Corporate Social Responsibility and Its Application to Higher Education in India

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ABSTRACT

Corporate Social Responsibility (CSR), a word which was first coined in 1953, has gained a lot of attention in the present era of Globalization, involving corporates, educationists and social activists from all over the world. CSR can simply be defined as the commitment by business to enhance economic development, while at the same time improving the quality of life of the workforce, their families and the society at large. The concept has arisen from the fact the enterprise derives benefits from the society and it is but that they provide them benefits in return.

The opening up of the Indian economy after 1991 has resulted in the integration of business economy with the global economy. This has exposed Indian business to market competition. One of the chief indicators of social progress is education, which plays a key role in questioning the society in achieving self-sustainability and equal development. In view of, the Global recognition of the fact that, business community can contribute to social objectives, education requires corporate involvement at the highest level.

A big step forward in India was the Companies Act 2013. This Act empowers the companies to spend 2% of the average net profits over the previous three years on CSR activities.

The Indian system of education being obsolete it warrants urgent reforms. It is the responsibility of Corporates to perform their duties such as: financing of Research and Development, training programs and workshops, investment in infrastructural developments and facilitating qualitative investments, in the midst of the impending challenges.

Keywords: Corporate Social Responsibility; Globalization; Business Benefits; Education

INTRODUCTION

The phrase Corporate Social Responsibility (CSR) was coined in 1953 with the publication of Bowen’s ‘Social Responsibility of Businessmen’. In 1984 the renowned Management Consultant Peter Drucker spoke of the need to turn social problems into economic opportunities. CSR has acquired new dimensions in this era of Globalization. In this paper an attempt has been made to examine the concept...
of CSR and its components, analyze the need for CSR, the status of CSR in India and particularly dwell on the relevance of CSR to Higher Education, discuss the various challenges confronting CSR and touch on the current emerging trends with reference to India.

The topic under consideration is purely a descriptive one and therefore only secondary sources of data are used. The information has been gathered from books, periodicals (both government and non-government) and by surfing the net.

**Concept of Corporate Social Responsibility**

CSR can be defined as the continuing commitment by business to behave ethically and contribute to the economic development, while at the same time improving the quality of life of the work force and their families, as well as the local community and society at large.

In other words CSR can be considered as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains and decision making throughout the organization, wherever the organization does business and takes up the responsibility for current and past actions as well as future impacts. It simply implies the involvement in addressing the legal, ethical, commercial and other expectations which the society has for business and take decisions which balance the claims of all stakeholders.

**Components of Corporate Social Responsibility**

Business enterprises today are not expected to only play their traditional role of profit making but also have to pressurize companies to act in an economically, socially and environmentally sustainable way.

The following key components form Corporate Social Responsibility:

**Corporate Governance**

This would take care of corporate objectives, protection of rights of shareholders, meeting of legal requirements and creation of transparency for all the stakeholders.

**Business Ethics**

This is related to value based and ethical business practices. Business ethics refers to integration of core values such as honesty, trust, respect of fairness into its policies and decision making. It also involves a company’s compliance with legal standards and adherence to internal rules and regulations.

**Workplace and Labor Relations**

This will not only help in improving the work-place with reference to health and employer relations but also bring about a balance between work and non-work aspects of employer’s life.

In the last few years there has been a sea change in the nature of retailing between state and societies. It is being increasingly realized by companies that in order to gain strategic initiatives and ensure continued existence business practices have to be moulded from the objective of only profit making to wider issues such as public goodwill and responsible business etiquettes.

An awareness has been generated in the current global order that if you want to compete efficiently in today’s world there is need for clear cut business practices which stress on public interests in the markets. This could be attributed to various factors:

1. An increasing competition among the Multinational Corporations to gain advantage in developing countries through establishment of good will relationship between the government and the society.

2. In most of the developing countries the state has a major role to play and holds the key to business success. This restricts the implementation of tried and tested successful business doctrines which were highly successful in the developed countries.
3. With the rising education levels, emerging markets have been identified as a source of talent. For example India is internationally acclaimed for her software proficiency.

4. Firms all over the world are now realizing the significance of brand name/ morale of the employer.

The concept of CSR has essentially arisen from the fact that the enterprise derives several benefits from the society which would require the enterprise to provide returns to the society and it is the responsibility of the enterprise to provide benefits to society as a whole.

