

# CSR VARIOUS ISSUES AND CHALLENGES IN INDIA

Dr.Srikantamurthy M.R. Asst. Professor Dayananda Sagar College of Arts, Science and Commerce, srikanta  
 Rohini T.H. Asst. Professor Dayananda Sagar College of Arts, Science and Commerce.  
 Vishwas. S. Dayananda Sagar College of Arts, Science and Commerce, vishwas.shivraj@gmail.com

**ABSTRACT:** This paper provides a circumstantial evidence of corporate social responsibility and traces historical development of CSR in India. It further proceeds to explain the regulatory framework guiding corporate social performance of firms. Historically businesses have always been known for their financial responsibility. Their main responsibility has been to make revenues and increase stockholder value. It is only in last few decades that a radical change has taken place in the business whereby these businesses are expected to behave responsibly and take care of other stakeholders apart from their shareholders. This paradigm shift has happened due to the 67@gmail.comIn today's competitive scenario corporations that do not respond to these pressures and societal expectations risk losing legitimacy. Organizations are expected to be more 'caring' towards all the stakeholders. Slowly the business is beginning to accept the fact that it stands to gain from improved relationship with owners, customers, suppliers, employees and the surrounding environment. Simultaneously, the competitiveness and pressures are compelling business to take a somewhat long-term view. People no longer look at goods and services in terms of simple possession and utility, but also considering the drain the manufacturing of goods and services make on the natural resources, the working environments in factories where they are made, the pollution their product entails, their reliability and safety and the way the fruits of production are distributed". Quite apart from such pressures and restrictions it seems more than likely that corporations, in future may get evaluated on their contribution in constructing a better society,

**Keywords:** Corporate Social Responsibility, CSR Practices, economic, environmental and social imperatives

## I. INTRODUCTION

India has a long and rich history of corporate compassion and business participation in social grounds / causes which has been based on strongly deep-rooted aboriginal cultural civilizations of humanity, business ethics, and community embeddedness. We can trace the beginning of CSR to the Vedic books such as the various authors of Ramayana, the Mahabharata and also in the famous preaching's of lord Krishna in his Bhagavad-Gita, the Puranas and Kautilya's Arthashastra. Indian scholar and theorist Kautilya in the 4th century advocated business practices based on ethical principles. India since its ancient time has witnessed corporate philanthropy, a part of CSR where corporations complement social development to support government ingenuities. Trusts and foundations were set up by the forefathers of large business families to support local community development. Mahatma Gandhi gave the concept of 'trusteeship' whereby companies had an involvement in social well-being and the capitalist had a right to accrue and uphold wealth and use it to benefit society. After Independence phase that is after 1947 onwards, it was seen that the humanitarian and humanitarian technique continued but was marked by sensitive professional involvement in social prosperity and reform. In the area of post-liberalisation that is in 1990s, which had an influence of globalization and among the competitiveness and business environment, the Indian industries have expanded their understanding and has practiced the CSR in such a way that they have adopted to address the social and environmental problems which is related to their organizational culture in a newer way. Influence of globalisation and economical business environment, Indian industries and organizations has broadened their understanding and preparation of CSR and have since found innovative ways to address social and environmental apprehensions within their organisational traditional context. Since 2000, India has seen a fast momentum in CSR with more and more companies coming forward and integrating social responsibility with their core business. Although the number of such companies is less we still find that to a greater extent. Corporate social responsibility in India is still in stage of higher authorities. CSR in India is still founder-led, supervised from the top and run through foundations and trusts of companies rather than as a part of business operations. There are very few Indian businesses where corporate social responsibility is not viewed as an "add-on" responsibility but it is a part of the business. During the last decade we have witnessed development of CSR within few companies which has started focusing on strategic creativities, which has worked towards the

nation building. These companies have started focusing on the need based creativities which is in par with the national priorities, such as welfare of the public, their education, their livelihoods, water conversation activities and safeguarding of natural resources or resource management. Concentrated national level conferences on the prospective role and responsibility of the corporate sector in donating or contributing towards addressing social issues also remained on the landscape of CSR in India. In order to understand the future of CSR in India we must reflect on the models that exist presently.

