

CSR : ISSUES AND CHALLENGES IN INDIA

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ABSTRACT

The Sanskrit saying 'Atithi Devo Bhav', means—'the one who comes to you for being served, should be taken to be as God', is considered as the highest order of responsibility, be it to individuals or the society. Thus, the phrase Social Responsibility has its roots in Indian context. 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 Companies Act, 1956 is replaced with The Companies Act, 2013 and 'corporate social responsibilities' (CSR) has been made mandatory for a particular class of companies. There has to be an all inclusive growth of the society with the growth of the companies. Perhaps keeping this in mind, Indian law makers brought this law. In this paper CSR practices followed by different companies have been studied to understand the issues and challenges ahead. This paper try to analyze the study of CSR status in India, this can give insight to what extent companies can follow the CSR. The main focuses on the issue and challenges faced by its activities in India.

Key words: Corporate social responsibility, CSR, CSR practices, Mercer report

INTRODUCTION

The importance of CSR emerged significantly in the last decade. Over the time, CSR expanded to include both economic and social interests. Along with this it also broadened to cover economic as well as social interests. Companies have become more transparent in accounting and display public reporting due to pressures from various stakeholders. It is possible for companies to behave in the desired ethical and responsible manner towards consumers, employees, communities, stakeholders and environment. They have started incorporating their CSR initiative in their annual reports.

CSR is an entry point for understanding a number of firm-related and societal issues and responding to them in a firm's business strategy. However, there is a universal and prominent view on protecting the environment and stakeholders' interests. Emerging economies like India have also witnessed a number of firms actively engaged in CSR activities, and the Ministry of Corporate Affairs has come up with voluntary guidelines for firms to follow. Companies in India have quite been proactive in taking up CSR initiatives and integrating them in their business processes

CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

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.

Corporate social responsibility means conducting business in an ethical way and in the interests of the wider community and responding positively to emerging societal priorities and expectations. It is a willingness to act ahead of regulatory confrontation and balancing shareholder interests against the interests of the wider community for becoming a good citizen. The nature and scope of corporate social responsibility has changed over time. The concept of CSR is a relatively new one the phrase has only been in wide use since the 1960s. But, while the economic, legal, ethical, and discretionary expectations placed on organizations may differ, it is probably accurate to say that all societies at all points in time have had some degree of expectation that organizations would act responsibly.

CSR: OPINIONS OF VARIOUS INDIAN CORPORATES

Dr. Abdul Kalam, former President of India (2012): Sustainable development refers to a mode of human development in which resource use aims to meet human needs while preserving the environment so that these needs can be met not only in present, but also for the generations to come.

Azim Premji, Chairman of Wipro limited, (1998): Corporate Social Responsibility aims at fundamental social development. In Indian context, it means an attempt to realize the vision of just, humane and equitable society and where every action, however small, is driven by this larger vision, that is real social action.

Ratan. J. Tata, Chairman, Tata Group: The developing world has two options. The first is to sit back and react when problem arises. The second is to act as a conscious citizen and rise above our vested interest for the sake of future generation, so that the history does not records that we have deprived them of their livelihood.

Narayana Murthy, Infosys Founder (2012): social responsibility is to create maximum shareholder value working under the circumstances, where it is fair to all the stakeholders, workers, consumers, community, government and the environment.

OBJECTIVES OF THE STUDY

- To study the CSR status in India.
- To understand the meaning and various models of CSR.
- To study the policies governing CSR in India.
- To study the issues• & challenges faced by CSR in India.
- To make suggestions for accelerating CSR initiatives.

- To conduct inter-disciplinary and collaborative research and document case studies in thrust areas of CSR dealing with contemporary issues and challenges.

RESEARCH METHODOLOGY

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media reports.

Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study.

Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books and Web were used which were enumerated and recorded.

CSR IN INDIA

In developing economies like India, CSR is seen as part of corporate philanthropy in which corporations augment the social development to support the initiatives of the government. However with time, the scenario of CSR has changed from being philanthropic to being socially responsible to multi stake holders. The period of 1960s and 1970s saw an emergence of CSR activities being inbuilt in corporate philanthropy. (Mohan, 2001). 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. Of these 26 schemes, community welfare tops the list, followed by education, the environment, health, as well as rural development.

CSR INITIATIVES AND GREEN MEASURES

India Inc has joined hands to fine-tune all its activities falling under CSR. For this, it has set up a global platform to showcase all the work done by Indian firms. Confederation of Indian Industry (CII) and the TVS Group collaborated to form the CII-TVS Centre of Excellence for Responsive Corporate Citizenship in 2007. It provides consultancy services and technical assistance on social development and CSR.

According to a National Geographic survey which studied 17,000 consumers in 17 countries, Indians are the most eco-friendly consumers in the world. India topped the Consumer Greendex, where consumers were asked about energy use and conservation, transportation choices, food sources, the relative use of green products versus traditional products, attitudes towards the environment and sustainability and knowledge of environmental issues.

- Reliance Industries and two Tata Group firms—Tata Motors and Tata Steel—are the country's most admired companies for their corporate social responsibility initiatives, according to a Nielsen survey released in May 2009.
- As part of its Corporate Service Corps (CSC) programme, IBM has joined hands with the Tribal Development Department of Gujarat for a development project aimed at upliftment of tribal in the Sasan area of Gir forest.
- The financial services sector is going green in a steady manner. With an eye on preserving energy, companies have started easing the carbon footprint in their offices. The year 2009 witnessed initiatives including application of renewable energy technologies, moving to paperless operations and recognition of environmental standards. Efforts by companies such as HSBC India, Max New York Life and Standard Chartered Bank have ensured that the green movement has kept its momentum by asking their customers to shift to e-statements and e-receipts.
- State-owned Navratna Company, Coal India Ltd (CIL) will invest US\$ 67.5 million in 2010-11 on social and environmental causes.
- Public sector aluminum company NALCO has contributed US\$ 3.23 million for development work in Orissa's Koraput district as part of its Corporate Social Responsibility (CSR).