**Corporate Social Responsibility and India**

The process of globalization has seen the emergence of business as one of the most powerful institutions today. Indian companies have made their way into business boom with India being one of the fastest growing economies. While on one hand, the process of globalization and liberalization has accelerated the rate of economic growth, on the other hand, the integration of Indian economy with global economy has resulted in opening up the Indian businesses to market competition thereby increasing their operations.

The concept of CSR has acquired new dimensions in recent years. In case of India while the concept of family is a revered on, high values are placed on relationship, social stability and education. The presence of diverse relations and concerns bring out distinct attitudes towards community, social behavior as well as support and philanthropic contribution.

CSR is not a new concept in India. Corporates like Tata Group, Aditya Birla Group and Indian Oil Corporation are a few who are incorporating the same.

**CSR and Higher Education**

One of the Certificate Project indicators of social progress is education, which can be said to be playing an important role for helping the society in achieving self-sustainability and equal development. With increasing global recognition of the fact that business community can in a large way contribute to social objectives, education requires a corporate involvement at a higher level.

With increasing privatization and domination of the market economy it becomes clear that one necessary condition for the thriving of business is the existence of stable, fair and supportive environment. This condition is closely linked to institutions and for historic reasons most Asian and African countries lag behind their European and North American counterparts.

Educational issues are indeed essential for human progress, societal development and for the creation of a healthy economic environment. This has resulted in education earning international recognition as a driver of long term development of developing countries. Therefore it automatically follows that business communities especially Multinational Corporations should play a significant role in optimizing education conditions and lifting the poor countries out of illiteracy and absence of education.

A big step was taken by the Government of India in the form of Companies Act 2013. This legislation requires companies to take actions, make investments and report against a number of metrics related to CSR. PWC India has also released a Handbook on CSR providing guidelines to help companies in complying with the regulations. This Act empowers the companies to spend 2% of the average net profits over the previous three years on CSR activities.

India had to restructure the education system at all three levels. This is made easier when the Corporates also perform their duties towards society. In order to reap benefits they have to have universities and colleges who will produce skilled and trained manpower. This can be facilitated by provision of finance for Research and Development, organization of workshops and training programs, infrastructural developments. At the same time the corporates also have to perform their duties towards
society. India has to restructure the education system at all levels. This becomes possible only when corporates perform their responsibilities towards society.

Our system of education is old and outdated. There is a strong desire to change the structure of education, at the same time it is the responsibility of corporates to perform their duties towards society. In order to reap benefits they have to finance Research and Development, organize workshops and training programs, invest in infrastructural developments, provide facilities for qualitative education to universities and colleges producing skilled and trained manpower.

Businesses in today’s modern era are taking a very targeted approach in their CSR Program. They are intending to concentrate on areas which are co-related to their business goals. Education is an important part for many businesses as there exists a need for all kinds of people and education has both the capacity and ability to make a real difference for all the players involved in the education sector, for a number of reasons such as: improved financial performance; building up of a positive good will and reputation among consumers and other stake holders; increased ability to attract employees; development of brand recognition; increased consumer loyalty; improvement in sales; building up of a more educated workforce; enhancing consumer awareness on a particular issue and fulfilling the company’s mission or mandate. On the other hand faculty, students and educational institutions can also benefit from the experience and expertise that the Corporations bring.

The Father of our Nation Mahatma Gandhi had a strong vision of education helping in the curbing of social insecurity and social disharmony. Several Indian Corporations have taken the initiative towards higher education and vocational training. These include Tata Institute of Hotel Management at Aurangabad, ITC Welcom Group’s HotelManagement Institute, Reliance’s DA-IICT providing Graduate and Undergraduate education in Gujarat and Intel’s Higher Education Program.

Today CSR has gone beyond mere charity and donations and has become an integral part of corporate strategy. Corporates like the Tata Group, Aditya Birla Group and Indian Oil Corporation have been involved in serving the community ever since its inception.

The ONGC CSR Projects focus on higher education, granting of scholarships and aid to deserving students / youth belonging to the socially/economically backward sections of society. Let us briefly mention here the need for CSR in India. Let us briefly mention the need for CSR in Indian Higher education.

