

“CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA”

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Abstract-Corporate social responsibility has become the need of the growing business because the success of an enterprise in today's world is directly proportional to the enterprise's give way to society and surrounding community in which it operate. Big companies like Tata Birla group, Reliance, Indian oil corporation, Infosys etc. are spending 2 per-cent as per norms and they have structured and planned approach but several companies spread their CSR funds very thinly across many activities. We believe that there is some problem with the understanding of the definition of CSR and the lack of motivation and direction among the companies needs to be addressed on priority basis. In this paper we have discussed the challenges of CSR practices and have attempted to offer viable and meaningful suggestions to the problem.

I. INTRODUCTION

Corporate social responsibility is not a new concept in india. Ever since their inception large corporate houses in india have been evolved in serving the community through donations and charity events, many other organisations have been doing their part for the society. The basic objective of corporate social responsibility is to maximize the company's overall impact on the society and stakeholders. CSR policies, practices and programmes are being comprehensively integrated by increasing number of companies such as Bharat Petroleum Ltd. Maruti Suzuki India limited and Hindustan Unilever limited, Mahindra and Mahindra, Infosys etc.

Corporate social responsibility refers the way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environment in which they operate. According to Infosys founder Narayan Murthy “ Social responsibility is to create maximum shareholders value working under the circumstances where it is fair to all its stakeholders, workers, consumers, the community, the government and the environment.

Review of Literature

Mc William (2002) stated that, CSR strategies, when backed by political framework and strategies can be used to develop strong firm with long term competitive benefits.

Baron (2001) highlighted that 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. Objectives:

1. To study the CSR status in India.
2. To study the challenges faced by CSR in India.
3. To make suggestions for accelerating CSR activities.

A) Status of CSR in India

From 1st april 2014, the Government of India implemented new CSR guidelines regarding companies to spend 2 percent of their net profits on social development having (a) net worth of rupees 500 crore or more (b) turnover of rupees 1000 crore or more (c) net profits of rupees 5 crore or more.

The companies are required to spend in every financial year at least 2 percent of average net profit of the company made during three immediately preceding financial years in pursuance of its CSR policy.

An online survey on 250 companies involves in CSR activities

Conducted by Times of India indicates that only 82 companies responded to the questionnaire and rest not. These comprised 11 public sector undertakings 39 private national agencies and 32 multinational organisations. It reveals that rest are not taking adequate interest in CSR activities.

II. CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY

Only PSUs and few organisations are spending on CSR. Rest are not taking adequate interest in CSR activities and those which undertake them failed to disclose it to the society.

The following are the reasons for not applying CSR:

A) Lack of community participation in CSR activities
There is a lack of interest of community participating and contributing to CSR activities of companies. This is due to little or no knowledge about CSR activities within the local communities, as no efforts have been made to spread awareness about CSR. The situation is further aggravated by a lack of communication between the company and the community at the grass root level.

B) Lack of transparency: This is one of the key issue brought forth by the society. There is an expression by

the companies that there exist lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programmes, audit issues and impact assessment and utilization of funds.

C) Non availability of well-organised NGOs: There is non availability of well organised NGOs in remote and rural areas that can assess and identify the real needs of the community and work along with companies to ensure successful implementation of CSR activities of companies.

D) 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 ongoing CSR initiatives of companies

E) Narrow perception towards CSR initiatives: NGO and government agencies usually possess a narrow outlook towards 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 activity at all in medium and long run.

F) Lack of consensus on implementing CSR issues: There is lack of consensus among 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 competitive spirit between local implementing agencies rather than building collaborative approaches on issues.

III. SUGGESTIONS

In order to overcome the challenges of CSR, awareness should be created amongst the public about the CSR initiatives and should set a network of activities to tackle this issue. It would provide an opportunity to learn from each other. Everyone in the organization should recognize their role in promoting CSR.

Training, conferences and seminars should be organized by the 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.

Companies should involve their stakeholders to build long term partnership which would lead to creating a strong image and brand identity.

Generally CSR initiatives and programs are taken up in urban areas and locality. Due to this the impact of CSR doesn't reach the needy and poor in rural areas and they suffer from want of basic facilities and services. Companies should also consider that more than 70 per-cent people still reside in rural areas.

Finally, CSR as a subject should be made compulsory at business schools, colleges and universities to sensitize students about social and development issues and role of CSR. The concept of CSR is now rooted in on the global business agenda, but in order to move from theory to concrete action many obstacles need to be removed.

IV. CONCLUSION

Corporate social responsibility is an endless process. The new guidelines issued by the government regarding CSR is a good initiative on the part of the government. Across the globe, the concept of CSR has been accepted as an element for success and survival of the business along with fulfilling social objectives. However the challenges for the companies are to determine a strong and innovative CSR strategy, which would deliver high performance in ethical, environmental and social areas and meet all the stakeholder's objectives.

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