"CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIA - ISSUES AND CHALLENGES"

Mr. Ravindra Kumar
Research Scholar,
Email Id: - ravindra.r.kumar@gmail.com
Agarsen PG College, Sikandrabad, Bulandshahar
Chaudhary Charan Singh University, Meerut

Ms. Preeti Ruhela
Research Scholar,
Email Id: - preetiruhela978@gmail.com
Jayoti Vidyapeeth Women's University, Jaipur

ABSTRACT

CSR as a significant subject of public policy has been occupying a vital place in the Indian corporate scenario, as it has build up sustainable relationship with the society at large with the increasing socio-regulatory forces. The theory of Social responsibility says that an organization or individual, has an obligation to act to benefit society at large. Social responsibility is the duty of every individual or organization has to perform so as to maintain a balance between the economy and the ecosystem. The first reference of the term corporate social responsibility was mentioned in the publication 'Social Responsibilities of Business' by William. Bowen in 1953. In India, there has been a persistent close business involvement in societal issues for national development, known as social duty or charity donations, philanthropy, and service to community, industrial welfare, now particularly termed as CSR. All the economic enterprise presumes Human resource as the backbone. The main purpose of this research will be to investigate the attitudes towards Corporate Social Responsibility (CSR) among India's future business leaders. In India companies like Tata & Nestle are practicing the Corporate Social Responsibility (CSR) for decades, long before CSR become a popular basis. In spite of having such good illustrious examples; In India Corporate Social Responsibility (CSR) is in an extremely rising stage. Many large companies are undertaking these Corporate Social Responsibility (CSR) activities superficially

and promoting/ highlighting the activities in Media. This research paper bases on the finding & reviewing of the issues and challenges faced by Corporate Social Responsibility (CSR) activities in India.

Keywords: Social Responsibility, Sustainable Development, Companies, Corporate Social Responsibility, CSR Issues & Challenges.

INTRODUCTION:

Within the area of business the most responsibility of corporations has historically been to form money and increase shareholder value. But, now in an era of globalization corporations put their emphasis on contributing to a far better society and cleaner environment. With enhanced media focuses, pressures from non-governmental organization there's surging demand from society consumers, governments et al. for organizations to conduct sustainable business practices. The company response has often meant an adoption of a 'new consciousnesses and this has been referred to as Corporate Social Responsibility (CSR) since 1970s. India has one among the richest traditions of Corporate Social Responsibility (CSR) among other countries. Much has been wiped out recent years to form Indian Entrepreneurs conscious of social responsibility as a crucial segment of their commercial activity but Corporate Social Responsibility (CSR) in India has not yet to receive widespread recognition. In India history Corporate Social Responsibility (CSR) has four phases.

There are quite 1,000,000 registered companies in India out of which but one-hundredth companies are traded on the Indian stock market. A replacement Trend has started in Corporate is that the establishment of special committees within the board of directors to oversee Corporate Social Responsibility (CSR) activities. Groups of corporate are being encouraged to return together to market CSR. In 2006, Europe created the Alliance for Corporate Social Responsibility (CSR). It currently consists of 70 multinational corporate houses and 25 national partner organizations and has become a singular resource for building capability in Corporate Social Responsibility (CSR).

In a societal structure, we've many stakeholders, one of them are companies or Corporate Houses. These Companies or Corporate houses are significantly rendering from their kitty which impact their internal stakeholders and also openhanded support societal initiatives. In India companies like Tata & Nestle are practicing the company Social Responsibility (CSR) for many years, long before Corporate Social Responsibility (CSR) become a well-liked basis. Business Organizations have played an active role in many areas via Corporate Social Responsibility. This includes social areas like health (Primary to Specialized), Education (Primary to Higher), food security and environment. They have launched various programs which have helped in the above areas.

DEFINITIONS OF CSR:

The World Business Council for Sustainable Development (WBCSD) defines CSR as "the

continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."

European Union's Official Definition of Corporate Social Responsibility (CSR): - "The European Union, in an attempt to offer a framework for companies wishing to invest in sustainable development, published in 2001 a Green Paper on Corporate Social Responsibility defining CSR as: "The voluntary integration of companies' social and ecological concerns into their business activities and their relationships with their stakeholders. Being socially responsible means not only fully satisfying the applicable legal obligations but also going beyond and investing 'more' in human capital, the environment, and stakeholder relations."

