

EVALUATION AND INITIATIVES OF CSR IN INDIAN CORPORATE SECTOR WITH REFERENCE TO NEP

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Abstract

Corporate Social Responsibility (CSR) has become an important tool that companies use to meet their financial goals and advance society development. With an emphasis on conformity with National Education Policies (NEPs), this summary offers a succinct analysis of the CSR activities and execution by Indian businesses. Indian businesses have been more aware of the value of corporate social responsibility (CSR) in addressing socioeconomic issues and advancing sustainable development in recent years. The National Education Policy (NEP) 2020 and other NEPs have brought forth a renewed focus on business involvement in educational efforts. This study explores the ways in which Indian companies have integrated CSR activities with the objectives outlined in NEPs. It examines initiatives such as scholarship programs, infrastructure development in schools, teacher training, digital literacy campaigns, and skill development initiatives aimed at aligning with the goals of inclusive and quality education as outlined in NEPs. By analyzing case studies and best practices, this study highlights successful models of CSR implementation in alignment with NEPs, showcasing the potential for corporate engagement to complement government efforts in advancing education outcomes. Additionally, it underscores the need for greater collaboration between government, corporate entities, non-profit organizations, and communities to leverage resources and expertise effectively. The study emphasizes the importance of CSR as a catalyst for achieving the objectives of NEPs, particularly in addressing gaps in educational access, quality, and equity. Through strategic partnerships and innovative approaches, Indian companies can play a transformative role in shaping the educational landscape and fostering inclusive growth and development.

Keywords: education, policy, disability, government

INTRODUCTION

India, as one of the world's fastest-growing economies, has witnessed a surge in CSR activities driven by legal requirements, stakeholder expectations, and evolving social norms. The Companies Act of 2013 in India mandates certain qualifying companies to spend a prescribed percentage of their net profits towards CSR activities. This legal provision has spurred organizations to allocate resources towards CSR initiatives, raising questions about the relationship between CSR and financial performance.

Corporate Social Responsibility (CSR) has gained significant attention in recent years as organizations recognize the importance of addressing social and environmental issues alongside their financial objectives. CSR refers to the voluntary actions and initiatives undertaken by companies to integrate social and environmental concerns into their business operations and interactions with stakeholders (Nguyen et al, 2022). These initiatives go beyond legal compliance and aim to create a positive impact on society while also benefiting the organization itself.

In the Indian context, CSR has been influenced by various factors, including legal requirements, stakeholder expectations, and cultural values. The idea of social responsibility has its roots in ancient Indian philosophy, where the concept of "dharma" emphasized the duty of individuals and organizations towards society and the environment. However, it is in recent years that CSR has gained significant momentum in India, driven by both internal and external factors (Dang, 2018).

One of the key drivers of CSR in India has been the legal framework provided by the Indian government. In 2013, the Indian government enacted the Companies Act, which introduced mandatory CSR provisions for certain qualifying companies. Under the Act, companies meeting specific criteria are required to spend a minimum prescribed percentage of their net profits on CSR activities (Ministry of Corporate Affairs, 2013). This legal requirement has been a significant catalyst for Indian organizations to embrace CSR initiatives and integrate them into their business strategies (Bhattacharya et al., 2018).

In recent years, Corporate Social Responsibility (CSR) has gained significant traction in India, with many companies embracing it as a core aspect of their business operations. The National Education Policy (NEP) in India, introduced in 2020, emphasizes the holistic development of individuals through education. Several Indian companies have aligned their CSR initiatives with the objectives outlined in the NEP. Some study of the implementation and initiatives of CSR by Indian companies with reference to NEPs:

1. Education and Skill Development Programs: Many Indian companies, especially those in the technology and education sectors, have launched various initiatives aimed at improving education quality and promoting skill development, in line with the NEP's objectives. These initiatives often target underprivileged communities and focus on enhancing both traditional and vocational education.

2. Infrastructure Development: Some companies have undertaken projects to develop educational infrastructure, such as building schools, libraries, and computer labs, particularly in rural and underserved areas. These efforts contribute to the NEP's goal of ensuring equitable access to quality education across the country.

3. Teacher Training and Capacity Building: Recognizing the crucial role of teachers in educational outcomes, several companies have initiated programs for teacher training and professional development. These initiatives aim to enhance teaching methods, curriculum delivery, and classroom management, aligning with the NEP's emphasis on teacher empowerment.

