
CORPORATE SOCIAL RESPONSIBILITY: CHALLENGES AND ISSUES

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ABSTRACT

The concept of corporate social responsibility is not new to our country i.e. India and it becomes a hot flavour of discussion. Since the inception of Indian business, the corporate houses such as Tata Group, Reliance Group, Aditya Birla Group, Bharti Airtel Limited and other business houses have been involved in serving the society. The present study is descriptive in nature and based on the secondary data. The main focus of present study is to reveal the challenges and issues in the field of corporate social responsibility in India. The India becomes one of the pioneer nation to make CSR mandatory for the business organisations to spend specific amount on CSR activities for the welfare of Indian society.

Key Words: Corporate Social Responsibility (CSR), Challenges, Issues, Business Houses, Corporate Houses, Companies Act, 2013.

INTRODUCTION

Business is not an end itself; it is only a means to achieve an end. That end is man himself. Therefore business has to contribute to man's happiness; his freedom; his moral and spiritual growth. During ancient time the objective of business firms was exclusively economic but in modern times the social involvement has increased manifolds. This is the main reason that the concept of social responsibility is becoming more popular and important to the corporate, irrespective of the size, no business house can ignore this.

Business organisations operate within the society. They are integral part of the society. So, these are governed and managed by people who are the part of society. It is imperative on the part of business organisation that it makes use of societal resources as per the set norms, rules and procedures. While making use of these resources, it must take into consideration that these are used for maximize societal welfare. The business firms are a multi-party system as each party has different objectives to realise from the business. The stakeholder's interests are to be met by the business.

Business depends upon society for needed inputs such as men, money, skills and market. It is fully based upon society for existence, sustenance and encouragement. Because of this, business has definite responsibility towards society known as Social responsibility.

CORPORATE SOCIAL RESPONSIBILITY: AN OVERVIEW

Social responsibility of business means the obligation of business enterprises to make decision and follow lines of action which are desirable in terms of the objectives and values of society. These decisions may affect environment, consumers and the community.

The corporate social responsibility or social responsibility of business also known as corporate conscience, corporate citizenship, social performance or sustainable responsible business is a form of corporate self-regulation integrated into a business model. Corporate social responsibility policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of law, ethical standards and international norms.

It is a process with the aim 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.

Thus, social responsibility is an obligation of decision-makers to take actions which protect and improve the welfare of society as a whole along with their own interests.

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

The concept of corporate social responsibility is not new to our country and becomes the hot topic in the Indian business scenario. Since the inception of Indian business, the corporate houses such as Tata Group, Aditya Birla Group, Reliance Group, Bharti Airtel Limited and other corporations have been involved in serving the society. By the way of donations, charity and other means these corporates have been doing their social duties for the community. The main aim of corporate social responsibility in the present time is to maximise the overall impact on the community and its stakeholders as well.

India becomes one of the pioneer Nation in the world to make corporate social responsibility mandatory to all the companies with turnover of Rs. 1,000 crore and more or a net worth of Rs. 500 and more or net profit of Rs. 5 crore and more, shall have to spend at least two percent of their past three-year average profit every year.

This comes under the Schedule VII of the Companies Act, 2013 and the activities specified are as under: -

- Eradicating hunger and poverty
- Promotion of education
- Promoting gender equality and empowering women
- Reducing child mortality and improving maternal health
- Combating AIDS/HIV, malaria and other diseases
- Ensuring environmental sustainability
- Employment enhancing vocational skills
- Enhancing social business projects
- Contributing funds for socio-economic development and welfare of SC/ST/OBC/s minorities and women.

Now, the corporates have to spend such fund in a structural manner. The old way of writing a cheque for the religious cause or an activity that benefits their own workers will not be considered as corporate social responsibility. It is estimated that registered Indian companies spend more than Rs. 83.45 billion on corporate social responsibility activities such as education, skill development, social welfare, healthcare and environmental conservation.

REVIEW OF LITERATURE

During the last three decades the subject of corporate social responsibility has attracted the attention of academicians, practitioners, researchers and policy makers. In this section attempt has been made to review the studies undertaken in this area over a period of time.

Kumar and Kaushal (2013) in their study, "Ethics and CSR: A Study of Satluj Jal Vidyut Nigam Limited Shimla in Himachal Pradesh" suggested that a socially responsible business provides goods and services in line with society's values. Business exhibits corporate social responsibility through their ethics, values and the contributions, they made for their communities and also revealed that corporate social responsibility practices in SJVN have real existence.

Kaushal and Kumar (2015) in their research, "CSR: A Study of ACC Gagal Limited, Barmana, Bilaspur" showed that awareness level of the local affected community regarding corporate social responsibility initiatives is very high and they are taking the benefits of these initiatives as offered by the company for the welfare and development of the local affected community.

Kaushal (2017) in the research, "Corporate Social Responsibility: A Survey of Cement Corporation of India, Rajban, Sirmaur" revealed that the company has undertaken various CSR initiatives for the welfare of the society. The initiatives include immediate

attention on the deadly disease like HIV/AIDS, cancer and microbial infections etc., women upliftment, charitable activities, generating employment and others. These initiatives help in creating and establishing a relationship of loyalty and trust with customers and community in which business exists.

OBJECTIVES OF THE STUDY

The following the objectives: -

1. To study the concept of corporate social responsibility in general.
2. To study the issues and challenges for corporate social responsibility in India.
3. To suggest the measures to implement corporate social responsibility in India.

