

Corporate Social Responsibility in Service Sector

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Abstract - Purpose: To explore the status of the apprehension of corporate social responsibility (CSR) abstraction and to determine the foresight and formulation of CSR movements.

Now, the main objective of this research is to endeavour to describe why the impression of corporate social responsibility (CSR) ambitiousness may be dissimilar and extra significant of consequential in-service enterprises in comparison of producing enterprises.

The main purpose of this paper is to create an important path the administrators might pursue for developing the consequences of the utilization of corporate social responsibility (CSR) operations. We evaluated the process of CSR and its effects within a service industry. Our target was to recognize the effects of CSR on the service industries both outwardly and within the business itself and therefore our research was directed on two different levels, The corporate level & The operational level. The corporate level inspects CSR as it is anticipated by the administration and the operational level takes the viewpoints of the front-line representatives and customers.

Findings: The outcomes show that the CSR operations have a positive effect on business performance that is comparatively higher for service companies than for manufacturing companies. Actions related to the environment, answerable employee's relationships and corporate administration are exceptionally necessary in the service substances.

This research is centralized on collaborators enforcement, but it does not recognize other collaborators, such as real consumer attitude or representative's responsibility and productiveness. Service companies are inclined to gain from concentrating on some CSR operations (surroundings, representatives and corporate administration) and should utilize their pledged attitude as a relevant tool for public relations and discrimination in the market place.

Keywords: corporate social responsibility (CSR), CSR in service sector, impacts of CSR

I. INTRODUCTION

The perception of Corporate Social Responsibility(CSR) was developed in the half of the 20th century. Corporate social responsibility means execution and relationship framing with collaborators to upgrade the image and expand reliability of the company. For members of the organization head conference, corporate social responsibility is an independent engagement by businesses to be answerable towards the environment and society in which they execute.

Stakeholders are all personages, foundations and organizations that can control running a business or be controlled by it. They consist of investors, employees, consumers, business partners, the media, international businesses, etc. The organization collaboration with stakeholder heads to mutual understanding of concerns of both parties sophisticated and sets up a subsequent dialogue

that concludes in shared amusement – the so-called win-win situation. A company and stakeholders can also grip a joint CSR operation to solve their problems.

As the company has decided its stakeholders, you should resolve what your company wants to gain through relations with each chosen group, and accordingly search for activities to get these goals completed. You should fix the operation with accordingly selected indicators whether the given activity is for your advantage or not. Then, you should be regularly observing and appraising your CSR operations.

Advantages of CSR

CSR is anticipated as an investment in intangible assets of the business, which can be estimated using indicators. In the long-term view CSR operations could give significant financial advantages as well.

Corporate social responsibility is an approaching affair in corporations since the eighties. Since a few decenniums firms enrol in CSR.

From an intellectual point of view this report will provide more awareness on the paradox CSR. The connection between CSR and ambitious benefit will be inspected. Not only the direct impact of CSR on ambitious benefit will be examined, but also the impact CSR can have by reputation, as can be seen in figure 1. Much is known about a topic, but the knowledge is scattered, and not integrated. The academic relevance is to create order out of chaos and to create a clear overview. With this further research will have an easier source from which scattered information brought together

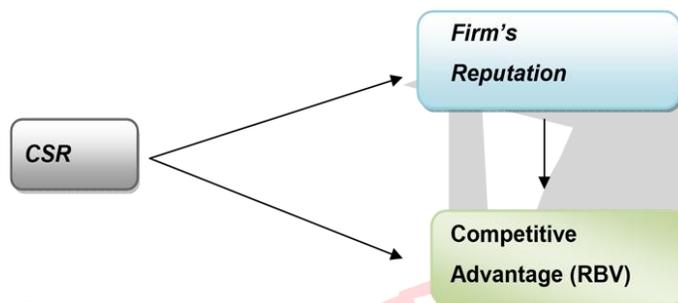


Figure 1: Theoretical framework

From an administrative point of view this information will provide a fair view on the impacts that CSR can have on the respectability of the business and the ambitious benefit. Is CSR able to upgrade the respectability of a business? For supervisors, it is necessary to organize the ambitious benefit and this information will provide a fair view on how CSR can affect the ambitious benefits.

To represent the ideas and findings, this paper will follow a certain structure to outline this paper.

Corporate Social Responsibility and related concepts (e.g., sustainable development) have been playing an increasingly prominent role in recent years, both in economic and academic research. Despite its popularity—and perhaps in part because of it—authors of numerous publications in this area have not shown a uniform understanding of these constructs, which are sometimes vague and tends to vary from publication to publication. This is reflected in how many distinct terms were used, including Corporate Sustainability and Responsibility, Corporate Citizenship, Corporate Social Rectitude, Corporate Social Performance, Corporate Social Responsiveness, Social Performance, or Sustainable Responsible Business. In fact, in a review of the CSR literature Dahlsrud counted no fewer than 37 different definitions of the concept. Below we shortly outline the history of the idea of sustainable responsibility and wrap up by offering the definition that we assumed in our study.