4. Technology Integration: With the NEP emphasizing the integration of technology in education, many companies have supported initiatives to provide digital learning resources, access to online education platforms, and ICT infrastructure in schools. These efforts aim to bridge the digital divide and promote digital literacy among students and educators.

5. Promotion of Inclusive Education: CSR initiatives by Indian companies often prioritize inclusivity and diversity in education, aligning with the NEP's focus on promoting equitable access for all learners, including those from marginalized communities, children with disabilities, and girls.

6. Research and Innovation: Some companies have collaborated with educational institutions to support research and innovation in education technology, curriculum development, and pedagogical practices. These initiatives contribute to the NEP's vision of fostering a culture of innovation and creativity in education.

7. Community Engagement and Awareness: CSR activities also include community engagement programs and awareness campaigns to highlight the importance of education, encourage parental involvement, and address social issues that impact learning outcomes, such as child labor and gender inequality.

The Company's Act was a landmark legislation that marked a significant shift towards creating a more socially responsible business environment in India. The Act recognizes the role of businesses in addressing societal challenges and encourages them to contribute to sustainable

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development. It has led to a paradigm shift in the way organizations perceive their responsibilities towards society and has increased the accountability of corporations.

The implementation of mandatory CSR provisions has resulted in a surge of CSR activities across various sectors in India. Organizations have undertaken a wide range of CSR initiatives, including but not limited to education, healthcare, environmental sustainability, women empowerment, and community development. These initiatives are aimed at addressing social and environmental issues and positively impacting the communities in which organizations operate.

Furthermore, the rising awareness and expectations of stakeholders have played a significant role in the growth of CSR in India. Customers, investors, employees, and communities are increasingly demanding that organizations demonstrate their commitment to social and environmental responsibility. Organizations are recognizing that addressing social and environmental concerns is not only a moral imperative but also a strategic business decision. CSR initiatives have the potential to enhance brand reputation, attract and retain talent, mitigate risks, and improve stakeholder relationships (Chaudhury, 2011).

The Indian context presents unique opportunities and challenges for CSR implementation. India is a diverse country with a wide range of social and environmental issues. Organizations operating in India face complex challenges related to poverty, inequality, environmental degradation, and social exclusion. However, these challenges also provide immense opportunities for organizations to create shared value by addressing these issues through innovative CSR initiatives.

While there is growing recognition of the importance of CSR in India, there is a need to examine the relationship between CSR initiatives and financial performance. Financial performance is a critical aspect for organizations as it directly affects their sustainability and ability to invest in CSR activities (Orr, 2023). While some argue that CSR initiatives may lead to improved financial performance through enhanced reputation, customer loyalty, and cost savings, others question the financial impact of CSR and argue that it may impose additional costs on organizations (Thao, 2019).

Several studies have explored the relationship between CSR and financial performance in the global context, but there is a gap in research specific to Indian organizations. India's unique socio-economic and cultural context warrants an investigation into the relationship between CSR initiatives and financial performance within the Indian business environment. By

examining this relationship, the proposed study aims to provide empirical evidence on the impact of CSR on the financial performance of Indian organizations.

Overall, the background of the study highlights the growing importance of CSR in India and the need to examine its relationship with financial performance. The legal framework, stakeholder expectations, and unique socio-economic challenges in India make it an interesting context to explore this relationship. By addressing this research gap, the proposed study aims to contribute to the existing literature and provide valuable insights for organizations, policymakers, and other stakeholders involved in promoting CSR in India.

2. EVOLUTION OF CSR IN INDIA

The evolution of the "Corporate Social Responsibility" concept has prolonged and varied history. The term CSR was first described in 1953 in book titled "Social Responsibilities of the Businessman" by Bowen with the definition given as "Corporate Social Responsibility refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of society." In 1990, the popularity of CSR extended when CSR implemented as the company's policy by a German Pharmaceutical Company.

