Issues and Challenges in Corporate Social Responsibility in India

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ABSTRACT

The idea about Corporate Social Responsibility (CSR) will be on presence since ancient times. The writings of ancient Indian epics have narrated CSR in different forms. Corporate Social Responsibility includes those endeavors benefits of the business associations. Embrace with help their responsibilities both as monetary Furthermore social operators. This article tries to analyze the study of Corporate Social Responsibility (CSR) status in India, and it further provide an insight to what extent companies can follow the Corporate Social Responsibility (CSR). In India, Companies Act 2013 brought an end to the long run discussion on CSR practices by the corporate. The reason for this article is to provide a general summary of the value propositions evident in the research on the business case for Corporate Social Responsibility (CSR). Over a last 30 to 40 years, there has been a steady increase in concern expressed about, and the information produced by small and large organizational set ups in relation to their social and environmental impacts. It has been very well understood by organizations that govt. alone will not be able to succeed in its endeavor to uplift the downtrodden society further compulsion of Corporate Social Responsibility (CSR) has filtered the myth that the ultimate goal is not profit making, rather trust building is viable and assert able with societal relationship and only long term survival mantra for any organization. This article is purely based on the secondary data and tries to focuses on the findings & reviewing of the issues and challenges faced by Indian organizations with respect to Corporate Social Responsibility (CSR).

Keywords: Corporate Social Responsibility (CSR), Social & Environmental developments, Economic growth

I. INTRODUCTION

Corporate social responsibility (CSR) is a form of corporate self-regulation integrated into a business model. It is also called also called corporate conscience, corporate citizenship or responsible business. Corporate social responsibility (CSR) policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms. Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. The importance of CSR emerged considerably in the last decade and is becoming a more and more important activity to businesses nationally and internationally. Over the time, CSR stretched to both social and economic interests and also broadened to cover social as well as economic interests. Companies now become more transparent in accounting and other activities due to pressure from the various interest groups of the society. It is obligatorily for organizations will carry on done moral Furthermore capable way towards the Different enthusiasm bunches of the pop culture Also surroundings. Organizations began incorporating their CSR tasks in their twelve-month reports additionally.
CSR is the gateway for understanding a number of firm-related and societal issues and responding to them as per their business strategy. On the other hand, there is a universal and prominent view on protecting the environment and the various interest groups of the society. As globalization accelerates and large companies serve as global providers and have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe. Budding economies like India have also witnessed a number of firms actively engaged in CSR activities, and the Ministry of Corporate Affairs has also come up with guidelines for firms to follow. In core it is all about structuring sustainable businesses, which require healthy economies, markets and communities. The key drivers for CSR are progressive self-interest, Social investment, transparency, trust and increased public expectations of business.

Finance/money are the life blood of business. Managing business with efficiency is of prime importance. Focus is on running the business with ethical approach, societal approach and profit motive. With the increase in awareness amongst various segments of the society broadly classified as stakeholders about the non–transparent and unethical approach of earning profit, there has been a paradigm shift from wealth maximization and profit to ethics encompassed with wealth and profit.

The history of Corporate Social Responsibility in India has its four phases which run parallel to India's historical development and has resulted in different approaches towards Corporate Social Responsibility. However the phases are not static and the features of each phase may overlap other phases.

Over the last years an increasing number of companies worldwide started promoting their business through Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible.

According to Web “CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.”

According to Mallen Baker “Corporate Social Responsibility is 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.”

The concept of CSR is not new in India. It has found its existence since Vedic times. Various teachings, values and the culture depicted through epics like Bhagwad Gita, Ramayana, Mahabharata along with Vedas, artha shastras etc. focus on the existence of concept of ethics in Indian value system.

II. THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a term describing a company’s obligation to be accountable to all of its stakeholders in all its operations and activities. The concepts of modern Corporate Social Responsibility evolved only lately. On the other hand, the idea has a long history. In both the East and West, it was called social philanthropy. Depending on its nature and context, it was divided into three broad areas. Traditionally, corporate philanthropy aimed at the welfare of the immediate members of the enterprise like staff and employees and their families. This was usually in the form of contributions by visionary business leaders to the establishment of trusts that promoted education, women’s welfare, medical care and so on. Corporate Social
Responsibility is a qualitatively different from the concept of the traditional concepts of corporate philanthropy. It acknowledges the corporation’s debt that the corporation owes to the community within which it operates. It regards the community as an equal stakeholder. It also defines the business corporation’s partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities. Stakeholder, the term includes customers, consumers, governments, regulatory authorities, suppliers, employees & shareholders. Stakeholders represent various segments of the society wherein business is one of the components of society extracting resources and catering to the needs and demands of these groups. The corporate are the explorers and extractors of resources from the society, environment and nature without giving anything in return. Hence the concept of CSR was innovated and introduced.

CSR is a concept whose soul lies in the term ethics. It focuses on rewarding the society and various other stakeholders with direct concern with quality of life in society. The word responsibility implies that business organization has some kind of obligation towards the society in which they function to deal with social problems and contribute more than just economic services.

As per Peter Drucker, the enterprise is an organ of society and its actions have a decisive impact on the social scene. It is thus important for management to realize that it must consider the impact of every business policy and business actions upon society. It has to consider whether the action is likely to promote the public good, to advance the basic belief of society, to contribute to its stability, strength and harmony. Infosys Chairman, Narayana Murthy, defines CSR as Social responsibility is to create maximum shareholder value working under the circumstances where it is fair to all its stakeholders, workers, consumers, the community, Government, and the environment.

Research Methodology:

This Corporate Social Responsibility (CSR) article is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media reports. Looking into the objectives of the study the research design employed for the study is descriptive research design. The involvement of corporate in a community generates trust in front of people which in a positive manner creates the identity in the nation. Corporate Community Involvement is about the impact your company has on the wider community. This research design was adopted to have greater accuracy and in depth analysis of the research study. Secondary data have comprehensively used for the study. Information from different news articles, Books and Web sources are used which are recorded and enumerated.

Review of Literature:

Corporate Social Responsibility (CSR) is now a very common term and most of the corporate houses are trying to give something to help less privileged human beings in India and abroad. Organizations in India have been quite sensible in taking up CSR initiatives and integrating them in their business processes. It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large. There are numerous obstacles which are emerging while considering successful CSR strategies in making a business case for CSR, intricacy in integrating CSR with organizational values and practices, the lack of organizational buy-in and assurance to CSR. Other factor which hinders CSR is the lack of time and financial resources to follow CSR practices are directly
related to the above three. When an organization finds it difficult to make a business case for CSR or its association with core organizational operations, it will be averse to commit and allocate resources or time to such practices. Moreover, these obstacles also point to another set of findings in the report: respondents view CSR more so as a means to manage regulatory impacts, reduce risk, and respond to stakeholders concerns, and to a lesser extent as a strategic source of competitive advantage.

**Current Status of CSR in India**

Companies have specialized Corporate Social Responsibility teams that formulate policies, strategies and goals for their Corporate Social Responsibility programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the main stream business. The programs are put into practice by the employees who are crucial to this process. Corporate Social Responsibility programs ranges from community development to development in education, environment and healthcare etc.

Corporate Social Responsibility (CSR) main aim is to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public spare. Corporate Social Responsibility (CSR) – the corporate belief that a company needs to be responsible for its actions: socially, ethically, and environmentally. CSR has become the need of growing business. Businesses need to be practices their activities to earn a good image. Big corporate like Reliance Industries, Tata Group, Aditya Birla Group, The Coca Cola Company, and Indian Oil Corporation are involved in serving the community. These corporate are fulfilling their responsibilities towards the society.

Many other organizations have been doing their part for the society through donations and charity events. 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, in many cases, are based on a clearly defined social philosophy or are closely aligned with the company’s business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them. CSR Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc.