ISO 2600 Official Definition of Corporate Social Responsibility (CSR): - "The International Organization for Standardization (ISO) is an international standard-setting body that also addressed the definition of Corporate Social Responsibility (CSR) through its ISO 26000 standards on Corporate Social Responsibility. In these guidelines, ISO defines Corporate Social Responsibility (CSR) as: "The responsibility of an organization for the impacts of its decisions and activities on society and the environment, resulting in ethical behavior and transparency which contributes to sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; complies with current laws and is consistent with international standards of behavior; and is integrated throughout the organization and implemented in its relations."

According to the Indian Corporate:"Sustainable development implies optimizing financial position while not depleting social and environmental aspects and CSR implies supporting issues related to children, women and environment. These corporate refer in its definition of CSR to community development. In the context of Western community, development is often seen as charity. In the Indian context it is seen as a large responsibility of a corporate, not only by stakeholders but also by the local Indian management. The background of this is that stakeholders see the large western companies as capitalist islands in a developing country. This position gives them a certain responsibility towards the community. Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others.

OBJECTIVES:

The Present paper is basically concerned with the following objectives:

1) To understand the present scenario of corporate social responsibility.

2) To study the Issues and Challenges for CSR in India.

RESEARCH METHODOLOGY:

Looking into requirements of the purposes of the research paper the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was developed to possess greater accuracy and thorough analysis of the research study. The secondary available data has been substantially used for the study. The investigator procures the specified data through secondary survey method. The various news articles, Books and Websites have been observed and used which are enumerated and recorded.

LITERATURE REVIEW:

Vishwakarma, Vijay (2019), in his research paper stated that Corporate Social Responsibility (CSR) is not a new term. Previously only few companies use to do something for the betterment of the society. As they feel all the stakeholders are the integral part of any business organization. If they being served in a better way, definitely it will help the organization to sustain. The aim of this paper is to understand the importance of CSR for the economic development of the society.

Tiwari, Bindu and Kumar, Dr Naveen (2018), in their paper stated that to find out the impact of Digital Marketing on CSR performance of the company. This paper helped to find out the ways to make worth out of CSR investment by optimally using the digital facility. The article also focuses on how CSR helps in the marketing of various goods and services. Research is based on secondary data. The paper has tried to find out the ways related to sustainability and publicity by maintaining Goodwill of the organization. Digitization has made it easier to initiate and promote CSR activities.

Baluja, Garima (2017), in her paper titled "CSR Practices by Banks: A Comparative Study", stated that many nationalized banks have started taking various social initiatives in the area of social welfare and community development, but still there is a huge gap in this area. Banks are mainly engaged in CSR activities in the area of sustainable livelihood, Rural Development, Education, Community Welfare, Women and Children. However, public sector banks are more engaged in CSR activities as compared to private and foreign banks.

Corporate Social Responsibility literature is related with the perceived dichotomy of the normative and instrumental approaches. Much of the literature promotes the 'business case' for CSR with many claiming that "can be good for business" (Swain in The Independent, 2007) It is stated that CSR requires to be made pertinent to the concerns of corporate people by emphasizing and focusing on this 'instrumental' approach:"CSR requires to be reconstructed in an stakeholder praxis to be meaningful to managers in their daily tracking of organizational goals and objectives" (Amaeshi & Adi, 2006). Many HR advocates proposed that corporations should protect human rights because it is the right thing to do, whether it is profitable or not" (Steinhardt in Alston, 2005). It is stated that an instrumental approach would only require acting ethically as long as it was profitable to do so, whereas a normative approach recommend a more consistent ethical performance (Gond & Matten, 2007). Research demonstrates that the driving force for corporations to adopt CSR values is often catalyzed by particular events. A series of experiments conducted by The University of