In the last decade, we have witnessed development of Corporate Social Responsibilities with regards to few of the Organizations or industries which focuses on strategic inventiveness towards contributing to the nation building and its uplftment. Many industries and companies have started concentrating on need based inventiveness which is aligned with the national precedence which includes public health, education, their lively hoods, water management and conversation and natural resource management. Exhaustive national level considerations on the prospective roles and responsibilities on any of the corporate sector towards contributing or addressing any of the social issues also remained on the landscape of CSR in India. In order to understand the future of CSR in India we must reflect on the models that exist presently. On understanding the future of CSR few models are being discussed as follows.

**Ethical Model:**Tata family is one of the pioneers of implementing this ethical model for its corporate responsibility sector in the 19th century across India which was followed by the development of ‘trusteeship’ model proposed by Mahatma Gandhi. Here the owners of the said property would donate or manage their wealth voluntarily on behalf of the society. This came during the Independence movement which pressurized the Indian Industrialists to showcase their commitment and acceptance towards social progress. The influence of Gandhi provoked various Indian organizations, industries and companies to undertake an active role towards nation building through prompting social and economical development in the period of 20th century. Most of the CSR was in the form of corporate philanthropy which comprehended cash or sympathetic and gracious donations. Majority of the donations happened through community investments in their respective trusts, schools which were very essential and various other services.

**Static Model:**The Static Model of corporate responsibility evolved in India post-independence that is after 1947, when India started adopting the socialist culture along with mixed economic structure with the joint venture of large public sector companies along with state owned organizations. The frame work for both state and society were being clearly defined by the state creativities. Corporate Social responsibility represents to the elements that relates to the community and worker relationship mutual understanding were protected in labour law and management ideologies. The various public sector companies still follows the state sponsored corporate viewpoint that has endured the wave of getting privatized during the early 1990’s.

**Generous/Liberal Model:**In the year 1958 an American economist by name Milton Friedman challenged the concept of corporate responsibility which was none other economic bottom line. This concept was agreed by several business men through a debate that that it is adequate for business to follow the law and generate prosperity, through which taxation and private charities and other choices can be concentrated towards meeting social ends. This was the time when there was a worldwide movement started towards privatising and de regulating the organizations and companies. When considered about the fastest growing economics, India is first of its kind. The Socio Economic problems include things such as poverty, society being educated and lack of knowledge on health issues etc, these problems still rips the country. Our country is still struggling hard for an inclusive growth. Considering last two decades, has suggested unparalleled momentum and assortment of methodology in this quest. For the last twenty years have conjured unprecedented drive and diversity methodology in this quest. We see an strong and imaginative movement to find justifiable solutions to social glitches, and draw in the marginalized, underprivileged and weakest sections of the socio-economic spectrum to a more empowered existence. The conjunction and distorting of the once-discrete lines between the professional

and social domains, the for-profit and not-for-profit models, and bringing of the social schema into the core of business, has thrown up significant questions around legal and regulatory frameworks and options. The rapid economic growth, however, has not been able to sufficiently reduce socio-economic discrepancies that still exist across India. It is important to investigate whether this disparity can be minimized through the provisions made in Companies Act 2013. Can businesses in India play a key role in resolving socio-economic issues which are still acting as a deterrent in making it as a developed nation? While introduction of CSR provisions in the Companies Act 2013 is a welcome step but this initiative would not yield the desired results if we do not institutionalize CSR in India. In order to achieve an inclusive growth corporate sector will have to select and promote through implementing most successful policies and practices that could be achieved at triple bottom line results. It is very important to develop and understand the process of inclusive managerial policies of CSR where the government and the companies or organisations can work together. It becomes a joint venture and shared responsibility for civil society and system, activists groups, Corporate and Governmental sectors to provide suitable means and possibilities for the side-lined to bring them to the typical and conventional steam. CSR Works with responsibility in various programs such as Education, health, individual skill development self-sustaining of economically backward section of the society, their livelihood creation and many more things. Though corporate social responsibility is not the new concept that has taken place in the country it has played an major role for many years through its implementation. Most of the companies in India lack inclusive and strategic approach to CSR. In majority of the Indian Companies and industries CSR is literally misunderstood for its charity and up-lift-ment of people in the society. It is literally considered as a policy that has to be implemented by the business sector rather than considering it as a responsibility to the good cause towards society. The present study aims to assess corporate social performance of IT firms before and after the amendments made in the Companies Act 2013. It also aims to study and analyse the impact of firm level characteristics that affect the social performance of firms in India. The study recommends a model for “Institutionalizing CSR” in India.