Previously CSR was referred to more often as corporate philanthropy that had no link with the business. In the sixties, thinkers such as Keith Davis ensured the change in thought which argued that social responsibility is nebulous idea but should be seen in a managerial context. In the seventies, Friedman mentioned that "There is one and only one social responsibility of business: to use its resources and engage in activities designed to increase its profits as long as it stays within the rules of the game". In the eighties, Peter Drucker highlighted that the business organization had to convert their social responsibility into a business opportunity to improve social values. In this period, Milton Freeman introduced the stakeholder theory to the appropriate use of corporate coffers in a free-enterprise society. In the nineties, CSP model was one of the earliest and major contributions that described the term better and was considered as more pragmatic and related to performance.

In India, the evolution of CSR can be traced back to the principles of trusteeship advocated by Mahatma Gandhi, who emphasized the responsibility of businesses to contribute to the welfare of society. The idea of CSR gained further prominence with the enactment of the Companies Act, 2013, which made CSR mandatory for certain companies meeting specific criteria.

The Companies Act, 2013 in India introduced the provision of Corporate Social Responsibility, mandating that qualifying companies spend a certain percentage of their profits on CSR activities. This legal requirement aimed to encourage businesses to play a more active role in

addressing social and environmental issues and promote sustainable development (MCA 2013).

The implementation of CSR in India has witnessed significant growth and engagement from companies across various sectors. Indian companies have embraced CSR initiatives by investing in education, healthcare, rural development, environmental conservation, and other areas of social significance. CSR activities in India are often aligned with the Sustainable Development Goals (SDGs) outlined by the United Nations, contributing to national development priorities.

2.1 Evolution of CSR in Education Sector

The evolution of Corporate Social Responsibility (CSR) in the education sector in India marks a transformative journey spanning several decades. Initially characterized by sporadic acts of philanthropy, CSR gradually evolved into a strategic imperative for businesses, spurred by legislative mandates such as the Companies Act of 2013. Throughout the 2010s, a discernible shift occurred, with education emerging as a primary focus area for CSR initiatives. This shift paralleled a growing recognition of education's pivotal role in driving societal progress and economic development. With the introduction of the National Education Policy (NEP) in 2020, CSR efforts in the education sector became increasingly aligned with national priorities, emphasizing equitable access, quality enhancement, and technological integration. Collaborations between corporates, government bodies, and non-profit organizations burgeoned, fostering synergies and amplifying impact. Today, the evolution of CSR in the education sector in India reflects a strategic shift towards sustainable, impactful interventions aimed at nurturing human capital and fostering inclusive growth.

- During the 2010s, there was a noticeable shift in CSR priorities, with an increasing number of companies prioritizing education as a key focus area.
- Companies recognized the importance of education in driving social development and economic growth, leading to a surge in CSR investments in educational initiatives.
- With the rapid advancement of technology, there has been a growing emphasis on leveraging digital solutions to enhance education outcomes.
- Many CSR initiatives now focus on providing digital learning resources, ICT infrastructure, and online education platforms to bridge the digital divide and promote digital literacy.

3. CONCEPT AND IMPLEMENTATION OF CSR

The concept of CSR has evolved over time, reflecting changing societal expectations and the recognition of the role businesses play in addressing social and environmental challenges.

Initially, the focus of CSR was primarily on philanthropy and charitable activities, where companies would donate funds to support social causes. However, the understanding of CSR has broadened to include a more comprehensive approach that integrates social and environmental considerations into business strategies and operations.

Apart from different socio economic problems like unemployment, child labor, mal-nutrition, illiteracy, income disparity and ecological environmental degradation and pollution, the modern society is also beset with problems created by the business firms , which very often assume catastrophic proportions like Seveso disaster (1976) in Italy, Bhopal Gas tragedy (1984) in India , Chernobyl Nuclear disaster (1986) in Ukranian SSR, Exxon Valdez oil spill (1989) in Prince William Sound, Alaska, or the Enronn collapse in 2001. These kinds of behavior by the firms not only destroy their image, trust of the consumers and the society; but also, are charged with heavy fine. The Government plays an active role to mitigate such problems by imposition of laws and implementing various socio-economic measures to protect the interest of every member of the society. But the resources of Government fall short to combat such social problems. Thus, resources and assistance of large corporate houses, large business firms and wealthy business leaders are expected and called for to mitigate socio economic problems. It is also expected that the firms will not only abate the agony for which they are directly responsible but also the problem created by others like those mentioned above. According to Kotler and Lee (2005) “We all want a better world and are convinced that communities need corporate support and partnership to make it happen”. Thus, calls for corporate involvement in redressing broader problems of society come from many quarters (Margolis & Walsh, 2001). This resulted into the evolution of corporate social responsibility. The concept of corporate social responsibility took different forms overtime ranging from simple corporate philanthropy, stakeholder’s approach to integrated and strategic CSR. Corporate social responsibility creates an obligation on the firm to be socially responsible, fair and just in their business operation and responsible for ameliorating social problems. The firms being a part of the society are expected to contribute towards the benefit and wellbeing of the society. Besides achievement of traditional objective of earning profit, modern firm aims to reach all the member of the society and all stakeholders through socially responsible practices. “Companies are realizing that it is in their business interest to „do the right thing“ everywhere they operate”-World Bank. Firms throughout the world have realized that their long-term sustenance can only be achieved through adoption of socially responsible practices in all actions and decisions. In modern business environment, protection of every stakeholder’s interest forms the stepping stone of success. However, fulfillment of social responsibility by