ISSUES OF CSR

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction more important for 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 change is named as social responsibility which is an opportunity for the business. Some of the drivers pushing business towards CSR include:

1. 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.

2. Demands For Greater Disclosure

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

3. 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.

4. Growing Investor Pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility.

5. 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.

6. 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. DrRatnam 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.

CHALLENGES OF CSR

1. 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.

2. Need to Build Local Capacities:

There is a need for capacity building of the local nongovernmental 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

NOTABLE WORK BY SOME COMPANIES

✓ **Ashok Leyland**

Operates a FunBus in Chennai and New Delhi. This bus, equipped with a hydraulic lift, takes differently abled children and those from orphanages and corporation primary schools on a day's picnic. The company also runs AIDS awareness and prevention programmes in its Hosur factories for about 3.5 lakh drivers.

✓ **Axis Bank**

The Axis Bank Foundation runs Balwadis which are learning places for children living in large urban slum clusters. It also conducts skill development programmes (PREMA and Yuva Parivartan) in motor driving, welding, mobile repairing, tailoring etc, for the youth in backward districts.

✓ **Bharat Petroleum Corporation**

Its rain water harvesting project Boond, in association with the Oil Industries Development Board, selects draught-stricken villages to turn them from „water-scarce to water-positive“. Some of BPCL's other social programmes include adoption of villages, prevention and care for HIV/AIDS and rural health care.

✓ **Hindalco Industries**

Its CSR activities are concentrated in 692 villages and 12 urban slums, where it reaches out to about 26 lakh people. It has constructed check dams, ponds and bore wells to provide safe drinking water. In education, it awards scholarships to students from the rural schools it supports. Its other interests include women's empowerment and health care, in which it treats patients in hospitals, runs medical camps and operates rural mobile medical van services.

✓ **Indian Oil Corporation**

It runs the Indian Oil Foundation (IOF), a non-profit trust, which works for the preservation and promotion of the country's heritage. IOCL also offers 150 sports scholarships every year to promising youngsters. Some of its other initiatives lie in the domains of clean drinking water, education, hospitals and health care.

✓ **Infosys**

The Infosys Science Foundation, set up in 2009, gives away the annual Infosys Prize to honour outstanding achievements in the fields of science and engineering. The company supports causes in health care, culture and rural development. In an interesting initiative undertaken by it, 100 school teachers in Karnataka, who were suffering from arthritis, underwent free surgery as a part of a week-long programme.

✓ **Mahindra & Mahindra**

Nanhi Kali, a programme runs by the KC Mahindra Education Trust, supports education of over 75,000 underprivileged girls. The trust has awarded grants and scholarships to 83,245 students so far. In vocational training, the Mahindra Pride School provides livelihood training to youth from socially and economically disadvantaged communities. M&M also works for causes related to environment, health care, sports and culture.

✓ **Oil & Natural Gas Corporation**

It offers community-based health care services in rural areas through 30 Mobile Medicare Units (MMUs). The ONGC-Eastern Swamp Deer Conservation Project works to protect the rare species of Eastern Swamp Deer at the Kaziranga National Park in Assam. ONGC also supports education and women empowerment.

✓ **Tata Consultancy Services**

Its Computer Based Functional Literacy (CBFL) initiative for providing adult literacy has already benefitted 1.2 lakh people. The programme is available in nine Indian languages. Besides adult education, TCS also works in the areas of skill development, health care and agriculture.

✓ **Tata Steel**

It comes out with the Human Development Index (HDI), a composite index of health, education and income levels, to assess the impact of its work in rural areas. Health care is one of its main concerns. The Tata Steel Rural Development Society aims to improve agricultural productivity and raise farmers standard of living.

FINDINGS

CSR policy functions as a built in self regulating mechanism whereby business monitors and ensures its active participation towards the society. The compliances fulfill the gap realized by the absorption of business benefits. The potential benefits of the business – the scale and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, as a result it is difficult to quantify. Business solutions are often revealed with the smooth functioning of the philanthropic means. The correlation between social performance and financial performance often originates CSR. Corporate Philanthropy a result that creates charitable efforts to improve their competitive context along with the quality of the business environment. CSR moulds in creating a share value with the formula of corporate success with

social welfare. CSR dimensions are formed under the foundation of Human capital, natural capital and the environment. It dimensions involve because of related marketing, promotion, socially responsible business practice, corporate philanthropy and corporate social marketing. The essence of CSR lays on the investing part of the profit beyond business for the larger good of the society. XI. SUGGESTIONS Companies can set a network of activities to be taken up in a consortium to tackle major environmental issues. It would also provide an opportunity to learn from each other. Everyone in the organization needs to recognize their own role in promoting CSR. Companies should provide wider professional development activities. Training, conferences and seminars could be organized by companies to disseminate and generate new knowledge and information in this sector. A strong budgetary support would definitely help to grow this sector and research related to respective industry would enhance their organization's contribution further. Government regulations which are supporting in this direction could attract more response from organizations. All this would also lead to benchmark CSR activities. Companies need to involve their stakeholders in order to build meaningful and long term partnerships which would lead to creating a strong image and brand identity. It is also suggested to review existing policies in order to develop more meaningful visions for the companies and broaden their contributions to reach to local communities. XII. CONCLUSION The concept of corporate social responsibility 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 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.

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