## II. REVIEW OF LITERATURE

Organisations and companies have a huge challenge and onus to thrive successfully in today’s intricate and active environment. Of course, an organisation’s success story can’t be created if it does not have the strategy and force to cater to the needs or claims of various elements of the society at large. So it becomes imperative for the organisations to identify the privileges or welfares of various stakeholders. Stakeholders are defined as “any group or individual who can affect or is affected by the achievement of organizational objectives” Thus an organisation not only caters to the interests and rights of stockholder or employees but also fulfils the demands of outsiders who are affected by the companies’ actions. The interest of other outside stakeholders such as consumers, dealers, administrations, Governments, unions, participants, local populations and the general community also needs to be protected. This connotes to the various stakeholders’ groups, which rightly expect the firm to satisfy their prerogatives in anaccountable manner. Ethics and Corporate Social Responsibility: Why Giants Fall elaborates on this by stating “that stockholders claim appropriate returns of their investments, employees seek broadly defined job satisfaction, customers want quality products/services for which they pay, suppliers seek dependable buyers, government expects adherence to legislation, participants want fair antagonism, apart the local society people want the organization to be a accountable citizen and the general people through expecting the company’s presencetowards improving the quality of life”. Thus this becomes a huge responsibility that a firm has to shoulder and fulfil it in order to undergo a coherent as well as an-all-inclusive growth. So this idea of an organisation’s exhaustive responsibility gives rise to the concept and term of “Corporate Social Responsibility (CSR)”. CSR has different interpretations in different contexts. To some it means responsible business, to others private voluntary initiatives, to yet others corporate social opportunity. So there have been several ways in which CSR has been defined. “CSR as a promise and commitment towards improving the community’s well-being through unrestricted business practices and assistances of corporate resources”. CSR has also been defined as “actions that seems to be further cause for some social good, It is beyond the interests of the

organisations or industries and that which is required by law''. Although at the beginning some felt that the only responsibility of a company is to bring maximum profit to its shareholders, it soon became apparent that obtaining financial gain must be within the legal context of the land where the firm operates. In an attempt to define CSR, we can consider that this concept is the companies' (more moral) obligation to protect and improve the state of society, both now and in the future through social actions, ensuring fair and sustainable outcome for the various stakeholders involved. It is generally acknowledged that the main objective of a company is to make profits and to gather more capital. This is achieved only by acting fairly and respecting the law and the society that it is part of. Companies' managers should be aware that only by contributing to sustainable development would have future successful business. The wish of considering the social performance of a business was not always accepted and was the subject of many debates. Academics and experts in the field have struggled for decades to try a universally accepted definition of the concept of social responsibility, but until now still not managed it.