RESEARCH METHODOLOGY

By taking into consideration the objectives of the study the research design employed for the present research is of descriptive type. The study is descriptive in nature and based on secondary data. The secondary data for the purpose of present study was collected from various books, journals, articles, newspapers and websites. It is done to have a greater accuracy and in depth analysis of the research study.

FINDINGS

The main findings of the study is to reveal the challenges and issues in the area of corporate social responsibility in India and to study the concept of corporate social responsibility in general by taking into consideration the Indian scenario. Schedule VII of the Companies Act, 2013 has listed out various corporate social responsibility activities and suggested communities to be the focal point. The Government of India made it mandatory for the business organisations to spend specific amount on corporate social responsibility activities for the welfare of Indian community. But, it is not very easy to implement such things in a diversified country like India.

The following are the challenges and issues faced by Indian corporate houses while undertaking such corporate social responsibility activities: -

1. **Restructuring:** - It involves two areas such as management of change and strategic decision-making. These make it possible through in house training of personnel and other actions taken prior to a reduction in the workforce to adopt socially responsible courses of action and hence minimize the social costs caused by adaption to market realities. The second area in all the countries is how to handle situations which arise when anticipation did not take place. Restructuring has an effect on both internal as well as external environment of the company owing to its impact on employment and the strength of the local community. The restructuring can be handled by intensifying the dialogue between the various actors and extending the responsibility of the company over a period of time.
2. **Sub-Contracting:** - This issue is increasingly complex due to the multiplicity of forms it currently takes in the business relationships both within and between the companies, it appeared essential in the present time to incorporate the new realities that result in very dynamic borders for companies. This issue is of greater importance in corporate social responsibility, basically in terms of the job quality and working conditions of employees of sub-contacting companies.
3. **Local Community:** - The business organisations have their impact on the communities they are operating. This is mainly in terms of employment and production, which might involve sourcing from local suppliers and selling to customers in the local communities. According to people involvement of the company in local community has been practiced since a long time, which is taken as philanthropic activity. It shows their concern for the local communities. But unfortunately, there is a lack of interest of the local community in participating and contributing to corporate social responsibility activities of companies. The reason behind this is there exist little or no knowledge about corporate social responsibility among local communities

because no serious efforts have been made to disseminate awareness about corporate social responsibility and create confidence in the local communities about such initiatives. The situation becomes more problematic due to lack of communication between the organisation and the community at ground level.

4. **Need to Build Local Capacities:** - There is need for capacity building of the local Non-Governmental Organisations as there is serious scarcity of trained and efficient organisations that can effectively contribute to the ongoing corporate social responsibility activities undertaken by companies. This limits the scope of corporate social responsibility activities.
5. **Increased Customer Interest:** - The ethical conduct of business organisations has a positive influence on the purchasing decisions of customers. The survey done by Environics International showed that more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.
6. **Growing Investor Pressure:** - Investors are changing the way they assess business organisations performance and are making decisions based on criteria that include ethical concerns.
7. **Competitive Labour markets:** - Employees are increasingly looking beyond pay checks and benefits and seeking out employers whose philosophies and operating practices match their own principles. To retain talent and hire skilled and experienced employees, companies are forced to improve working environment and conditions.
8. **Lack of Transparency:** - It is one of the major challenges for the companies undertaking CSR initiatives. 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 utilisation of funds. This has a negative impact on 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.
9. **Non-availability of well Organised NGOs:** - There is absence of well organised NGOs in remote and rural areas that can access and identify real needs of the community and work along with companies to ensure successful implementations 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.

MEASURES AND RECOMMENDATIONS

The measures or remedies undertaken to overcome challenges and issues that are faced by the business organisations while initiating CSR activities for the development and growth of local communities in the areas, where these organisations are operating. These are as follows: -

- There is a need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective.
- Promoting a CSR friendly environment enable the various actors to play their roles, promoting the internal and external aspects of CSR are the different ways by which it can be made successful.
- Only medium and large business houses are involved in CSR activities, but in limited geographical areas. So, there is need to brought more companies under the CSR umbrella.
- The corporate houses and NGOs should build such path that both work in coordination and collaboration to implement best CSR practices. So that they reach out to more and more beneficiaries.
- The CSR initiatives and programs are undertaken in urban areas and localities only. Thus, the benefit of such initiatives does not reach to the needy and poor in the rural areas.

Thus, it is recommended that

- The companies should actively consider their interventions in rural areas on education, health, infrastructural development, reforestation, women upliftment, protection of girl child as this will directly benefit rural people.
- Government should consider rewarding and recognizing corporate houses and their partner NGOs, implementing projects and schemes that effectively cover the underprivileged and needy one.
- CSR as a subject or discipline should be made compulsory at business schools, in colleges and universities to make students aware about social and development issues.

CONCLUSION

The concept of CSR is now becomes an important and hot flavour at the global business level. But in order to move from theory to concrete thing many obstacles have to be overcome. To make CSR more reliable the CSR strategies must be properly implemented and disseminated.

The favourable outcomes after business adopt the policy of social responsibility includes: -

Benefits for Business Houses

- Better Financial Performance
- Reduced Brand Image
- Enhanced Reputation
- Increased Sales
- Customer Loyalty
- Higher Productivity and Better Quality
- Standardised Product
- More ability to attract and retain customers

Benefits to Local Community

- Donations
- Charitable Contributions
- Corporate involvement in various developmental schemes and programs such as community education, employment generation, infrastructural development, health and sanitation, women upliftment and empowerment and other welfare aspects.
- Product safety and Standardized Quality Product

Environmental Benefits

- Recyclability of Material
- Waste Management
- Product Durability and Functionality
- More Use of Renewable Resources

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