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RESEARCH ARTICLE

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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Abstract

Corporate Social Responsibility (CSR) has emerged as a crucial aspect of contemporary business strategy, focusing on initiatives that benefit society alongside profit maximisation. This paper delves into various dimensions of CSR, exploring its diverse manifestations across industries and geographies. It examines the significance of CSR in enhancing corporate reputation, fostering employee engagement, and addressing societal challenges. A comprehensive analysis underscores the multifaceted impact of CSR, ranging from environmental sustainability efforts to ethical supply chain management practices. Moreover, it elucidates the evolving landscape of CSR in light of the COVID-19 pandemic, highlighting regulatory amendments and their implications for corporate conduct. Drawing on case studies such as the Tata Group's CSR initiatives in India, the paper elucidates the role of corporations in driving social change and sustainable development. Additionally, it synthesises findings from scholarly articles, offering insights into the ethical imperatives underpinning CSR endeavours. By elucidating the legal framework and scholarly discourse surrounding CSR, this paper provides a holistic understanding of its significance in fostering corporate accountability and societal well-being.

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Introduction:-

"Corporate Social Responsibility" (CSR) focuses on business policies and practices that benefit society. CSR is founded on the idea that firms should pursue additional pro-social objectives in addition to profit. CSR goals include reducing environmental impact, increasing employee participation, and giving to charity, to name a few.

Analysis

Corporate social responsibility is a broad concept that differs by company and industry. CSR programmes, charity, and volunteer activities can help businesses better society and strengthen their brands. CSR is crucial not only for the environment but also for businesses. CSR efforts enhance the bond between employees and organisations, boosting morale and making employees and employers feel more connected to the world around them.

A company must be accountable to itself and its shareholders before being socially responsible. Companies that implement CSR programmes are typically large enough to be able to contribute back to society. As a result, giant corporations frequently employ CSR. After all, the more visible and successful a company is, the more it owes its colleagues, competitors, and industry to set ethical standards.

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India became the first country worldwide to make corporate social responsibility (CSR) mandatory after amending the Companies Act in 2013. Businesses can invest their profits in education, poverty, gender equality, and hunger as part of their CSR compliance. In India, here's an example of corporate social responsibility:

Tata Group

The Tata Group, an Indian enterprise, engages in various CSR projects, primarily focusing on community development and poverty eradication. It has participated in women's empowerment, generating income, remote areas like the rural area's development, and other social welfare projects through self-help organisations. The Tata Group supports several educational institutions with scholarships and endowments.

The organisation also works on health-related issues such as child education, immunisation, and raising AIDS awareness. Economic empowerment through agribusiness programmes, environmental protection, sports scholarship provision, and infrastructural facilities, which include hospitals, research institutions, academic institutions, sports academies, and community centres, are among the other areas.

What Is the Impact of Corporate Social Responsibility?

The shift toward CSR has impacted a variety of areas. Many businesses, for example, have taken initiatives to improve the environmental sustainability of their operations by installing renewable energy sources or purchasing carbon offsets. In supply chain management, efforts have also been made to minimise reliance on unethical labour practices such as child labour and slavery.

Corporate Social Responsibility and COVID-19

The Ministry of Corporate Affairs has announced that enterprises' expenditures to combat the COVID-19 (coronavirus) epidemic will be considered valid under CSR efforts. Funds may be used for various COVID-19-related initiatives, including healthcare promotion, preventative healthcare and sanitation, and disaster management.

Companies with a net worth of INR 5 billion or more, an annual turnover of INR 10 billion or more, or a net profit of INR 50 million or more are required to spend 2% of their average net earnings over three years on CSR, according to an amendment to the Companies Act, 2013.

Before then, firms may opt out of the CSR provision. However, they were required to disclose their CSR spending to shareholders. CSR encompasses, but is not limited to, the following activities:

1. Projects relating to activities listed in the Companies Act or
2. Projects relating to activities undertaken by the firm board on the recommendation of the CSR Committee, provided that the activities covered items listed in the Companies Act.

Businesses should be aware that expenses for CSR are not deductible in the calculation of taxable income. The government, on the other hand, is considering revising this clause, as well as different CSR rules included in the Companies (Amendment) Act, 2019 ("the Act").

CSR amendments under the Companies (Amendment) Act, 2019

Previously, if a corporation could only partially spend its CSR funds in a particular, fiscal year, it could carry the funds forward and spend them in the following fiscal year in addition to the money permitted for that year.

The Act's CSR changes now compel businesses to deposit any unspent CSR monies into a fund established under Schedule VII of the Act by the end of the fiscal year. This sum must be used within three years after the transfer date, or the fund will be transferred into one of the indicated funds.

Non-compliance is punishable by a monetary fine and imprisonment under the new law. The punishment can range from INR 50,000 to INR 2.5 million, and the company's defaulting official might face up to three years in prison, a fine of up to INR 500,000, or both.

On the other hand, the government is still studying these laws after the industry objected to the stringent measures, including the jail penalties for CSR violations, and has yet to put them into effect. The acceptable ranges from INR 50,000 to INR 2.5 million, and the company's defaulting executive might face up to three years in prison, a fine of up to INR 500,000, or both.

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Article Review

H. Gordon Fitch authored his article on a few foundational steps on how any entity can achieve Corporate Social Responsibility. The article starts by explaining the need to find, identify, and elaborate on the issue, which is the critical factor on which management should work and allocate their resources. He emphasises that deciding which issue to attack is complicated; hence, looking at the immediate external environment and observing which cause to work upon is the need of the hour. Finally, the author concludes the article by saying CSR is essential, and corporations should take up issues in which they are intimately involved.

In another article by **Kyoko Fukukawa, John M. T. Balmer and Edmund R. Gray**, the authors provide information on how vital 'ethics' is in Corporate Social Responsibility. They stress that motives are the critical factor in CSR initiatives and that such motives are inculcated from the internal and external corporate environments. In a broader sense, CSR and corporate identity can be bridged by 'ethics'.

On the other hand, an Indian article by Rashmi Venkatesan put light on the provisions of Companies Bill 2013, which indicates minimal spending on Corporate Social Responsibility (CSR) aspects. The article argues that the bill keeps how corporations behave, making business functions a lot more responsible.

A survey was conducted in another article by **Peter Arlow** where 138 college students demonstrated that a student's undergraduate degree has a more significant impact on CSR than business ethics. Business students, he claims, are no less ethical than non-business students. Females are much more socially ethical and socially responsible than males. Age has a negative correlation with Machiavellian orientation and a positive correlation with negative orientation.

Conclusion:-

CSR in India has come a long way in maintaining the company's long-term viability while assuring justice to all stakeholders. It has successfully knitted business, social inclusion, and environmental sustainability together. Corporate actions, ranging from responsive activities to sustainable initiatives, have demonstrated their ability to make a substantial difference in society and improve overall quality of life. Given the enormity of the existing socioeconomic predicament in India, it is difficult for a single body to effect change. Corporate entities have the knowledge, strategic thinking, people, and financial resources to support large-scale social change. Effective collaborations between corporations, non-governmental organisations, and the government will accelerate India's social development.

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