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the firms is a challenging task and companies alone cannot tackle the challenges associated with social responsibility. Hence joint effort of governments, civil society groups, development institutions, citizens and firms can lead to successful adoption of corporate social responsibility practices.

The question that now triggers in mind is that, why the firm would be willing to be engaged in corporate social responsibility activities. Let us search some answer to the question.

Firstly, the business firms are part of the society and operate within the society. If the society is benefitted the firm will be benefitted as well. Let us see how. The ultimate consumers determine the fate and sustainability of the firm. Therefore, provision of necessary affordable education will create employable youth, thus increasing the income earning capacity and availability of money amongst the people who are potential consumers of the firms, thus increasing the customer base.

Secondly corporate social responsibility is advocated on the ground that the firm while executing its business operations may directly or indirectly cause harm to the society and ecological environment and hence should compensate for the same. However, this compensation provision does not authorize the firm to engage in socially harmful business activities.

Thirdly as per the theory of “social contract”, relationship, obligations and duties develop between the business and the society in which it operates and firms need to respond to stakeholder’s demand (Steiner, 1972). Steiner (1972) affirmed that firms should develop concrete policies regarding social responsibility practices. Business and society are dependent on each other because society provides various inputs like land, labor, knowledge and finance to the business and business rewards the inputs and provides output to the society. Hence this relationship between the firm and society confers a responsibility on the firm to protect the interest of all members of the society.

There are other motivating factors (discussed later in the study) for adopting corporate social responsibility activities by firm. Steiner (1972); McWilliams & Siegel (2001); McWilliams et al. (2006) suggested, increasing pressure from stakeholders to be a reason for engagement in socially responsible activities to a large extent. Another reason provided by Sprinkle & Maines (2010) is that CSR is a kind of “window dressing” to gain appreciation and support from stakeholders, which helps to avoid negative publicity.

Corporate social responsibility is based on the ideology that focuses on connection between the firms and the society. The criterion that defines socially responsible firms is a controversial

and an ongoing research issue. CSR is a buzzword now that existed long before in the form of corporate philanthropy and community development activity and the firms voluntarily undertook such activities. In recent times, increasing awareness regarding environment protection and conservation, consumer rights; need for sustainable development, different social and environmental problems created by the firms necessitated socially responsible behavior by the firms. Apart from fulfillment of financial objectives and obligations, firms are expected to be socially responsible in all its business actions by satisfying the interest of all stakeholders. Different business social responsibility guidelines have been issued worldwide that mandates adoption of socially responsible practices by the firms. Hence the firms are shifting from their core “only profit earning” objective to attainment of longer sustenance and profitability through socially responsible practices. Although corporate social responsibility has gained immense recognition and is considered to be a prerequisite for longer sustenance and success, the traditional objective of attainment of financial success cannot be ignored. Therefore, profit earning objective and provision of social good are the two concurrent objectives of modern business and convergence of these two objectives are appreciated.

The adoption of socially responsible business practices causes the firm to use more financial and non-financial resources, which may put the firm in a financially and strategically precarious position and cause it to deviate from its primary "profit and wealth maximization objective for shareholders." The Vance novel from 1975. According to a study by Aupperle et al (1985), the fact that socially responsible firms incur costs that affect their bottom line and decrease their revenues places them at a competitive disadvantage in the market.