Western Ontario's Ivey School of Business revealed that it pays companies to invest in social responsibility (The Wall Street Journal, May 12, 2008). Fombrun & Van (2004) observed that once a company hits certain socially responsible thresholds, they will have measured to some reputation levels. In return, consumers will reward it by paying higher prices, recommending other stakeholders and customers to the company, etc. However, works of Birch (2003) stated that effective corporate social responsibility (CSR) does not need outside approval, nor should it necessarily be a measure of how 'good' or 'ethical' a company is. He emphasized that it's essential that corporate social responsibility is made a part of all decision making in the company. According to ACCSR's (Australian Canadian Corporate Social Responsibility) State of CSR in Australia Annual Review report Full understanding of CSR still emerging; There are many obstacles which are emerging while adopting successful CSR strategies include the difficulty in making a business case for CSR, difficulty in integrating CSR with organizational values and practices, and the lack of organizational buying and commitment to CSR. On another note, Visser (2005) stated that CSR May be associated with a series of bottom-line benefits. For example, socially responsible organizations have increased brand image and reputation. Nikko & Katamba (2010) observed that CSR oriented companies May implement stricter and, thus, more costly quality and environmental controls, but they run less risk of having to recall ineffective product lines and pay heavy fines for excessive polluting.

CSR PYRAMID:

In the first phase charity and philanthropy were the most drivers of CSR. In the pre industrialization period, which lasted till 1850, wealthy merchants shared a neighborhood of their wealth with the broader society by way of fixing temples for a spiritual cause. The approach towards CSR has changed with the arrival of colonial rule out India from 1850 onwards.

CSR PYRAMID
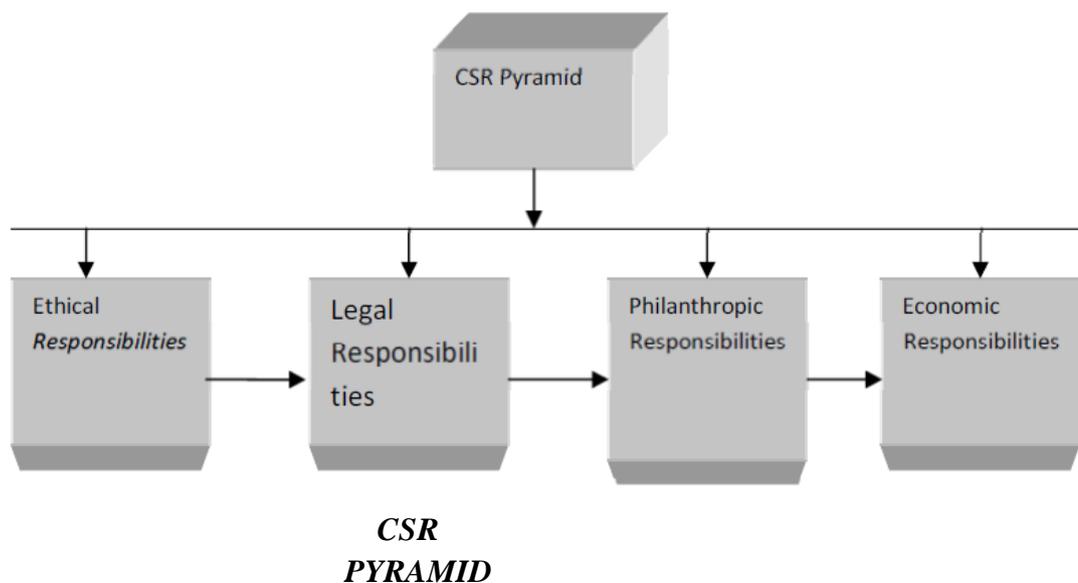
In the second phase, during the independence movement India industries focused on the progress

of the society. Gandhi's influence put pressure on various industrialists to place a stress on the socio-economic development of the state. In the third phase (1960-80) there was an emergence of public sector. During this era the private sector was forced to require a backseat. The public sector was seen because the first cause of development. They were set up by the state to ensure suitable distribution of resources (wealth, food etc.) to the needy. In the fourth phase (1980 until the present) Indian companies started ignoring their conventional engagement with Corporate Social Responsibility (CSR) and integrated it into a sustainable business strategy. . Increased growth momentum of the economy helped Indian companies grow rapidly and this made them more willing and ready to contribute towards social cause.

