

# IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE SECTOR

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## Abstract

This paper gives a view on how companies enriched the brand Value, different innovations, and being competitive in the market through CSR. Corporate social responsibility is the main concept in the present business, especially in the corporate sector. CSR gained great importance because of the growing interest of people on social and environmental factors. Many companies have changed their working pattern by implementing corporate social responsibility. India is the first country that follows CSR legally and made a regulation in the constitution under the company's act 2013. The government also initiates employee involvement, the contribution of companies for the promotion of CSR. Implementation of CSR in the corporate sector has witnessed remarkable changes towards social and economic factors. Even with the Globalization of the Indian Economy, CSR practices are evolving faster in India by Balancing economic, social, and environmental imperatives.

**Keywords:** Corporate social responsibility, legal regulations, balancing economy, corporate sector.

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## 1. INTRODUCTION

Corporate social responsibility is a concept that has become dominant in the business in recent years because businesses are aware of the role of CSR that they should perform. Every business has a policy regarding CSR and produces an annual report giving details of its activities. Social responsibility is important for every business. A positive brand image with a good reputation can be created through CSR. It is an innovative means for many companies to enhance a cordial relationship with different customers. At present Economic criteria alone cannot justify the business organization's existence. Social and ethical aspects of business decisions are as important as economic aspects to get the success of a business. A socially responsible firm meets the needs of society and also creates a long-term, sustainable market for its products. The firm is also mentioned as a business responsibility and an organization's action on economical, social, ethical, and environmental issues. It is essential to achieve success and competitive advantage by building a reputation and gaining the trust of the people. CSR is becoming an integral part of corporate strategy, management practices, business operations, and product development.

## 2. RESEARCH METHODOLOGY

Secondary information has been compiled from different online sources and a descriptive report has been done through the major CSR practices followed by in corporate sector and their commitment towards society.

## 3. REVIEW OF LITERATURE

Praveen Kumar has discussed the present scenario in

“Corporate Social Responsibility in India” about CSR in India and the challenges available in India.<sup>[1]</sup>

Beam, Dr. Sarbpriya in their research paper focused on CSR developed amid the most recent couple of years from simple philanthropic activities to combine the interest of the business with the communities in which it operates. In this paper, they featured the business practices with ethics and objective evaluation of the CSR that is practiced by large corporate houses in India.<sup>[2]</sup>

Prakash Jagadeesh and Nareshsuparna discussed that Corporate social responsibility is a Genuine concern or Mere Image Building? And they have foreground various issues like Whether CSR is genuine done or used to established brand identification? Does CSR help in business to be different from the others and to what extent it is?<sup>[3]</sup>

A theoretical paper by Chinnadurai. P. studying the necessity of having CSR and its evolving concept. For the above concept, CSR of Various companies operating in India is analyzed and the researcher has given suggestions for corporate in designing their initiatives.<sup>[4]</sup>

## 4. DEFINITION

Corporate social responsibility (CSR) defines an overall positive impact on society as the management by companies on their business processes. It covers sustainability, ethics, social impact, and core business – the money-making by companies, not just add-on extras like philanthropy. MALLEN BAKER

According to Horrigan (2010), because of the high levels of ambiguity and controversy associated with the

topic, there is no widespread definition for CSR. It is noted that virtually all definitions of CSR include the concept that business firms (i.e., corporations) have obligations beyond their economic obligations to shareholders, toward society (Schwartz)

Nevertheless, the CSR definition expresses the main aspects of the term that can be proposed as a corporate initiative to assess and take responsibility for the company's impact on social welfare and its effects on the environment. (Investopedia).

## 5. IMPACT OF CSR

### 1. Increased employee satisfaction

The way a company treats its community explains a lot about how a company treats its employees. Employees had an opportunity to volunteer during their working hours to create a sense of community within the organization. Employees will get motivated and in their work through personal development opportunities.

### 2. Improved public image

Companies are implementing corporate social responsibility to gain exposure and praise for their involvement in the market. The reputation of a brand can be benefited from good deeds in the community. Considering it, consumers feel good when they buy products and services from companies that are helping their community.

### 3. Increased customer loyalty

In a survey, nearly 56% of participants is "a brand which is known for its social value" is a top purchasing driver. And the opinion of 53% of participants is "a brand with community commitment" is a leading purchasing driver. Customers are more likely to be loyal to the brand if the corporate values align with their ones. CSR programs encourage the corporate values to demonstrate teamwork, community involvement, and engagement in the core values.

### 4. Increased creativity

CSR initiatives encourage employees to get re-energized for new things in their jobs. Employees are empowered to start contributing to the bigger picture. Employees come up with new ideas about products or internal processes and innovate solutions for new problems.

### 5. Support from an international organization

International organizations have been permitted by CSR rules to assist and play a role in the CSR ecosystem. The rules defined that an international organization is notified under United Nations, Privileges and Immunities Act 1947. As per this rule, companies are permitted to appoint an international organization for designing and monitoring CSR and also for building the capacity for their own CSR teams. Since the start of COVID-19, consumer attitudes have been dramatically shaped by the pandemic and their new environments. This also shifted consumers' attention where much of their focus was on their lives. During the pandemic period, the global health crisis had physical, emotional, social, and financial challenges all at once. And the expectations of the customers created a trend in the business. In 2020 organizations faced extraordinary challenges while implementing new CSR initiatives. CSR Trends Shaping 2021 Initiatives:

#### 1. Virtual Community Engagement

2. Closer Integration with the Internal and Externally communities
3. Stakeholders are the Target Audience, not Just Shareholders

#### 1. Virtual Community Engagement:

Work from home has become new for many employees. They have access to a new working environment. In 2020 companies were adapting to the current moment to create multiple wins for their communities, employees, and brand. Few companies encouraged community service and developed a way to volunteer virtually. In this pandemic period Volunteering virtually has provided worth for companies to associate with their community.