It is also stated that even though various efforts has been known about a clear and impartial definition of Corporate social responsibility there is still a little bit of confusion as to what and how CSR has to be defined. After several years of through research about CSR there is no single definition that is widely accepted towards the importance and the ideas of emphasising on the fact about CSR that varies in the terms of Cross-national indication that underlies the meaning of CSR and that regardless a vast and growing body of works on CSR and its related information where providing definite definition for CSR is not so easy. It is generally defined as Corporate Social responsibility is that, providing Corporate and Social movements where its main purpose is to mollify the Social needs. It is understood that CSR is simply grandiloquence (Collective action) not just action. The denigration literally comes from the people who do just believe in the reasons of business. They tendency is to view any organisational CSR actions with little substance which is intended to put a nice fact on the industry or firm through public relation activities. The second denigration is that the absence of personal capabilities. It is asserted that the public is not able to deal with their social issues due to the very nature of their academics and training through business. Considering this the society or such people have to be professionals in their respective fields and areas often leaned towards competence and control that they are not able to undertake the grip of handling the social issues. The third criticism is that the nature of environment its structure and the control systems of large organizations and corporations making the social responsibility literally impossible. Large organizations which creates problems has to be solved, how one expect them to solve the problems. And the last implication is that the institutions and organizations has no right to follow social goals. WBCSD popularly known as world business council for sustainable development gave a prominent definition of CSR. According to this, the definition of CSR is a business obligation to give a involvement for uninterrupted economic development, working towards virtuous with a member and their family, local community, and civilisation in order to attain a good life. When considered CSR is a journey for the company to accomplish its business not only for the welfares of the stakeholder but also for the partners outside the company, such as the government, surroundings, workers, local people or what is often mentioned to as the shareholder. Furthermore, it can be considered relevant to quote two definitions out of numerous definitions of CSR, which have received maximum attention from the academic world.

### **Concept and Evolution of CSR:**

As previously discussed, business organizations are no longer projected to play their outmoded role of mere profit making entities. On the contrary we find that businesses are under tremendous pressure to act in an economical, social and environmental supportable way. There is already an increased realization that companies affect society at large and are in a distinctive position to influence the society through making positive impact. This is the main cause which has given rise to the idea of CSR, which now about assimilatingethical concerns, social system and environmental aspects into its business engagements and moving beyond charity or philanthropy. In the recent times CSR is driven by its competitiveness, is strategic in nature and is integrated with business processes. The concept of CSR is that, however not easy to define in one set pattern. The concept has

been given numerous definitions in different times and places and it has thus constantly evolved over a period of time. What constitutes CSR actions varies from country to country and the requirements have also differed in same location during different times. It becomes now relevant to understand how this concept of responsible behaviour has evolved and undergone transformations in last six decades. The concept of CSR has a wide and diverse history. It has evolved from a very constricted and reserved perspective to a broad and an all-inclusive concept over a period of time. This section of the chapter traces the evolution of CSR as a concept from mid-20th century taking into account that substantial work has happened during this span of over 50 years that has shaped the theory, research and practice of CSR. The discussion will begin with the literature of 1950s and will move on to the more recent ones, when the topic of CSR became more widely discussed among academicians, researchers and business practitioners. One of the most initial definitions of social responsibilities of businessmen is that: "It refers to the responsibilities of entrepreneurs to follow those policies, to make the decisions, or to follow the lines of action which are necessary in terms of purposes and values of our society." Because of this early and seminal work on CSR by Bowen, Carroll tags Bowen as "the Father of Corporate Social Responsibility". When considered business it has at the end two responsibilities they are one to obey the preliminary standards of everyday politeness such as honesty faith wellness etc., and also to seek some material improvement. It can be considered one of the foremost researchers to identify the prominence of external investors to the corporations. In his work "Elementary Conditions of Business Morals",

According to Barnard it is considered that responsibilities of industries and corporations are those which may be represented as internal, which is related to investors, creditors, the Chief Executive Officers, Managers and also on the employees. It also relates to the interest of participants, the society, government and people of the specified communities in general. In brief the new information on Social responsibility is to recognize the familiarity of the associations between the corporation and the society that identifies such relationships which must be understood by the managers and top officials as per the industry standards and that related groups taking it ahead to fulfil their respective goals. He elaborated that the indispensable component of the corporation's social responsibilities includes a grade of voluntarism, as opposed to intimidation. He also stated that there has to be an unintended linkage of certain other independent organisations with respect to the corporations and the receipts that costs that are involved for which it may not be possible for the organization to decide any direct quantifiable financial returns. According to the fourth view the businesses rank their objectives in order of reputation and that boards are evaluated for each objective like those of the consumers, these target levels are shaped majorly by firm's past knowledge with these goals and the past presentation of similar business initiatives. 1970s was a time of social movements related to environment, women's liberation, workers' safety, consumers, etc. Committee for Economic Development (CED) came up with three definitions for social responsibility they are

