

Corporate Social Responsibility: Challenges in India

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ABSTRACT

The present societal marketing concept of companies is constantly evolving and has given rise to a new concept- Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. As an engine for social progress, CSR helps companies live up to their responsibilities as global citizens and local neighbors in a fast-changing world. A lack of understanding, inadequately trained personnel, coverage, policy etc adds to the problem of effectiveness of CSR programs. Large number of companies are undertaking these activities superficially and promoting highlighting the activities in Media. This paper focuses on CSR and challenges faced by its activities in India. The objective of the study is to understand the challenges in execution of Corporate Social Responsibility and also its Practices and its impact on Business. Research methodology used is Secondary sources like journals, text books, research papers and websites. As per the new Companies Act 2013, corporate social responsibility is emerging as a catalyst in socio economic development of the country. Due to the provisions of corporate social responsibility, it is evolving as a new tool of social development. The practices and initiatives taken by corporate to develop the Indian society is making a robust change and it can be seen around us. The understanding and fulfilling the needs of downtrodden as well as the Indian organizations is very important for creditable performance and growth. With this background, an attempt is made in this paper to comprehend and gain insight into behavior or attitude of companies towards various aspects of social contribution.

Keywords: Corporate social responsibility, CSR initiatives, CSR Challenges

INTRODUCTION

“A company should have in its DNA, a sense to work for the welfare of the community. CSR is an extension of individual sense of social responsibility. Active participation in CSR projects is important for a company” - Ratan Tata.

Corporate social responsibility (CSR), also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance. Corporate social responsibility (CSR) is a highly misunderstood & misinterpreted term in India. Some Indian companies believe that merely complying with laws & regulations fulfills their need for social responsibility. A responsible corporate recognizes that its activities have wider impact on the society in which it operates. Therefore it takes account of the economic, social, environmental & human rights impact of its activities on all stakeholders. Gandhi described large business as ‘trusts’ of the ‘wealth of the people’ and thus emphasized on the larger social purpose that industrial wealth should serve in independent India.

In the early days of the post- independence period, the Indian state under the heavy influence of Nehruvian socialism encouraged private industries to play an active role in the economic and social development of the backward sections of the society, while at the same time setup a mammoth public sector for serving larger societal interests. Although India is a favorable business destination for western investors it is to be tremendously challenging for any business to remain competitive here in the long term. Unless poor people have equity in the growth of economy, India can never achieve the title of super economy. Here comes the critical role of corporations. Corporate social responsibility is one such niche area of corporate behavior & governance that needs to get aggressively addressed & implemented tactfully in the organizations. At the same time CSR is one effective tool that synergizes the efforts of corporate & the social sector agencies towards sustainable growth & development of the societal objectives at large.

Objective of the Study

1. To understand the challenges in execution of Corporate Social Responsibility.
2. Corporate Social Responsibility Practices and its impact on Business.

REVIEW OF LITERATURE

Dr. M. Ramana Kumar (2013) in his study on CSR (Analysis of select Indian Private and Public sector companies) tried to analyse the CSR activities carried out by Indian Private (Reliance Industries Ltd.) and public sector companies (ONGC) and also study the Indian government policies and programmes of CSR. The study revealed that though the Indian public and private firms are making efforts in the CSR areas, still there is a requirement of more emphasis on CSR. The study found that there is a significant difference in the CSR practices of RIL and ONGC as the CSR budget of ONGC is more than RIL during the year 2009-10, 2010-11, and 2011-12 and average CSR score of ONGC is more than that of RIL during 2009 to 2013. Malik, N. (2016) in his study on CSR (CSR in Indian banking industry: study on attempt of HDFC banks). The study revealed that banking Industry in India is giving due importance to the social responsibility & they try to provide all the important areas to be focused like health, education, sanitation.

CSR in India

CSR is not a new concept in India, Corporate like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Several other organizations have been doing their part for society through donations and charity events. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009. „Sustainability in Asia ESG reporting uncovered“ (September 2010) is based on four parameters viz. General, Environment, Social and Governance. In its study based on 56 companies in India, it observed that India is ranked second in country ranking in Asia and is ranked one ranking in general category. It is observed that reporting is strongly followed by companies as well as they seek international development standards.