The implementation of CSR in India has witnessed significant growth and engagement from companies across various sectors. Indian companies have embraced CSR initiatives by investing in education, healthcare, rural development, environmental conservation, and other areas of social significance. CSR activities in India are often aligned with the Sustainable Development Goals (SDGs) outlined by the United Nations, contributing to national development priorities.

4. CONCLUSION

In conclusion, the comprehensive study titled "A Study of Corporate Social Responsibility in the Indian Perspective" has contributed significantly to our understanding of CSR practices and their impact on HR professionals within Indian companies. Through meticulous examination and analysis, this research has unveiled invaluable insights into the perceptions, practices, and implications of CSR in the Indian context.

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In addition, the study explored the implications of CSR practices on employee motivation, retention, and performance. It revealed a positive correlation between employee engagement and the perception of the company's CSR efforts, indicating that employees are more likely to feel motivated and committed to organizations that demonstrate a genuine commitment to social responsibility. Moreover, the research highlighted the role of CSR in attracting top talent and fostering a culture of innovation and collaboration within the workforce.

In conclusion, the brief study of implementation and initiatives of Corporate Social Responsibility (CSR) by Indian companies with reference to National Education Policies (NEPs) underscores a commendable alignment between corporate philanthropy and national educational objectives. Through strategic investments and partnerships, Indian companies have leveraged CSR to bolster the education sector, contributing to equitable access, quality enhancement, and innovation in learning. The evolution of CSR in the education sector reflects a transition from ad hoc philanthropy to structured, sustainable interventions that address systemic challenges and foster societal development. As companies continue to embrace their role as stakeholders in education, there is a growing opportunity to forge synergies between corporate resources, governmental policies, and grassroots initiatives, thereby catalysing transformative change and nurturing a brighter future for generations to come.

Furthermore, the study underscored the importance of stakeholder engagement and collaboration in the success of CSR initiatives. It emphasized the need for transparent communication and meaningful partnerships with stakeholders, including employees, customers, suppliers, and local communities, to ensure the sustainability and effectiveness of CSR efforts.

In conclusion, "A Study of Corporate Social Responsibility in the Indian Perspective" has provided a comprehensive understanding of CSR practices and their impact on HR professionals in Indian companies. It has highlighted the evolving perceptions, diverse practices, and significant implications of CSR, while also identifying challenges and opportunities for future research and action. Moving forward, it is imperative for organizations to continue prioritizing CSR as a strategic imperative and leveraging it as a catalyst for positive change, both within the company and in society at large. Through concerted efforts and collaboration, Indian companies can emerge as leaders in corporate social responsibility, driving sustainable growth and inclusive development for the benefit of all stakeholders.

The study uncovered a notable level of comprehension of Corporate Social Responsibility (CSR) among HR professionals, demonstrating a commendable awareness of CSR principles

and their ramifications. Additionally, it illuminated the widespread acknowledgment of CSR's significance within Indian companies, with substantial proportions attributing it considerable relevance and paramount importance. This underscores the strategic centrality of CSR within Indian enterprises, exerting a positive influence on various facets such as reputation management, financial performance, stakeholder engagement, and sustainability initiatives.

The findings underscored a nuanced understanding among HR professionals regarding CSR, indicating a grasp of its intricacies beyond mere philanthropy. Rather, CSR is perceived as an integral component of organizational strategy, reflecting a commitment to ethical business practices and societal well-being. This elevated understanding is indicative of a broader trend wherein companies in India are increasingly recognizing CSR as a strategic imperative rather than a discretionary activity.

Moreover, the widespread recognition of CSR's importance underscores its pervasive influence on key aspects of organizational functioning. From enhancing brand reputation and attracting investors to fostering positive relationships with stakeholders, CSR emerges as a multifaceted tool for bolstering organizational success. This recognition resonates with global trends wherein CSR is increasingly viewed as a driver of competitive advantage and long-term sustainability.

Furthermore, the acknowledgment of CSR's strategic significance reflects a maturing business landscape in India, wherein companies are aligning their operations with broader societal goals and expectations. This strategic orientation towards CSR signifies a departure from traditional, ad-hoc approaches towards a more systematic and integrated framework for social responsibility.

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