- The responsibility in the inner circle are those which are required for the well-organized implementation of the financial function, their respective products jobs and financial growth.
- The major responsibility in the intermediate circle is to exercise financial function with a very delicate understanding of societies changing values and primacies of the society.
- In the outer circle the responsibilities which emerge with time and are still unstructured and in which business should become more greatly involved are included
- Stakeholders expect business to make profits and indulge in economic activity. Hence, the economic responsibility of the business is to harvest goods and services and sell them at a revenue income.
- Just as what society assumes business is to make profits, it also expects it to obey the law. The legal responsibility of the business would be when society expects business to fulfil its financial vision within the frame work of the legalities that is required to set forth by the society's legal system.

Measuring and Assessing CSR Carroll (2000) in his study interrogated whether corporate social performance should at all be measured and, if so, then he studied why it should be measured. His analysis made him arrive at a

positive answer, i.e., CSP should be measured because it was understood that CSP was an important issue for both business and society, thus measurement become one part of seriously dealing with respect to an important matter. Since long back in 1990's several significant efforts have been initiated to measure the social responsibility activities of both organisations and industries towards both directions such as educational and as well as business entities. However it was also designated, there is no single and the best way to quantify or compute corporate social activities. "Effective measurement is still considered the greatest hurdle for stakeholders".

In the earlier times, measurement of CSR had a chaotic and an unsystematic conceptual base. However, since the late 1990s, measurement of CSR has undergone improvement, as professed by Hopkins (1997). Though, still there is no clear cut universally accepted formula for measuring and assessing CSR, yet it is possible to use the data that companies now make available through various mediums to draw an estimate about the quantum of CSR they are doing. There are a few guidelines which the companies need to follow to measure their CSR activities. The most important guidelines are those which deal with the environment issues, management of supply chains, community relations, recruitment practices, inner management or business governance, and altruistic donations.

### III. CSR ACTIVITIES IN INDIA AND KEY CHALLENGES HINDERING IT:

When considered the key challenges Times of India measured more than 250 companies which were actively participating in CSR Activities. The study was also highlighted on the responses from organizations that participated in CSR Activities and its various challenges that they were facing in different sectors of the country. The practical application of CSR had faced with loads of challenges and hindrances which were identified by the series of study. It has been found in the research that there was an absence of interest according to the general public that involved in contribution of CSR activities through various organizations. When considered CSR Activities it is literally misunderstood by many of the Indian Business men as well as stakeholders. Companies are short of trained human resources that can efficiently start-up and contribute towards the ongoing CSR Activities. Hence, the industry feels handicapped in scaling up these activities and bounds the possibility of such accomplishments. Most of the times organizations in India undertake these initiatives with local agencies where these agents do not take immediate and responsible steps to come out openly with their programs, auditing issues and the impact on the assessment on utilization of resource and funds and lack of transparency. This non transparency has an negative impact on processing of trusting each other that between organizations and the local people which becomes the key area for success of any of the CSR activities that gets initiated at the local level. The development sector in India is still not very well organized and is underdeveloped especially in remote rural areas where such activities are much needed. Companies themselves are unable to develop such capacities and competencies and undertake development projects at the local level. Businesses in India till not were voluntarily engaged in socially responsible activities and there were no clear policies and procedures on the guidelines which provides a definite direction to CSR initiatives to the organizations. According to the survey conducted by World Bank, the greatest barricade to CSR activities is the lack of appropriate regulation, followed by the cost concern, no link to financial success, lack of visible results, no government involvement, changeable government policy and others. The biggest professed risk in adopting CSR activities is the increased operating cost, followed by adverse impact on profitability and increased regulation.