One, Higher education in India like in most countries is a government supported Public good. In the era of Globalization, Liberalization and Privatization marked by rapidly emerging changes the help of the Corporates is desirable in complementing Government efforts in helping, explaining and promoting long term policies with reference to the downtrodden sections of society.

Two, it must be remembered that both the public and private sectors have their own problems. While public supported institutions suffer from paucity of funds, absence of infrastructural facilities, and government intervention, the private sectors ones are characterized by profit making objectives leading to high fee structure and absence of accountability. CSR will while making the institutions more accountable would enhance the quality of education being imparted contributing thereby to social welfare.

Three, CSR is concerned with the motivation and encouragement necessary to take up socially responsible activities that will bring an improvement in the economic and ethical slots. In spite of being one of the fastest growing economies, several problems are plaguing India. They include poverty, illiteracy and absence of adequate health care facilities. Incorporation of CSR while reducing the menace of these problems would only help in strengthening of our economy.

Four, CSR has to give back to society and ensure cordial business environment. CSR has to remember that the society is responsible for their profits. A Corporate with proper vision in CSR is respected and rated well by the masses. Businesses while understanding the potential of these initiatives must invest a part of their profits in socially desirable projects like education. India has an abundant supply of
labor and skilled manpower. India boasts of possessing an internationally acclaimed Brain Power. The Corporate sector has to take a keen interest in investment in human capital which is reproductive.

Finally, CSR can be considered as a crucial bridge between organizations and society and also a means which can create awareness among Corporates, NGOs, Civic Bodies and Government about the values and importance of social responsibility so as to reduce the gap between the privileged and disadvantaged sections of society.

Challenges Faced

At present when the Corporates are more than ready to join hands with the government, with the objective of promoting social welfare, obstacles are bound to arise, more so in a country like ours thereby hampering the process of economic development. Let us briefly dwell on them.

Firstly, there is general lack of awareness of general public about the concept of CSR. This hampers the incorporation of social responsibility in businesses.

Secondly, there is need for building up the capacity of local non-governmental organizations as there is clear cut shortage of trained and efficient organizations that can contribute to CSR activities.

Thirdly, there is absence of any clear cut CSR guidelines or policy directives which can give direction to CSR projects. This could result in duplication of activities by Corporate Houses.

Fourthly there is absence of a consensus among implementing agencies regarding CSR projects. This results in duplication of activities by Corporate Houses.

The Tata Group of Companies has initiated various measures for higher education of the children. Tata Motors in fact has entered into a Public Private Partnership with the Government for Industrial Training Institutes.

Emerging Trends in Corporate Social Responsibility

The Post-Liberalization period has witnessed a radical transformation in the CSR Practices in India. There has been a fundamental transformation from charity oriented approach to stakeholder oriented one. The target group is seen as a stakeholder in the community and is being forming an integral part of the company’s success. However the real breakthrough occurs at the implementation stages where companies have started committing manpower and expertise along with financial resources in order to provide a variety of service programs and skills that are flexible enough to attend to the needs of the community. This has been accompanied by greater participation of people.

One main reason for the increased awareness of CSR has been the United Nations Millennium Development Goals, in which one of the goals is, for business to be more aware of their impact on society.

The world today can be said to be a global village in the Information Technology era. While the big companies are expanding their business opportunities the CSR activities are also expanding speedily. Merely initiating CSR is not enough; the company has to work hard on a formal coherent and transparent policy in the field of CSR to become a potential area for development of the society.

CONCLUSION

The concept of CSR is gaining more and more attention in recent times involving in its scope corporate magnates, educationists and social activists from all over the world. What we are therefore witnessing is greater commitment from business, either for improving the corporate image or for being competitive.

The concept seems to be fully imbibed on the global business agenda. There is need for overcoming the snags and hurdles which will facilitate quick implementation. What must be remembered is that it is only transparency and dialogues that can make business appear trustworthy while pushing up the standards of other organizations.
In terms of higher education universities have to cater to both the traditional and entrepreneurial role without limiting the purpose. The emergence of the new knowledge economy, has led to the transformation of the shape and base of the society. To keep pace in this competitive world it is essential for the evolution of innovative systems. The need is felt for a university system that emphasizes sustainable development and improvement of competencies of the population.

The government must attempt to keep pace with the international developments, particularly with reference to IT and E Commerce. The people have to be made computer savvy and the beginning has to be made at the grass root level.

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