CSR PROMOTION:

To promote CSR activities during a strategic way, The FICCI- Aditya Birla CSR Centre for Excellence in New Delhi was set-up on February 17, 2010. The Ministry of Corporate Affairs issued voluntary guidelines for CSR in India, which signifies that CSR policy should include the subsequent core subjects:

- ➢ Care for all stakeholders
- ➢ Ethical functioning
- ➢ Respect for Worker's rights and Welfare
- ➢ Respect for human rights
- ➢ Respect for Environment
- ➢ Activities for social and Inclusive Development

ISSUES & CHALLENGES: -

Many companies say that corporate social responsibility may be a peripheral problem for his or her business and customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and repair, but they fail to means on important changes that are happening worldwide that would blow the business out of the water. The change is known as social responsibility which is a chance for the business.

The issues are given below:

1. **Developed Consumers Interest:** Through a current survey by International Environics, one out of five costumers reported having either awarded or punished companies supported their perceived social performance.

2. **Lack of Transparency:** Lack of transparency is one of the key issues brought forth by the survey.

3. **Demands for more Disclosure:** there is a rapidly increasing demand for companies disclosure from stakeholders, including customers, employees, communities,

suppliers, investors, and activist organizations.

4. **Competitive Labor Markets:** so as to rent and retain skilled employees, companies are being forced to reinforce working conditions.

5. **Lack of Community Participation in CSR Activities:** there is a scarcity of interest of the world people in participating and contributing to CSR activities of companies.

6. **CSR Initiatives & Narrow Outlook:** Government and Non-government companies generally possess a narrow outlook towards the Corporate Social Responsibility initiatives of companies, often defining CSR initiatives more donor-driven than local in approach.

7. **Need to Build Local Capacities:** there is a requirement for capacity building of the local nongovernmental organizations as there's serious dearth of trained and efficient organizations which can effectively contribute to the continued CSR activities initiated by companies.

8. **Branding Activities:** The media has an important role to spread good stories and sensitizes local public about the different coming corporate social responsibility initiatives of companies.

9. **Negligence of Implementing CSR Issues:** there's a scarcity of consensus amongst local agencies regarding CSR projects. This ignorance of consensus often results in duplication of activities by companies in areas of their intervention.

10. **Unavailability of Well established NGOs:** it is also reported that there is unavailability of well established non-governmental organizations in remote and rural areas.

11. **Corporate Social Responsibility Initiatives & Narrow Outlook of companies:** Governmental and Non-governmental organizations agencies generally possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more contributor than local in approach.

12. **Deficiency of CSR Guidelines:** There aren't well defined statutory guidelines or policy directives to supply a definitive direction to CSR initiatives of companies.

CSR: CHALLENGES: It can be summarized as follows:

- ➢ Issues of Transparency
- ➢ Narrow perception towards CSR initiatives
- ➢ Lack of community participation in CSR activities
- ➢ Need to build local capacities
- ➢ Non-availability of well organized non-government organizations

➤ Visibility factor

➤ Narrow perception towards CSR initiatives

➤ Lack of consensus on implementing CSR issues

➤ Non-availability of clear CSR guidelines

OUTCOMES OF THE STUDY:

Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include:

Company Benefits

i.   Better performance financially with lowering of cost of operation resulting in better quality and productivity;

ii. Enhanced brand image and reputation;

iii. More sales and increase in customer loyalty with increase in retention rate of employees and building a diverse workforce;

iv. Decrease in government regulations which results in increase in capital access and decrease in liability;

v.   Very beneficial for public in general and communities specifically;

vi. Contribution via charity and volunteering by employees for safety programs which increases safety and quality of life;

vii. Education communities by the business houses helping in their employment and skill enhancement. Also helping in providing homes to homeless.

Benefits to the Community and the General Public

i. Charitable contributions, Employee volunteer programs & Product safety and quality.

ii. Companies involvement in society environment, education, employment and homelessness programs;

Environmental Benefits

i. Greater material reprocess, effective product durability and functionality;

ii. Better use of sustainable resources;

iii.   Integration of environmental management instruments into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labeling.

RECOMMENDATIONS:

In order to crystal gaze the long duration of Corporate Social Responsibility in India and take time bound steps to mainstream it, the recommendations of the survey are firm indications of the prevailing state of affairs within the CSR domain; they correspondingly involve necessary and appropriate steps to be initiated to place CSR on firmer ground. With the keen observation, the next recommendations are listed for serious consideration by all concerned stakeholders for his or her effective operationalization to deepen CSR within the company's core business and to make collaborative relationships and effective networks with all involved. Recommending few focused points- Introducing Awareness; Partnership between Stakeholders; Pooling resources; Intervention in rural Areas; Incentives & Exemptions; CSR As a Subject; Accreditation Mechanism; Pooled Resources; Participatory Approach.