### IV. RESEARCH METHODOLOGY

Only the data that is measurable is gathered and then analysed during the quantitative research. Qualitative Research on the other is used for generating non-numerical data. We have used tools such as opinion poll, Question and answers, surveys, dimensions and other equipment to collect numerical or measurable data. Qualitative research emphasises on gathering data mainly from unwritten data rather than magnitudes. Gathered data is then scrutinised in an explanatory manner, subjective, impressionistic or even diagnostic. The interviews were conducted to understand the concept of Corporate Social Responsibility as understood by various corporate

sectors. The Interviews/discussions were conducted with various Employees, Managers, Chief Operating Officers, Project Managers and Chief Executive Officers of top Organizations and Multinational Companies including start-ups, in Bengaluru like Head-run Technologies, AntiZ Technologies India Limited, IBM, Wipro, Infosys and Fidelity. The interviews were spontaneous and took place in corridors or over coffee. These interviews had the advantage of allowing free-ranging responses and conversations that were natural. The interviewee felt at ease and does not realize that they are being interviewed. Lots of effort was made to obtain useful data as opposed to extraneous general comments.

The research has been developed on CSR Assessment Framework which is being used to map the corporate social performance of firms in IT sector from 2017-2018. This framework has been developed on various dimensions of intent and extent of social responsibility. The first is the *intenti*.e. the objective and the purpose behind these activities and the second dimension is the *extenti*.e. the degree to which these activities are operational. The framework developed herein would provide a logical and systematic criterion against which a corporation's social performance can be measured. The study reveals that most of the IT firms in 2017-2018 focused on financial or economic responsibility of the business. Based on the study conducted only 13 companies reported CSR activities in their annual reports in the year 2017-18. Content analysis of the annual reports shows that manifestation of social responsibility of the firms was more towards community such as community based investment (infrastructural development), community development programs like health and educational programs and humanitarian which was more of philanthropy. As the firms were doing these activities on a voluntary basis they lack mechanisms to evaluate and monitor CSR activities. Most of the companies reporting CSR activities are large and well established IT firms. In this year it has been observed that firms show a transition from being purely "Economic Employer" to "Economic Citizen". Although the number of such firms is less but the concern for employees as an important stakeholders can be seen here.

#### V. RESEARCH OBJECTIVES

Based on the problem identified the following research objectives were set:

- To study the extent of corporate social performance (CSP) of IT firms in India.
- To study the determinants to corporate social performance in IT firms.
- To study the impact of the determinants on corporate social performance of IT firms in India.

#### VI. FINDINGS

**Assessing Corporate Social Responsibility:** The present study assesses corporate social performance of Information Technology firms in India. Corporate social performance is measured by an un-weighted index and it shows that CSPQ (Corporate Social Performance Quotient) have improved from 2013-14 to 2017-18. This means that more IT companies are showing incidence of CSR and reporting these activities in their annual & sustainability reports. This increase in the incidence of CSR can be attributed to the amendments in the Companies Act 2013 which makes it mandatory for the companies to not only invest in such activities but also to report these activities in their annual reports. It has been found that before Government of India introduced National Voluntary Guidelines were few IT firms that were voluntary involved in CSR activities and were reporting in their annual reports. It has been observed that as National Voluntary Guidelines were only recommendatory and did not have any actionable points, CSR in IT firms from 2013-14 did not see any major increase and reporting of these activities.

**A significant difference in the corporate social performance of IT firms** has been found during the time periods, viz., 2013-14 and 2017-18. The transition from voluntary CSR regime to regulated regime A significant difference in the corporate social performance of IT firms has been found during the time periods, viz., 2013-14 and 2017-18. The transition from voluntary CSR regime to regulated regime has shown a substantial rise in the

prevalence of CSR accomplishment from 2013-14 and 2017-18. Hence, the new CSR necessities should have a better look as an effort made by the government through making the corporate sector play an harmonising role in meeting the goals towards the society through surrounding development. When considered the new rules that has been implemented under CSR, most of the companies and organisations has been provided flexibility towards monitoring the projects that is likely to promote the efficiency and effectiveness of the project that gets implemented. Without the new rules of CSR falls into serious struggles with the primary objectives of the stakeholders their values and maximization of the industries.

