

Research Proposal

Corporate Social Responsibility - Initiatives by NSE NIFTY Companies **Content, Implementation Strategies & Impact**

Genesis & Justification:

The role of business in society has been debated in economic literature for a long time. In the tradition of Hobbes, Locke & Rousseau, there exists a social contract, which is at once explicit and implicit, that governs the operation of business within a given community. Society grants to the business two very special rights to enable it to perform its function - the first is 'potential immortality' and the second is 'limited liability'. Continuance of business also presupposes a number of other supporting / enabling things from the society like external defense, internal law and order, educated and trained manpower and a means of exchange. Business can justifiably take advantage of these rights if it fulfills its duties as a good corporate citizen. Economic development and an improved quality of human life are germane to the interests of business and industry. This is what Corporate Social Responsibility is all about.

There are four well-known theoretical views on corporate social responsibility (CSR), which are the following:

- Milton Friedman - The only social responsibility of business is to maximise profits for its shareholders, staying within the realm of law.
- Andrew Carnegie - Advocates benevolent, paternalistic leadership
- Keith Davis - Advocates enlightened self interest
- Robert Ackerman - Social responsiveness

While the debate, on whether responsibility of a business enterprise is only to its shareholders or to all stakeholders, including environment and the society at large, continues, it is felt that the moot point here will be the timeframe and that in the long run sustainability of the enterprise will be of paramount importance. In a long run, the interests of both the shareholders and stakeholders are not only likely to converge, but have to be balanced.

India has had a long history of community and social initiatives being taken by the corporates, Tata group of companies being recognised leaders in this area. Other large companies also have been contributing in their own ways in the field. The range of initiatives by companies has been very wide, including religious, educational, health, and a range of other areas. During the 1990s, CSR is increasingly seen by leadership companies as more than a collection of discrete practices or occasional gestures, or initiatives motivated by marketing, public relations or other business benefits. Rather, it is viewed as a comprehensive set of policies, practices and programs that are integrated throughout business operations, and decision-making processes that are supported and rewarded by top management.

A recent survey by TERI Business Community Foundation has brought out the fact that for many companies the CSR initiatives were philanthropic and / or ad hoc in nature and not strategic. For most of the companies surveyed, there was some awareness about social responsibility and /or a CSR policy in place, but was not backed up by comprehensive implementation and monitoring.

The following is a proposal for review (and impact assessment) of corporate social responsibility initiatives of NSE NIFTY companies, including scope of work, methodology and the timeframe.

Scope of Work:

The work will involve the reviewing and studying the corporate social responsibility (CSR) initiatives of all the companies included in S & P NIFTY, with a view to understand the current thinking of the corporates and draw lessons for the future. The study would add to the received wisdom in the area of CSR in India and would help other small and medium sized companies, to actualise their CSR interventions. The area of focus will be threefold:

- a) Area / type of initiatives - Most of the large companies have done some work on this front. The areas in which work has been done as part of the social initiatives have been varied. In many cases, probably more so in the past, the decision making process has not been transparent and the areas chosen for the initiatives reflect the CEO or the promoters' vision, area of interest and / or contacts.
- b) Management /implementation of the CSR function - CSR has evolved to deal with the preparation of mission statement, ethics policies, responses to requests for support and tackling crisis. As far as the internal management of the corporate social responsibility initiatives is concerned there are two aspects which need to be addressed - special skills are required to manage this function which may or may not be available within the organisation and the specialist staff require the support of the top management.
- c) Effectiveness & impact assessment - Need for evaluation of the CSR programmes and assessment of the impact of these initiatives need not be emphasized. It will help in devising future strategies / programmes in this area.

Methodology & Sources of Data:

A detailed survey of the available literature on 'corporate social responsibility' will be undertaken for the theoretical underpinnings on the subject. Available information /data about the CSR activities and initiatives will be culled out from the annual reports of the companies for the FY 2000 - 01 and FY 2001 - 02. A semi-structured questionnaire will be sent to all the fifty companies, eliciting information about the ethics codes, CSR

initiatives, decision making process, implementation strategy and assessment of effectiveness of these programmes.

Depending upon the response received and the seriousness of the effort in the area, it may be possible to undertake detailed case studies for say five to ten companies and document their experiences. The detailed case studies would involve interviews and discussions with independent directors, top management, ethics officers (if any), employees/union leaders and other stakeholders. Documentation will focus on strategies for implementation, impact assessment and the lessons to be learnt for the corporate sector as a whole.

Data sources will be Annual reports of the companies for the last three years, questionnaire to be sent to all the companies and personal interviews and discussions with the companies selected for case study. A list of references is annexed with the proposal.

List of References:

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