**Recent Trends in Corporate Social Responsibility:**

Today, CSR is on the agenda of many CEO. Now it is also being considered seriously by on the agenda of governments (national and local), both national and local as well as NGOs’, consumer groups, investors and other actors in civil society. Business organizations across the world are realizing the benefits of adopting socially responsible behavior. Though an organization captivates with its stakeholders effectively, it camwood delight in a solid What's more persisting notoriety in the business sector and group keeping. These perfect still necessities will a chance to be caught on What's more executed done a superior way toward the business segment clinched alongside India. CSR experts blame the lack of trained personnel, non-availability of accurate information and lack of understanding of the necessity, objectives and the benefits for the slow acceptance of CSR in the country. But the present condition seems to be changing as many companies are making the efforts take their CSR beyond ‘planting trees or giving away to charity for the needy’. The trend is to move away from just doing a ‘social good’ to viewing CSR as a business necessity. The corporate social responsibility trend in India is
also undergoing change. As more and more companies realize the importance of addressing social and environmental concerns along with transparent stakeholder engagement, CSR will receive the importance it deserves.

Corporate Social Responsibility (CSR) is not a new concept in India. Corporates 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. 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 make budgetary provisions to support them. These programs, for large portions cases, need aid dependent upon an unmistakably characterized social theory alternately need aid nearly adjusted for those companies’ center benefits of the business finesse. Representatives turned the spine of these activities What’s more volunteer their chance furthermore help their skills, will execute them. CSR projects Might extend from in general improvement of a group keeping on supporting particular reasons such as education, environment, social insurance and so on.

**Issues & Challenges to CSR Initiatives in India**

Corporate Social Responsibility (CSR) initiatives face numerous challenges in India and are often seen as deterrent to even the best-intentioned plans. Those A large portion significant ones need aid portrayed here. A significant number organizations surmise that corporate social obligation is A fringe issue for their business and client fulfillment additional paramount to them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. The progress is named concerning illustration social obligation which will be a chance to the business. Exactly of the drivers pushing benefits of the business towards CSR include:

- **Lack of Community Participation in CSR Activities:** Regularly, the communities who are the intended beneficiaries of a CSR program show less interest which will affect their participation and contribution. Also, next to no exertions need aid constantly settled on spread CSR inside the nearby groups Also instillation certainty in the people. The situation is further aggravated by inadequate communication between the organization and the community at the grassroots level.

- **Need to Build Local Capacities:** There may be a need on Fabricate those capacities of the neighborhood non-governmental associations. Several NGOs are not adequately trained and equipped to operate efficiently and effectively as there is serious dearth of trained and efficient organizations that can 2 Implementing Corporate Social Responsibility in India: Issues and the Beyond 25 effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises efforts to scale CSR initiatives and consequently limits the scope and outcome of a company’s CSR initiatives.

- **The Shrinking Role of Government:** Formerly, 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 developing request for corporate revelation starting with stakeholders, including customers, suppliers, employees, communities, investors, What’s more lobbyist associations.
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.

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 clear impact of getting perceivability and marking exercise often heads huge numbers nongovernmental associations on include themselves over event-based programs; in the process, they often miss crazy around serious grassroots intercessions.

Narrow Perception towards CSR Initiatives: Generally, non-governmental organizations and Government agencies possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. Consequently, 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 may be found that the scale from claiming CSR activities for organizations ought to further bolstering rely on their business extent Furthermore profile. In other words, the greater those companies, the greater may be its CSR project.

Lack of Consensus on Implementing CSR Issues: There is a lack of consensus amongst local agencies regarding CSR project needs and priorities. This result in lack of consensus often results in duplication of activities by corporate houses in their areas of their intervention. The consequence results in unhealthy competitiveness spirit among local implementing agencies, which goes against the necessity to have rather than building collaborative approaches on important issues. This factor limits organization’s abilities to undertake impact assessment of their initiatives from time to time.

Competitive Labor 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:** As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.

### III. CONCLUSION

Corporate social responsibility (CSR) is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. A way challenge confronting benefits of the business may be that necessity for All the more dependable indicators about advancement in the field for CSR, alongside those spread of CSR methodologies. Transparency What’s more dialog might help on aggravate a business show up additional trustworthy, Furthermore push dependent upon the measures from claiming different associations at the same the long run. Presently to India, it will be hard to person sole substance to achieve each change, Concerning illustration those. Gage will be limitless. Huge ventures might no more proceed with on center main on financial performance, without paying. Thoughtfulness regarding what will be going on around them. Hence, those overriding Decision may be that organizations have to make. Develop Furthermore understand that they must act socially aware arrangements.

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