It could be attributed to the Indian government compelling the public sector companies to provide for community investment and other environmental, social and governance liabilities. A key finding of the survey conducted in June 2008, aimed at understanding of the role of corporations in CSR, carried out by TNS India (a research organization) and the Times Foundation, revealed that over 90 per cent of all major Indian organizations surveyed were involved in CSR activities. Besides the public sector, it was the private sector companies that played dominant role in CSR activities. A study on the CSR activities of 300 corporate houses, conducted by an industry body in June 2009, revealed that Corporate India has spread its CSR activities across 20 states and Union territories, with Maharashtra gaining the most from them. The study also revealed that about 36 per cent of the CSR activities are concentrated in the state, followed by about 12 per cent in Gujarat, 10 per cent in Delhi and 9 per cent in Tamil Nadu. The companies have on an aggregate, identified 26 different themes for their CSR initiatives.

THE NEW INNOVATIONS IN IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY

With the shifting of the corporate social responsibility paradigm to a stakeholder centric approach, practices at the ground level have also undergone a radical transformation. In every aspect of corporate social responsibility measures the last decade has seen corporations innovating to increase efficiency, effectiveness and accountability. The focus has been on initiatives that are people-centric with active community participation at all levels. Further, the corporations themselves have moved away from the charitable initiatives like giving financial grants or sponsorships to providing products and services in a manner that would make a real difference in the target communities. The first perceptible change has been the introduction of a host of innovative programs and schemes in several areas like education, healthcare, rural development, environment protection, protection of artistic and cultural heritage and disaster management that are customized to meet the specific needs of the target group and corporations devote not only financial resources but expertise, manpower, products and services for the successful implementation of these schemes:

Lupin India Ltd

India's third largest manufacturer of pharmaceuticals has started a project for providing sustainable development in 154 villages across Rajasthan. The scheme instead of providing for piece-meal assistance that does not lead to effective alleviation of poverty or adequate development is designed as a holistic action plan that includes an Agricultural Income

Generation Scheme, land cultivation and fruit plantation programs, fodder preservation schemes, sericulture and water-recycling programs, establishment of medical and educational centres, adult literacy programs and credit schemes.

Cipla

Another Indian pharma major has found a novel approach to fulfil its corporate social responsibility obligations by offering to sell a cocktail of three anti-HIV drugs, Stavudine, Lamivudine and Nevirapine, to the Nobel Prize-winning voluntary agency Medicine Sans Frontiers (MSF) at a rate of \$350, and at \$600 per patient per year to other NGOs over the world. This offer has to lead to a significant decrease in the prices of these drugs worldwide increasing the accessibility of these drugs especially in the developing countries.

Ranbaxy

One of India's major pharmaceutical firms operates seven mobile healthcare vans and two urban welfare centres that reach over a lakh people in various parts of northern and central India as part of its corporate social responsibility initiative.

CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY

The survey conducted by Times of India group on CSR used a sample size of 250 companies involved in CSR activities through a method of online administration of questionnaire. The questionnaire was evolved after due diligence including focus group meetings, consultations with key stakeholders and a pilot in four metros. Finally 82 organizations responded to the questionnaire. These comprised 11 public sector undertakings (PSUs), 39 private national agencies and 32 private multinational organizations. The respondent organizations form a satisfactory percentage of 33 per cent of the sample size, given the fact that only those companies that had direct or indirect involvement in CSR activities were chosen to be approached for the survey. 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 largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.
- **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. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.
- **Issues of Transparency:** Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively impacts the process of trust building between companies and local communities, which is a key to the success of any CSR initiative at the local level.
- **Non-availability of Well Organized Non-governmental Organizations:** It is also reported that there is non availability of well organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.
- **Visibility Factor:** The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

- **Narrow Perception towards CSR Initiatives:** Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.
- **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. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.
- **Lack of Consensus on Implementing CSR Issues:** There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

SUGGESTIONS

- CSR, a form of strategic management which could encourage the organisation to scan and think literally about its relationship, which will contribute for long term in the dynamic world.
- CSR is to enhance corporate social objective under areas of net income contribution, Human Resource Contribution, Public Contribution, Environmental Contribution, Product or Service Contribution.
- With the transparency of Social Accounting, it has become at much ease to express social cost and benefits in money terms. Moreover, it is necessary in order to improve the heads of reporting in the context of dynamic socio – economic environment.
- As for the relevance of Carbon finance being evaluated under the Indian context, a major head of CSR is proved to be implemented
- The challenges are now the flexible modules for the CSR to be implemented, directive to its arrangement with the corporate world.

CONCLUSION

Corporate sustainability is an evolving process and not an end. A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time. Hence it will then help to contribute in long term in this dynamic world.

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