**Intensity of Competition** is a relevant and an important factor to gauge the orientation of companies towards corporate social responsibility. It is evident from the study that market position (measured by market capitalization) is not a determinant to corporate social performance. The study reveals that there is a positive relation between price earnings & earnings per share & corporate social performance quotient (CSPQ) which means that investors are changing the way they assess company's performance and are making decisions based on criteria including social responsibility. Investors have developed a positive view towards CSR in India and capital markets reward firms that are socially responsible and are reporting these activities to their shareholders.

**Age of the Firm** During the study period age of the firm (which is measured by asset age of the firm) is negatively related to corporate social responsibility quotient (CSPQ). Earlier studies have shown a fair amount of correlation between CSR rating and age of the firm. This must have been because earlier only well established and old companies showed incidence of social responsibility whereas now even newly set up companies show their commitment towards society and community. So age of the firm is no longer a determinant to corporate social performance of a firm.

**Size of the Firm** Size is one of the important characteristics of a firm that explains the extent of corporate social responsibility in Indian context historically. The study reveals that a negative relationship exists between size of the firm (which is measured by sales of the firm) & corporate social performance quotient (CSPQ) which is in contrast with earlier studies. This shows that large firms are not the only ones that are showing high incidence of social responsibility but even medium sized listed companies are showing intent to engage in corporate social responsibility. It means that firms have the power to shape a range of social, ethical, and environmental issues and size does not impede the implementation of social responsibilities of any business. Based on past research it was expected that the size of the firm will play a role in firm's corporate social performance. Studies have revealed that large firms receive a high level of attention which in turn encourages the firm to have a high level of corporate social performance.

**Board Diversity** Board of an organization is responsible for implementing programs and policies formulated by top level managers and directors. Despite their potential importance, boards of directors are not a homogeneous organ. Their size, composition, structure and indeed modes of operation vary from one organization to another and from one country to another. Boards' diversity is believed to contribute to effectiveness through improved decision-making, as its members represent a wide variety of issues and concerns. Similarly, it can mitigate potential harmful decisions that might be taken by shareholders or executives who have narrower interests and look for personal incentives. Diversity in boards is a determinant to corporate social performance in IT firms in India. Board Diversity (measured by size, independence, insider ratio & women on board) is the other major firm characteristic that affects the corporate social performance of an organization. A negative relationship is established between size of the board & corporate social performance. Results indicate a positive relationship between board independence & insider ratio and corporate social performance. This indicates that, with regard to corporate social performance more independent boards of directors and smaller boards with women representation on boards are the internal corporate governance mechanisms which promote both shareholders' and other stakeholders' interests.

**Managerial Control** Our study has found a positive association between corporate social performance and managerial control. Managerial control is defined as management's ability to influence the outcome of board decisions. Managerial control thesis posits a positive relationship between managerial control and corporate social performance. It is reasoned that managerial control facilitates the implementation of instrumental intentions, especially those, which are personally rewarding. CSP is

particularly susceptible to this kind of behaviour because personal returns tend to be non-economic. No significant research has been found to support this finding.

## VII. CONCLUSIONS AND RECOMMENDATIONS

The study so far has been able to fill two major research gaps identified on the basis of extant literature review. The first gap is in terms of measuring and assessing corporate social performance of the firms. This issue has been addressed by development of Corporate Social Performance Index (CSPI). The second gap is in terms of assessing institutional factors that affects the manifestation of corporate social performance. This issue has been addressed by studying firm characteristics that affect social performance of the firm at industry, organizational & individual level. Companies are under tremendous pressure to act as a responsible citizen. Acting socially and ethically responsible is no longer a differentiation strategy rather it has become a mandatory expectation. This is the only way organizations can sustain long term legitimacy. Another noticeable fact is that human societies in the 21st century are facing array of complex issues and government and civil society alone are unable to resolve these issues which are majorly an outcome of industrialization. Hence it has been argued that the accepted role of business in society must change in order to help meet these challenges. Indian businesses also need to move beyond their financial and legal commitments to institute mutual trust and admit accountabilities related to the improvement of society. Businesses need to realize that besides growing their own businesses, they also need to shape accountable and supportable associations with the public at large. Although India is considered as having one of the richest ethnicities of CSR among other countries, businesses still have a long way to go and learn to recognise, promote and implementing successful CSR policies and practices. Development of CSR in India can be acknowledged in four phases of development which have been parallel to country's historical development. However these phases have not been stagnant and it is also understood that the features of each phase may overlay other phases as well. The 1st phase of CSR was driven by charity and philanthropy. Most of the businesses in this phase were contributing voluntary through charitable donations for various causes. The 2nd phase was during the independence movement, Indian companies were frazzled to showcase their commitment towards the progress of the society. During this phase businesses focussed on infrastructural development and constructed schools, colleges temples, etc. The 3rd phase of CSR led to presentation of regulation regarding corporate domination, it addressed issues such as labour and environment. In the 4th phase it was noticed that the companies no longer wish to continue with their traditional engagement with CSR and are making an effort to integrate it into a maintainable business strategy.