In terms of social duties of business, for many years the dominant perspective was that of Friedman, who maintained that what firms should care for was generating profits, and social responsibilities were no concern of business; indeed, his strongly held conviction was that any action on the part of managers that did not amount to increased profits was tantamount to theft. However, the notion of firms supporting social goals is not new, since the first publications on this topic appeared in the 1930s, e.g. and the first formalized definitions date back to the 1950s–60s. Rapid growth in CSR has been particularly evident since the 70s, when accelerating globalization made the impact of companies on society and environment a more pertinent problem than ever before. In the 1980s the idea of sustainable development emerged to represent such “development that meets the needs of the present without compromising the ability of the future generations to meet their own needs”. Its proponents advocate sustainable development in economy, society, and the natural environment that would aim to eradicate poverty and moderate excessive consumption in both developed and developing countries. As noted by Vos, many definitions of sustainability are similar in that they identify three aspects of the term: economic, social, and environmental. The growing importance of CSR was recognized by the International Organization for Standardization (ISO), which set up a special task group for social responsibility. Because of the group’s work, a system of guidelines was revealed in 2010 to help businesses operate in a more “ethical and transparent way that contributes to the health and welfare of society”.

II. LITERATURE REVIEW

CSR has been a longstanding practice in the corporate arena and thus, it has represented an attractive and fruitful topic for both academics and practitioners.[2] Yet, despite its importance and hundreds of studies conducted, the CSR construct still lacks a generally accepted definition. There exist a variety of theoretical perspectives and definitions to explain the CSR phenomenon. Among those, the most cited definition is the one proposed by Carroll. From a firm are to be performed not only for the sake of the firm but also for the sake of society at large.

An analysis of literature also recommends that the measurements of CSR vary as well. The most classical classification of the dimensions is the one offered by Carroll that emphasizes the four principle types of responsibilities as dimensions which are economic, legal, ethical and philanthropic. Carroll argues that these four dimensions are intimately related and thus, organizations should strive to achieve all four always [3].

Even if there abide other measurements suggested by other researchers, these measurements rather correlate with the

measurements suggested by Carroll. For example, Lantos claim that there exist three dimensions of CSR which are namely ethical, altruistic and strategic. Two of these dimensions- ethical and altruistic- are very much linked to the ethical and philanthropic dimensions that are previously proposed by Carroll. The omission is the strategic CSR proportions which is comparatively new to the pertinent literature. Strategic CSR implies that CSR activities have the potential to improve corporate image and increase motivation and loyalty primarily among various stakeholder groups including shareholders, employees and customers. Thus, more and more companies today consider the adoption of CSR initiatives as an important strategic objective.

Probably the issue that is most extensively investigated within the context of strategic CSR is the relationship between CSR activities and a dozen reviews of numerous empirical studies published, yet the empirical evidence to date is rather mixed. While the effect of CSR on financial performance is found to be positive in some studies, in others it is found to be negative.

More recently, viewing CSR as an important business strategy and a source of competitive advantage, firms have begun to focus on the effects of CSR on other stakeholder groups, employees and customers. In this context, some researchers have examined whether CSR activities enhance organizational effectiveness through improved job satisfaction or organizational trust while others have studied the effect of CSR on customer-related outcomes such as customer satisfaction and loyalty.

In the related literature, the relationship between CSR and customer satisfaction is explained based on different research streams. Pointing to the tenets of stakeholder theory, some researchers. Daub and his economic value of consumption but also the overall standing, including the social performance, of the company. In addition, given that perceived value and customer knowledge are acknowledged as possible antecedents of customer satisfaction, it is not surprising that CSR activities, through both adding value to the company and improving customer knowledge, promote customer satisfaction. Based on these views, Luo and Bhattacharya argue that customers are likely to be more satisfied by products and services offered by socially responsible firms and test their model on Fortune 500 companies. Their findings reveal not only that there exists a direct link between CSR and customer satisfaction but also that customer satisfaction fully mediates the relationship between CSR and firm market value

CSR also has a direct influence on customer loyalty. Prior research suggests that the perception of socially responsible

behaviour strengthens commitment toward the company, since the behaviour transmits character, a system of differentiating values, respect for customers, and a concern for serving them correctly, as well as complying with the quality standards. In addition, many consumers claim to be more willing to buy products from companies involved in social causes. Such CSR efforts are highly valued and supported by customers and this support is materialized in stronger loyalty toward the firm. Other researchers in this field of research also provide supportive evidence for this relationship.

