CSR- KEY ISSUES AND CHALLENGES IN INDIA

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Abstract: The purpose of 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 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). We would try to through light on Corporate Social Responsibility (CSR) of Indian organizations which would be helpful for both economic and social interest.

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) compulsion of CSR, Social & Environmental developments, Economic growth.

Introduction

The significance of CSR emerged considerably in the last decade and is becoming an increasingly 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 mandatory for companies to behave in ethical and responsible manner towards the various interest groups of the society and environment. Companies started incorporating their CSR projects in their annual reports also.

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.

Objectives:

The main objectives of this study are to study the status of CSR in India and the issues and challenges faced by CSR in India.

Research Methodology:

This research paper 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. 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:

There are many 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.

McWilliams (2002) states that, CSR strategies, when backed by political framework & strategies can be used to develop strong firm with long-term competitive benefits.

According to Baron (2001) the use of CSR to attract socially responsible consumers is referred to as strategic CSR, in the sense that firms provide a public good in conjunction with their marketing/business strategy.

Current Status of CSR in India

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 practicise their activities to earn a good image. Big corporates like Reliance Industries, Tata Group, Aditya Birla Group, The Coca Cola Company, and Indian Oil Corporation are involved in serving the community. These corporates 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 companies" 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.

Best practices followed by Indian Companies related to CSR are as follows:

▪   **ONGC and Indian Oil Corporation**

-        ONGC and Indian Oil Corporation has been spending 0.75-1 % of their net profits on CSR activities. In 2007-08 Rs. 246.70 crores was spent by oil PSUs on CSR activities. ONGC"s CSR projects focus on higher education, grant of scholarship and aid to deserving young pupils of less privileged sections of society, facilities for constructing schools etc.

▪   **SAIL**

-        SAIL has taken successful actions in environment conservation, health and medical care, education, women upliftment providing drinking water.

- ▪ **BHEL & Indian Airlines**

- **-** BHEL & Indian Airlines have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants. APJRBM Volume 2, Issue 1 (JANUARY 2011) ISSN 2229-4104

- ▪ **The Coca Cola Company**

- Coca Cola and NDTV engaged in "Support my school"

- The Coca-Cola Company Expands 5by20 Women's Economic Empowerment Initiative.

Under this program, The Coca-Cola Company today announced strong progress toward its goal to enable the economic empowerment of 5 million women entrepreneurs across the Coca-Cola value chain by 2020. The initiative, known as 5by20, is expanding beyond its pilot programs in four countries to launch and scale programs across a total of 12 countries: Brazil, China, Costa Rica, Egypt, Haiti, India, Kenya, Mexico, Nigeria, the Philippines, South Africa and Thailand. 5by20 is on track to reach 300,000 women by the end of 2012.

By providing access to business skills, financial services, assets and support networks of peers and mentors, 5by20 is helping women succeed as entrepreneurs, while also creating thriving, sustainable communities.

- Coca-Cola Announces Long-Term Partnership with DEKA R&D To Help Bring Clean Water To Communities In Need.

- Coca-Cola India Partners With Rotary International Against Polio

- Coca-Cola Helps Improve Lives of African Women and Girls

- The Coca-Cola Company Joins (RED) to Help Eliminate AIDS

- ▪ **Reliance Industries**

- Reliance Industries initiated a project named as " Project- Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker sections of the society. This project has brightened up the lives of over 5000 people so far.

- Reliance Power in its continuous efforts to positively impact the society, especially the areas around its sites and offices, has formulated policies for social development that are based on the following guiding principles:

Adopt an approach that aims at achieving a greater balance between social development and economic development.

Adopt new measures to accelerate and ensure the basic needs of all people.

Work towards elimination of all barriers for the social inclusion of disadvantaged groups- such as the poor and the disabled

Give unfailing attention to children for in their hands lies the country's future. It is for their sake that health, education and environment get topmost priority in our programmes and investments.

Health

At its various project sites, Reliance Power sites runs medical facility center, physiotherapy center, and mobile medical vans that dispenses free medicines and provide free health check-ups. Also periodically we come up with health camps like general health check up camps, gynecology camps, eye check up camps and corrective surgery camps for disabled children.

