A Study Regarding Corporate Social Responsibility in India

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ABSTRACT

CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner) environment. But Indian corporate stales "Sustainable development implies optimizing financial position while not depleting social and environment aspects and CSR implies supporting, issues related in children, women and environment" These corporate refer in its definition of CSR to community development. The Objective of this paper is to study about CSR? in This research paper focuses on the finding & reviewing of the issues and challenges faced by CSR activities in India.

Keywords: Corporate Social Responsibility (CSR), Environics International, World Business Council for Sustainable Development (WBCSD).

INTRODUCTION

Corporate Social Responsibility (CSR) is termed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization -- wherever the organization does business -- and includes responsibility for current and past actions as well as future impacts. CSR involves addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders. Effective CSR aims at "achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment."

Presently marketing concept of companies is constantly under the evolution and has given rise to a new concept-Corporate Social Responsibility. Many of the Leading corporations across the world had realized tilt importance of being associated with socially relevant causes as a means of promoting their brands or corporate image. CSR refers to the corporation's obligation to all the stakeholders and a way for a company to do well by doing something different from orthodox practices like sales promotion, corporate philanthropy, corporate sponsorship, Public Relations.

Definition of CSR:

Indian companies and stakeholders give a broader definition of CSR they MNC and stakeholders 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 Ole Indian context it is seen as a large responsibility at corporate, not only by stakeholders but also by the local Indian management.

Mostly 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 society No-table efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others. The 2010 list of Forbes Asia's '48 Heroes of Philanthropy' contains four Indians

Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies

and goals for their CSR programs and set aside budgets to support them. These programs, many cases, are based on a clearly defined social philosophy or are closely aligned with the companies' business expertise.

Problem Background

Much more discussion about corporate social responsibility (CSR) and its applications have taken place in the last decades. In spite of that , it is not possible to say that there is a generally accepted definition of CSR (Dahlsrud, 2006; Whitehouse, 2006). On the contrary, CSR is defined in various ways, from a number of perspectives and aims for different contexts. The most common perception of CSR can be described as the demand of society from companies to take the responsibility of social and ecological consequences of their performance (Morsing & Schultz, 2006; Dunmaz et al., 2011, Hartmann, 2011). One of the most popular definitions about **CSR is related to World Business Council for Sustainable Development (WBCSD),** which continuously has brought up in different articles. It stated CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (1999, 3). Nowadays CSR has become one of the most pressing issues in today's corporate world (Dahlsrud, 2006; Du et al., 2010) and it has gained an increased popularity as a feature of corporate strategies (Mcwilliams & Siegel, 2001; Whitehouse, 2006; Hartmann, 2011) It is also used for building a good corporate reputation via the corporates' wide range of stakeholders (Roberts, 2003) The term corporate reputation "[…] is usually defined in terms of the opinion that those with an merest in the company (stakeholders) hold about the company" (ibid., 160). Stakeholders of a corporation are considered as individuals or parties with 'legitimate interests' with corporations (Donaldson & Preston, 1995) and can mainly be categorized as authorizers, business partners, customer groups and external influencers and then subgroups (Roberts, 2003). Corporations that are committed to CSR activities also have the responsibility to report social, ecological and economic outcomes of their actions to society (Perrini, 2005). Non-financial reporting of CSR responsibility has developed and made CSR reports a more permanent part of a business reporting context (Perrin, 2005) CSR disclosures act as a tool for stating corporations' sustainable behaviours to stakeholders.

There are many challenges and barriers for an organization to address CSR issues since there are embedded conflicts between corporate ethical and economic objectives. Classical economical perspectives offer grounds for interpreting CSR as an inadequate investment or waste of resources for a firm (Friedman, 1970). In several corporations, management still disagrees on how to allocate funds to CSR activities, believing that it would not be related to profit maximization purposes (Chin et al., 2009).

Objectives :

1. To study the issues and challenges faced by CSR in India.

 2. To make suggestions for accelerating CSR initiatives.

Challenges in CSR in India:

Many companies think that corporate social responsibility is a peripheral issue for then business and customer satisfaction more important for them. They think that customer satisfaction is now only about (.rice anti service, but they fail to point out on important changes that are taking place worldwide. The change is 'lamed ea, social responsibility which is an opportunity for the business. It is important for CSR strategies to become central to business strategy and part of the long-term planning process Stakeholders are questioning more on CSR initiatives of the companies today. They are challenging the companies' decisions-making in this direction In India the CSR managers face number of challenges in managing CSR activities. The main problem is of lack of budget allocations followed by lack of support from employees and lack of knowledge, Lack of professionalism is another problem in this regard Absence of training and undeveloped staff are additional problems for reduced CSR initiatives. General Public also do not take enough interest in participating and contributing to CSR activities of companies as they have liyyle or no knowledge about it.