III. RESEARCH METHODOLOGY

This research is an exploratory research and as specific method it will be a literature research. This paper will rely on secondary resources only and does not consist of field studies or experiments, other researchers work will be the basis of the conclusions and recommendations. The literature taken will consist of published articles and published books.

This paper aims to present the sample profile of the different companies who can invest in corporate social responsibility. This study aims to analysis the need of corporate social responsibility. This study is developing as a mix strategy in which government as well as the corporate sector plays a vital role.

Further the study has been developed with the support of secondary data obtained from the reports or data collected from the different companies, website and secondary sources.

Theoretical and Practical Implications

This study has made several valuable contributions to the theory and practice of management.

We have shown that CSR could be a universal phenomenon in that it appears in a similar manner in manufacturing and service companies of different industries and sizes. This conclusion seems to be generally in line with many earlier works based on a case study method. Many of them are relying on the conceptual framework of CSR with four similar dimensions that appeared to show equal relevance when applied to firms from different industries, e.g. However, with survey research, due to its high level of standardization, developing a measurement tool adequate for many types of companies is more problematic. The previous quantitative research that we know of involved narrowly defined industries, very often manufacturing, which amounted to relatively homogeneous samples more suited for statistical analysis, e.g. In contrast, this current paper offers questionnaire scales with statistical evidence, implying that the same measurement model could be used in all three industries with similar validity and reliability. On the face of it, firms operating in such different contexts would display

considerable dissimilarities. One source of such differences could be in distinct legal frameworks regulating environmental issues in chemical industry, food manufacturing, and retailing, with the chemical industry subjected to the most stringent conditions. However, most of these differences pertain to very specific limits on emissions, use of energy and resources, and other aspects of environmental protection, while our measurement scales ask about those things only in a general way that seems to be applicable to all studied companies.

Arguably the most natural area where CSR could be applied in a similar fashion across all three industries is employee relations. This is not only because of the intrinsic versatility of human resources, which can take a similar form in many different settings, but also in large part due to the same system of legal regulations applying to each firm. This comes as no surprise since “it is clear that law and legal standards in various forms play a considerable role in relation to the substance of CSR, and for implementation and communication of CSR”.

Considering that the studied firms were medium and large, and most of those firms in said industries in Poland are operating with various implementations of ISO systems, this could also be a unifying factor. The ISO systems have many regulations that determine how firms should organize their assorted functions and processes, including guidelines that are consistent with CSR principles (e.g., environmental protection, employee relations, external stakeholder relations, value chain cooperation). The capability of ISO standards to drive similar implementations of responsible business practices was shown before in papers by other authors.

One practical application of our outcomes could be in public policy. Even though most governments in developed countries make efforts to support responsible business standards, there are reasons to believe that these actions have only limited effectiveness. As such, our findings suggest that local and national governments, as well as other policymakers interested in promoting sustainable growth and ethical standards in business, should support above all enterprises operating in line with the business models of market players and integrators. The present research indicates that these business models are most CSR-oriented, which should bring about the best effects in terms of—for example—environmental protection, employee relations, harmonious cooperation with local communities, and conscientious attitude towards other stakeholders. In other words, here public policy measures would be the most aligned with the intrinsic tendencies of these types of businesses to act in a responsible fashion.

IV. DATA COLLECTION

Manufacturing and service sector CSR data:

The top 5 manufacturing and service companies in terms of percentage spend are as follows:

Rank	Manufacturing company	CSR spend/ Average PAT (%)	Service company	CSR spend/ Average PAT (%)
1	Tata Global Beverage Ltd.	7.4	Tech Mahindra Ltd.	3.1
2	Jaiprakash Associates Ltd.	7.3	ICICI Bank Ltd.	2.5
3	UPL Ltd.	6.5	Adani Ports % Special Economic Zone Ltd.	1.9
4	Rashtriya Chemicals & Fertilizers Ltd.	5.9	Max India Ltd.	1.8
5	Welspun Corp Ltd.	5.0	IndusInd Bank Ltd.	1.6

The above mention table shows that the manufacturing company spend more on CSR as compare to the service company which indicates that the manufacturing company spends to develop the country from their profit. As the above data states that the manufacturing company like Tata Global Beverage Ltd., Wels pun Corp Ltd., etc. spends more as compare to ICICI Bank Ltd., IndusInd Bank Ltd. Etc.