#### 2. Direct Integration with the Internal and External Communities:

With increased virtual engagement which is closely aligned with current events, Companies are participating in closer integration with employees and their surrounding communities in 2021. Global Web Index found that over 4 in 10 brands should place more focus on social causes and the wellbeing of the employees.<sup>[5]</sup>

#### 3. Stakeholders are the Target Audience, Not just Shareholders:

In the past companies placed a high value on making money for their shareholders. A change started in 2020 when investors, workers, and consumers started to put increased pressure on companies to make significant input for a greater social good.

According to a report on corporate social responsibility, 77% of consumers are more willing to receive products or services from those companies which demonstrate a commitment to addressing social, economic, and environmental issues. In 2021 estimations on CSR are going to enhance a lot of initiative strategies from companies and their leadership teams, but all are necessary for true organizational CSR success.<sup>[6]</sup>

## 6. CSR Activities In Corporate Sector

### 1. Tata Group:

In India, the Tata Group had different CSR projects like community improvement and poverty alleviation programs. Through self-help groups, women empowerment activities, income generation, rural community development, and other social welfare programs have been enhanced. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions to different categories of students.

The Tata group also had initiation in healthcare projects like immunization and the creation of awareness of AIDS and economic empowerment through different agriculture programs, sports scholarships, environment protection, and infrastructure development like hospitals, research centers, educational institutions, sports academies, and cultural centers.

### 2. Ultra tech cement:

Ultra tech Cement, India's biggest cement company involved in social work aiming to create sustainability and

self-reliance across 407 villages in the country. CSR activities mainly focused on education, healthcare, family welfare programs, social welfare, and sustainable livelihood.

This company organized many medical camps, water conservation programs, sanitization programs, industrial training, immunization programs, plantation drives, and other organic farming programs.

### 3. Mahindra & Mahindra:

Mahindra & Mahindra; Mahindra an Indian automobile manufacturing company established the K. C. Mahindra Education Trust in 1954 and Mahindra Foundation science 1969 to promote education. The company primarily focused on education programs to assist economically and socially weaker communities, Its CSR programs invested in scholarships and grants, livelihood training, healthcare centers for remote areas, water conservation, and disaster relief programs. Mahindra & Mahindra started 'Nanhi Kali' to provide education for girls, Mahindra Pride Schools for Lifeline Express for healthcare services, and industrial training in remote areas.

### 4. ITC Group:

Six ITC Group had business in different fields like hotels, FMCG, agriculture, IT, and packaging sectors and it has been focusing on creating sustainable livelihood and environmental protection programs. Through CSR activities ITC company generated sustainable livelihood opportunities for six million people.

ITC Group started the e-Choupal program to connect rural farmers through the internet for procuring agriculture products, covers about forty thousand villages and more than four million farmers. The farm forestry program aid farmers in transforming wasteland into pulpwood plantations.

### 5. Reliance industries:

Reliance industries are also involved in CSR initiatives to improve the quality of life. The initiatives focused on seven different areas like Rural Transformation, Education, Health, Arts, and Responsibility on disaster management, Sports for Development Culture and Heritage, and Urban Renewal.

### 6. Microsoft:

Microsoft promised to become carbon neutral by the year 2030. By launching an innovation fund on new climate solutions, Microsoft aims in expanding its internal carbon fee, and helping suppliers and customers drive down their footprints. And to achieve zero waste by 2030 is a bold promise to divert at least 90% of its landfill waste, and make all Surface devices fully recyclable.

### 7. Grove collaborative:

By 2025, the retailer of natural products wants to be 100% plastic-free. In 2020, it introduced a completely plastic-free line in household cleaning products, which instead use vessels of glass and aluminum. Peach, a newly launched personal care product which is of waterless, plastic-free, plant-based solutions expects to save 70,000 pounds of plastic in less than a year of sales.

### 8. Logitech:

The consumer electronics design company is famous for

“total carbon transparency,” as this company committed to labeling products with a footprint number and those numbers along with universally readable symbols will be printed by 2025, and customers are allowed to make decisions and holding its accountable.

### 9. AMBEV:

By spending \$22 million of funds, the Brazilian beverage giant proved its ingenuity as it spend to manufacture two hundred and eighty-four thousand liters of hand sanitizer using ethanol from its breweries, and 3 million face shields, made of polymer, and it used for bottling its Guaraná Antarctica soda.<sup>[7]</sup>

### 10. Twisted x:

Aiming to contain 80% “eco elements” to their shoes by the end of 2021, Twisted X has been trying hard to reduce waste in the fashion industry by using sustainable raw materials in manufacturing shoes. Twisted X manufactured outsoles with rice husks and midsoles and of algae and in 2020 it extended to midsoles from sugarcane molasses and uppers from cork.<sup>[8]</sup>

## 7. Conclusion

The study comes up with insight on the perception of CSR as we look around we can see different types of corporations that are praised in different ways for their contributions to society. Many companies are so accountable towards society, the environment, and human resources through the services, the process they follow, and the products they sell to their customers and maintain a good relationship with stakeholders by following CSR.

Corporate sectors are expected to follow corporate social responsibility as it is an image-building and brand-enhancing tool that makes Corporate to involve in CSR activities. As a responsibility towards society is an important factor that every organization has to follow along with the profits.

Finally, CSR is working in its particular manner however there is a pivotal need of having the attention on different areas of society which are necessary for sustainable development of the Indian economy.

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