expenses due to the general advantages of having a CSR Programme. The benefits are:

- **Globalization-** Globalisation along with focus on cross-border trade, multinational enterprises and global supply chains has led to increasing CSR concerns amongst stakeholders.
- **Compliance-** Governments and inter-governmental bodies, such as the United Nations, the organisation for Economic Co-operation and Development and the International Labour Organization have developed compacts, declarations, guidelines, principles and other instruments that outline social norms for acceptable conduct. Implementation of CSR Programmes would help comply with these norms.
- **Technological Advancement-** Advances in technology have made it easier to track corporate activities and a resultant spread in information about them. NGOs further draw attention about business practices they view as problematic. If a stable CSR Programme is not implemented any mistake could lead to a tarnished image of the organisation.

- **Changing Social Mindset-** Consumers and investors increasingly supporting responsible businesses practices and expect more from companies while buying their products, in light of the recent scandals etc.
- **Publicmistrust-** Numerous serious and high-profile breaches of ethics on accounts of scandals have contributed to elevated public mistrust towards corporations and highlighted the need for improved corporate governance, transparency, accountability and ethical standards.
- **Goodwill-** Adopting effective approach to CSR while reducing the risk of business disruptions can further open up new opportunities, and enhance brand and company reputation.
- **Risk Avoidance-** An important requirement of CSR Programme is to manage any potential risks and avoid it.
- **Financing-** A Company which seeks investment from the public at large has to abide by CSR norms as it is an essential component considered by investors while placing their money.