The top 5 organizations in terms of absolute spend and CSR spend as a percentage of average previous three years PAT are listed below:

Rank	Company	CSR spend (INR cr.)	Company	CSR spend/ Average PAT (%)
1	Reliance industries Ltd.	711.7	Tata Global Beverage Ltd.	7.4%
2	Oil and natural gas corporation Ltd.	341.3	Jaiprakash Associates Ltd.	7.3%
3	Tata steel Ltd.	212.0	UPL Ltd.	6.5%
4	ICICI Bank Ltd.	168.0	Rashtriya Chemicals &	5.9%

			Fertilizers Ltd.	
5	NMDC Ltd.	152.9	Welspun Corp Ltd.	5.0%

From the above mentioned table it is clear that irrespective of the profit margins the companies spend on CSR activities that is the company whether having high or low profit has been spending money on corporate social responsibility, the high rank organisation spends high on CSR and low range organisation spends low on CSR just to place their organisation in the market for so long.

There are so many parameters to check the social responsibility in the market and few of them are discussed below. And with the help of these parameters one can easily find the possible percentage to score. A qualitative assessment of the four parameters is as follow:

	governance	disclosure	CSR stakeholders	Sustainability
Average score	9.9	3.8	13.3	13.6
Max possible score	20	10	35	35
Percentage of maximum possible score	50%	38%	38%	39%
% companies scoring more than half of max score	47%	38%	31%	40%

The above table shows that the CSR is not focussing hard on the stakeholders, and spend more on the governance and sustainability. This shows that the manufacturing company spends more on CSR as compare to Service Company for better results.

V. ANALYSIS

Why manufacturing organizations score better than service organizations?

The consequences of our CSR ranking article present solid proof that the journey towards business modification has begun for many of India’s top corporations. While many

senior managers admit that they are still struggling to make the business case for long-term investments in sustainability and CSR, there are others who have taken the lead and are setting the pace for responsible growth.

Our analysis also finds that the distribution of scores across companies is not uniform. On the governance parameter, there are three clear clusters. Organizations with high ranks tend to have high administration scores. Organizations in the mid-range also have comparatively lower scores but are misrepresented towards higher scores. Lower ranked organizations tend to have low scores reproducing poor administration around CSR. There is significant variation in disclosure scores. Many companies score rather poorly on disclosures. On the third parameter of CSR Stakeholders, there is a wide variation in scores of high ranked companies.

On average mid-tier companies tend to do better. This implies that more evolved companies in CSR are not focusing hard enough on stakeholders. On sustainability, many companies score less than halfway mark on sustainability with a significant bunching on the lower side. We also looked at the breakup of companies by type. We found that manufacturing organizations, on average, score better than service organizations. This in difference is attributable to higher sustainability scores indicating that these issues are more important for the manufacturing sector. Similarly, public sector companies perform better than private sector companies. They perform better on governance and CSR stakeholders but lag significantly on sustainability.

VI. CONCLUSION

India is the first country in the world to incorporate collective giving into constitution.

Upcoming change in the company law in April 2014, businesses with the yearly income of more than 10 billion rupees must declare 2% of their net profit to welfare. The Companies Act, 2013, needs corporations above an assured entrance to invest at least 2% of their average of the net profit of the previous three years on corporate social responsibility. Despite CSR spending is mandatory, the act has taken a “satisfy or describe” passage where an organisation must give the reasons if the investment is less than the specified amount that is 2% of the total net profit.

Sectors they can spend this amount in include education, sanitation, poverty, gender equality, slum development, hunger etc.

Some people say that the change in the constitution is also awaken corporate India to its broader social responsibilities. “The so-called 2% law has carried corporate social

responsibilities from the perimeters to the conference room. Corporations now have to anticipate sensitively about the appliance, agendas and scenarios to meet their legal requirements.”

The manufacturing companies spend more on corporate social responsibility as compared to services industry which is an indication that manufacturing companies are more responsible, dedicated and concerned towards the development of the nation. Also the analysis shows that high rank organizations spend higher on corporate social responsibility activities and are more focussed and inclined towards governance and sustainability rather than focussing hard on stake holders. Accordingly services industry should also involve actively in CSR activities and should showcase their responsible behaviour towards the development of the nation and differentiate themselves from the competitors.

In the three years, since CSR (Corporate Social Responsibility) standards were resolved, not much has replaced in arrangements of investing by the top National Stock Exchange (NSE) listed corporations by market subsidization. Although, education and healthcare remain to fascinate most of the monies, Maharashtra, still recognizes the maximum inflow of CSR investments. The top 10 corporations still explain for almost half of the total CSR amount. Investment on corporate social responsibility operations by the top 10 companies expanded to 5240 crores in 2014-15.

The amount was stood at ₹ 3000 crores in 2012-13, when CSR spending were deliberate. Although, the expansion looks healthy, IAS (Institutional Investor Advisory services), the Corporate Governance Consultancy, that has satisfied these numbers points out that amount, ₹ 5240 crores, was 26% lower than the figure determined in the law. This indicates the extensively pro forma approach to CSR investment, and its fixed adequacy as a mean of encouraging consciousness of social responsibility in the corporate world.

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