

## CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN INDIA - DISTRESSES AND DISPUTES IN THE CURRENT SCENARIO

MANJULA R IYER

**Abstract:** Corporate social responsibility (CSR) involves Corporations, States, International Organizations and Civil Society Organizations. In the present era it has emerged as a global trend. The various concerns regarding CSR includes: what CSR stands for, what the trend really is, where it comes from, where it is heading and who the leading actors are. And these issues are still far from clear. In India many Business Corporates are practicing the Corporate Social Responsibility (CSR) for decades, long before CSR become a popular basis. In spite of having such good glorious examples; In India CSR is in a very much budding stage. A lack of understanding, inadequately trained personnel, coverage, policy etc. further adds to the reach and effectiveness of CSR programs. Large no. of companies are undertaking these activities superficially and promoting/ highlighting the activities in Media. This research paper mainly focuses on the finding and reviewing of the distresses/disputes faced by CSR activities in India.

**Keywords:** CSR, Corporate Social Responsibility, Societal Marketing

**Introduction:** In a societal structure, we have many stakeholders, one amongst them are Corporate Houses. They are meaningfully contributing from their kitty which impact their internal stakeholders and also openhandedly support societal initiatives. In India, there are many instances where corporate have played a dominant position in addressing issues of education, health, environment and livelihoods through their corporate social responsibility interventions across the country. As per United Nations and the European Commission, Corporate Social Responsibility (CSR) leads to triple bottom-line: profits, protection of environment and fight for social justice. It is expected that Civil society, activist groups, Government and corporate sectors should work jointly to create appropriate means and avenues for the marginalized and bring them to the mainstream. The hit of CSR lies in practicing it as a core part of a company's development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices that achieve triple bottom-line results.<sup>1</sup>

At one end of the spectrum, CSR can be viewed just as a collection of good citizenship activities being engaged by various organizations. At the other end, it can be a way of doing business that has significant impact on society. For this latter vision to be enacted in India, it will be essential to build CSR into a group. A new drift has started in Corporate is the firm of special committees within the board of directors to oversee CSR activities. Groups of corporate are being encouraged to come together to promote CSR. In 2015, Europe created the European Alliance for CSR. It currently consists of 170 multinational corporate houses and 95 national partner organizations and has become a unique resource for building capability in CSR.<sup>2</sup>

**Objectives:** The Present paper is basically concerned with the following objectives.

1. To study the distresses and disputes for CSR in India.
2. Give recommendations for these issues.

**Research Methodology:** 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.

**Distresses and Disputes:** 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 has 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, employees, communities, investors, and 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.
- 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

A CSR project can begin in response to a crisis or adverse publicity that a company may suffer. The motive for launching CSR can vary between philanthropy or notions of corporate citizenship. In India, over time, the expectations of the public has grown enormously with demands focusing on poverty alleviation, tackling unemployment, fighting inequality or forcing companies to take affirmative action. These disputes are listed below:

- 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 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.
- 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, 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.
- 5) 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.
- 6) Lack of Consensus on Implementing CSR Issues: There is a lack of consensus amongst local agencies regarding CSR projects. 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.

**Recommendations:** In order to crystal gaze the future of CSR in India and take time bound steps to mainstream it, the Recommendations of the survey are firm indications of the existing state of affairs in the CSR domain; they correspondingly call for necessary and appropriate steps to be initiated to put CSR on firmer ground. Keeping in view the broad results of the survey, the following recommendations are listed.

- It is found that there is a need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective. This awareness generation can be taken up by various stakeholders including the media to highlight the good work done by corporate houses in this area. This will bring about effective changes in the approach and attitude of the public towards CSR initiatives undertaken by corporate houses. Thus, the social justice agenda of the day would be fulfilled more meaningfully.
- It is noted that partnerships between all stakeholders including the private sector,

employees, local communities, the Government and society in general are either not effective or not effectively operational at the grassroots level in the CSR domain. This scenario often creates barriers in implementing CSR initiatives. It is recommended that appropriate steps be undertaken to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR initiatives. As a result, a long term and sustainable perspective on CSR activities should be built into the existing and future strategies of all stakeholders involved in CSR initiatives.

- It is noted that only medium and large corporate houses are involved in CSR activities, that too in selected geographical areas. This issue builds a case for more companies to be brought under the CSR domain. To address the issue of reaching out to wider geographical areas, the involvement of small and medium enterprises (SMEs) in the CSR domain will be essential. It is recommended that a campaign should be launched to both spread awareness on CSR issues amongst the general public as well as to involve SMEs to participate more actively in CSR initiatives. This will help CSR reach out to other locations and cover a large number of communities and help companies play a valuable role in addressing various social and development issues. This approach will help CSR get ingrained into the DNA of core business activities of companies.
- It is noted that CSR as a subject or discipline should be made compulsory at business schools and in colleges and universities to sensitize students about social and development issues and the role of CSR in helping corporate houses strike a judicious balance between their business and societal concerns. Such an approach will encourage and motivate young minds, prepare them face future development challenges and help them work towards finding more innovative solutions to the concerns of the needy and the poor. It is recommended that involvement of professionals from the corporate sector, nongovernmental organizations and business

schools would be key in ensuring youth participation in civic issues.

- It is found that there are approximately 250 corporate houses in the country that are directly involved in various CSR initiatives. These companies continue to decide their own projects depending on a number of parameters. These efforts are driven purely by the company's operational perspectives and ease of implementation of their CSR projects. As there are a number of companies involved in CSR activities, it is recommended that an accreditation mechanism should be put in place for companies through an independent agency for mainstreaming and institutionalizing CSR in the main business framework of the companies.
- It is found that companies involved in CSR implement projects in the areas of health, education, environment, livelihood, disaster management and women empowerment, to mention a few. In many such contexts, it's noticed that companies end up duplicating each others' efforts on similar projects in the same geographical locations.

**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. Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility which include company benefits like Improved financial act; Lower operating costs; Enhanced brand image and reputation; Increased sales and customer loyalty; Greater productivity and quality; More ability to attract and retain employees;

Employee volunteer programs; Greater material recyclability; Better product durability and functionality and Integration of environmental management tools into business plans, including life-cycle assessment and costing.

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Prof. Manjula R Iyer

H.O.D. and Ph.D. Research Scholar, Dept. of Commerce (Self Financing)

Bharata Mata College, Seaport Airport Road, Thrikkakara , Ernakulam District - 682 021, Kerala.