Education

Reliance Power is involved in a surfeit of activities that have changed the lives of the people residing at the sites or the PAFs (Project Affected Families).Education is the main thrust of these activities. Major contributions made in the area include building of a DAV school at the site for the children of the PAFs and the children of the villages around the sites, free school bus facility for the students, stipend to every child who attends school (a boy child gets Rs. 250 per month while a girl child gets a stipend of Rs. 300 per month), free uniforms, study tours for children, teaching aids to the teachers, training of teachers, as well as night schools for uneducated adults etc.

Employment

Reliance Power invests significantly in skill up gradation of people of local communities.

The trained manpower available for construction will ensure quality and accident free working. CIDC, a Government of India initiative has been engaged and has trained about 300 project affected youths as electricians, welders, carpenters and masons and bar benders in batches of 40 each. To further encourage them we paid them, a monthly stipend of Rs.1000 per month. In addition efforts are on to enroll the oustees in short term courses at the ITI operating in the region. Apart from these, training is also provided are:

- Computer coaching centre

- English speaking classes

- Personality development classes

- Physiotherapy training center

- Training by NAC **(National Academy of Construction)** and use them for future

requirement of the construction. For the women folk of the villages, in an effort to empower them the company trains them in soft skills like tailoring and poultry farming etc. Reliance Power provides assistance to women keen on starting their own businesses.

The Human Touch beyond policy imperatives

Although the main thrust of Reliance Power's CSR lies in providing quality education, health care and livelihood, we don't restrict ourselves to it. In order to better lives around our areas of interest and business, we strive to provide basic amenities like electrification in the villages, augmentation and development of roads connecting the village to the main roads, old age support for senior citizens of the project affect families, development of the grazing lands for the cattle of the villagers, a forestation and veterinary camps for domestic cattle. Moral and financial support is extended during social occasions like marriages, community prayers, funerals and other such occasions.

▪ **Mahindra & Mahindra**

- Mahindra & Mahindra launched a unique kind of ESOPs- Employee Social   Option in order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.

▪ **GlaxoSmithKline Pharmaceuticals**

- GlaxoSmithKline Pharmaceuticals "CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.

▪ **Bajaj Electricals Ltd.**

- Bajaj Electricals Ltd. corporate social responsibility activities include Education, Rural Development & Environment.

Issues and Challenges of CSR:

There are number of challenges to the implementation of CSR. They are enumerated below:

• **Lack Of Awareness Of General Public In CSR Activities** There is a lack of interest of the general public in participating and contributing to CSR activities of companies. This is because of the fact that there exists little or no knowledge about CSR. The situation is further aggravated by a lack of communication between the companies involved in CSR and the general public at the grassroots.

• **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 organisations 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 challenge for the corporate as there exists lack of transparency on the part of the small companies as they do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilization of funds. This negatively impacts the process of trust building among the companies which is a key to the success of any CSR initiative.

• **Non-Availability Of Well Organized Non-Governmental Organizations** 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.

• **Visibility Factor** The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many non-governmental organizations to involve themselves in event-based programmes; 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 as donor-driven. As a result, corporates 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. The scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the larger its CSR programme.

• **Lack Of Consensus On Implementing CSR Issues** There is a lack of consensus amongst implementing 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 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.

Conclusion

As society is getting more concerned about the working policies of the companies. Society expectations are increasing towards the social development by the companies. So, it has become necessary for the companies to practice social responsibilities to enhance their image in the society. Even though companies are taking serious efforts for the sustained development, some critics still are questioning the concept of CSR. There are people who claim that Corporate Social Responsibility underlies some ulterior motives while others consider it as a myth. The reality is that CSR is not a tactic for brand building; however, it creates an internal brand among its employees. Indulging into activities that help society in one way or the other only adds to the goodwill of a company. Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given back; thus wealth is meant for use by self and the public; the basic motive behind all types of business is to quench the hunger of the mankind as a whole; the fundamental objective of all business is only to help people. CSR cannot be an additional extra - it must run into the core of every business" ethics, and its treatment of employees and customers. Thus, CSR is becoming a fast-developing and increasingly competitive field. The case for demonstrating corporate responsibility is getting stronger as expectations among key opinion formers, customers and the public are increasing. Being a good corporate citizen is increasingly crucial for commercial success and the key lies in matching public expectations and priorities, and in communicating involvement and achievements widely and effectively.

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