The development of CSR happened in three phases, the below table illustrates it.

<b>Phase – 1</b>	<b>Phase – 2</b>	<b>Phase – 3</b>
Social Responsibility is considered as Corporate obligation.	Social Responsibility is connected to the core business.	Social Responsibility is not only connected to core business but it is also proactive in nature.
Organization acknowledges responsibility in certain areas towards legal and traditional stakeholders.	Organization acknowledges responsibility towards all the direct stakeholders.	Organization acknowledges responsibility towards all the stakeholders.
Emphasis is on generating policy statement.	Policies are well written and documented.	Policies are well written, embedded and translated across the organizations.
As the level of commitment is very low social activities are limited and ad-hoc in nature.	Social activities are well planned and strategic in nature.	Social activities are undertaken on an ongoing basis.
Organizations in this phase have high concern for profits and low concern for society.	Organizations concern for profits as well as society is high.	High concern for profits as well as society.

### Recommendations:

- CSR must be closely aligned with a company's strategies and core business. Companies should develop a firm specific strategy which has to be supported by all executives. The successful implementation & institutionalization depends on a single but stringent process with top-down & bottom-up commitment.
- Companies can educate their workmen to build CSR competencies internally. This would result in better outcomes of the initiatives & reduce the operational cost.
- Companies can identify socio-economic causes that affect their industry the most and work upon them. CSR programmes should be based on the felt-need of local people so that their participation can be enhanced.
- Companies can pool their resources & build synergies to implement CSR practices. This would scale up the projects and bring innovation in the programmes.
- Companies must engage with civil society so that the capacity building at the grass root level is strengthened.
- Companies should be assessed on the basis of extent of institutionalization of responsible behaviour.
- Government can use two pronged strategy to ensure results out of mandated law on CSR by administering regulations & offering economic incentive.
- Government can offer economic incentives to business to engage in CSR. These incentives can be given for the development of CSR accomplishments, its impact as well as modernizations in practice.
- Policy makers can also consider establishing a national network of socially responsible businesses in India. This podium can be used to share their CSR understandings among the Organizations.
- Government should create awareness amongst general public for effective implementation of CSR programs.

### Conclusions

The result shows that there has been a significant difference in the corporate social performance of IT firms during the time periods, viz., 2013-14 and 2017-18 which acknowledges that there are prospective benefits that Section 135 can escort in solidifying the relationship between business and humanity in India. The CSR endowment may be an innovator for institutionalizing CSR. There are some issues and challenges that will erupt during enactment of the new CSR Policies will have to be taken care off through the setting up of suitable mechanisms. Though there is more clarity on implementation of CSR little more improvement and involvement is required with respect to CSR policies and procedures among various organizations, In India the corporate sector had to go a long way from being an "Economic Citizen" to a "Responsible Citizen". Though there is more clarity on implementation of CSR little more improvement and involvement is required with respect to CSR policies and procedures among various organizations, In India the corporate sector had to go a long way from being an "Economic Citizen" to a "Responsible Citizen".

### VIII. SCOPE FOR FURTHER RESEARCH

A cross sectional study can be undertaken to assess the extent and determinants of corporate social performance. A research can be undertaken to study the impact of CSR on performance of these companies such as retention & brand building.