CONCLUSION:

As per United Nations and therefore the European Commission, Corporate Social Responsibility (CSR) results in triple bottom-line: profits, protection of environment and fight for social justice. The great success of Corporate Social Responsibility (CSR) lies in practicing it as a part of a company's development strategy. It is significant for the companies to identify, promote and implement successful policies and practices that achieve triple bottom-line results. At one end of the spectrum, Corporate Social Responsibility (CSR) can be observed simply as a collection of good citizenship activities being engaged by various organizations. At the opposite end, it is often how of doing business that has significant impact on society. For this latter vision to be enacted in India, it'll be necessary to create Corporate Social Responsibility (CSR) into a movement. That is to mention, public and personal organizations will got to close to line standards, share best practices, jointly promote Corporate Social Responsibility (CSR), and pool resources where useful. A key challenge facing business is that the need for more reliable indicators of progress within the field of Corporate Social Responsibility (CSR), alongside the dissemination of Corporate Social Responsibility (CSR) strategies. Transparency and dialogue can help to form a business appear more trustworthy, and push up the standards of other organizations at an equivalent time.

References: -

[1]. Vishwakarma, Vijay. (2019). Corporate Social Responsibility (A Literature Review). Shanlax International Journal of Management. 7. 36-42. 10.34293/management.v7i1.554.

[2]. Bindu Tiwari and Naveen Kumar, "Corporate Social Responsibility Performance about Digitalization of Marketing in India". International Journal of Emerging Research in Management & Technology, vol. 7. No. 4, 2018, pp. 25-29.

[3]. Baluja, Garima (2017), "CSR Practices by Banks: A Comparative Study" International Journal of Engineering Technology, Management and Applied Sciences. Volume 5, Issue 4, ISSN 2349-4476 353.

[4]. ACCSR's State of CSR in Australia Annual Review 2010/11.

[5]. Banerjee PK. Corporate Governance & Business Ethics in the 21st Century. ICFAI Journal of Corporate Governance 2003; III(2).

[6]. Business Line, Business Daily from THE HINDU group of publications, Wednesday, Jun 23, 2010.

[7]. Burke L. Associate Dean and Director, Executive Education, Notre Dame University,

[8]. USA. CREM-Report, nr. 03.650.

[9]. Corporate Social Responsibility Practices in India, Times Foundation, the corporate Social responsibility wing of the Bennett, Coleman & CO. Ltd.

[10]. CSR in India: Some Theory and Practice in Wall Street Journal dated Thursday, April 23, 2009.

[11]. Desirable Corporate Governance: A Code", established in April 1998.

[12]. Dahlsrud A. How Corporate Social Responsibility is defined: An Analysis of 37 Definitions, Published online in Wiley Inter Science.

[13]. Eurasia Bulletin Volume 10 No. 11&12 Nov-December 2006.

[14]. Indian Brand Equity Foundation, www.ibef.org.

[15]. Marrewik MV. Concepts and definitions of CSR and corporate sustainability: Between agency. Journal of Business Ethics; 2003.

[16]. Mohan A. Corporate Citizenship: Perspectives from India. Journal of Corporate Citizenship, Spring 2001; 107-117.

[17]. P. Cappelli, H. Singh, J. Singh, & M. Useem, The India Way, Academy of Management Perspectives, May 2010, page 6-24.

[18]. Sehgal S. Chairman & Founder Institute of Rural Research & Development (IRRAD) Gurgaon.

[19]. Singla,Chief Executive Officer, & Prema Sagar, Founder & Principal, Genesis Public Relations Pvt. Ltd.Trust and Corporate Social responsibility: Lessons from India by Ashwani Urmila M. Corporate Social Responsibility in India.

[20]. www.k4d.org/Health/sustainable-development-challenges-and-csr-activities-in-India.

[21]. http://www.chillibreeze.com/articles_various/CSR-in-India.asp.

[22]. http://www.iisd.org/business/issues.

[23]. http://en.wikipedia.org/wiki/Evolution_of_corporate_social_responsibility_in_India.

[24]. http://www.equal-works.com/resources/contentfiles/5484.pdf.