Some of the drivers pushing business towards CSR include:

The Shrinking Role of Government

In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

Demands for Greater Disclosure

There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

Increased Customer Interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

Growing Investor Pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. A separate survey by Environics international revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks.

Competitive Labour Markets

Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

Supplier Relations

Some companies are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation. Dr Ratnam said the concept of CSR had different meanings depending on the stakeholder and that depending on the specific situation of the enterprises expectations can also vary. A CSR project can begin in response to a crisis or adverse publicity that a company may suffer. The motive for launching CSR can vary between Philanthropy or notions of corporate citizenship. The survey conducted by Times of India group involving CSR activities. The survey elicited responses from participating organizations about various challenges facing CSR initiatives in different parts of the country. Responses obtained from the participating organizations have been collated and broadly categorized by the research team. These challenges are listed below:

• Lack of Community Participation in CSR Activities: There is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is just due to little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and in stil confidence in the local communities about such initiatives.

• Need to Build Local Capacities: There is a need for capacity building of the local non-governmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies.

• Non-availability of Clear CSR Guidelines: There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies

• Lack of Consensus on Implementing CSR Issues: There is a lack of consensus amongst local agencies regarding CSR projects. This results in duplication of activities by corporate houses in areas of their intervention. Which results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues.

Suggestions and Recommendations:

Companies can set a network of activities to be taken up in a consortium to tackle major environmental issues. Everyone in the organisation needs to recognise their own role in promoting CSR. Companies should provide wider professional development activities. Training, conferences and seminar s could be organised companies to disseminate and generate new knowledge and information in this sector. A strong budgetary support would surely help to grow this sector and research related to respective industry would enhance then organisation's contribution further. Government regulations which are supporting in this direction could attract more response from organizations . All this would also lead to compulsory CSR activities

• It is found that there is need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective. This awareness can be generated by various stakeholder, media to highlight the good work done by corporate houses in this area . Which will motivate other corporate houses in addressing the issues such. as access to education, health care and livelihood opportunities for a large number of people in India through their innovative CSR practices.

• It is noted that only medium and large corporate houses are involved in CSR activities, that too in selected geographical areas. Reaching out to wider geographical areas, the involvement of small and medium enterprises (SMEs) in the CSR domain will be essential. it is recommended that awareness on CSR issues amongst the general public as well as to involve SMEs to participate more actively in CSR initiatives must be spread.

• It is found that many CSR initiatives and programs are taken up in urban areas and localities. As a result, the impact of such projects does not reach the needy and the poor in the rural areas. While focusing on urban areas, it is recommended that companies should also actively consider their interventions in rural areas on education, health, girl child and child labor as this will directly benefit rural people.

• It is noted that CSR as a subject or discipline should be made compulsory at business schools and in colleges and universities to sensitize students about social and development issues and the role of CSR in India Such an approach will encourage and motivate young minds, prepare them face future development challenges and help them work towards finding more innovative solutions to the concerns of the needy and the poor.

• It is found that companies involved in CSR implement projects in the areas of health, education, environment, livelihood, disaster management and women empowerment, to mention a few. This creates problems and induces a competitive spirit amongst companies.lt is recommended that companies involved in CSR activities urgently consider pooling their efforts into building a national alliance for corporate social responsibility

CONCLUSION

This paper set out to study about corporate social responsibility. The aim was to provide an overview of CSR themes and issues and challenges faced by CSR in India and to makes suggestions that comes out of the problems. The study was followed by outcome of the companies' CSR efforts. Some of the positive benefits that can arise when businesses adopt a policy of social responsibility includes:

• Company Benefits

• Improved financial performance;

• Lower operating costs;

 • Enhanced brand image and reputation;

 • Increased sales and customer loyalty;

• Greater productivity and quality;

• More ability to attract and retain employees;

• Product safety and decreased liability.

• Benefits to the Community and the General Public

• Charitable contributions;

• Employee volunteer programs;

• Corporate involvement in community education, employment and .homelessness programs;

 • Product safety and quality.

• Environmental Benefits

• Greater material recyclability;

• Better product durability and functionality;

• Greater use of renewable resources;

• Integration of environmental management tools into business plans, including liye-cycle assessment and costing, environmental management standards, and eco-labeling.

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