



CORPORATE SOCIAL RESPONSIBILITY : ISSUES AND CHALLENGES

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ABSTRACT

This study is designed to address the current status of Corporate Social Responsibility and its usage. A very few corporate houses are dedicated and practicing the CSR as they are dictated by the very basis of their existence. It is observed that many companies are promoting their CSR activities and uses it as tool for Marketing. 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. This effort will also motivate other corporate houses to join the league and play an effective role in addressing issues such as access to education, health care and livelihood opportunities for large number of people in India through their innovative CSR practices. Thus, the social justice agenda of the day would be fulfilled more meaningfully. This paper has elaborated the conceptual framework towards CSR and its issues and challenges, the study also highlighted some of the Notable efforts made by the corporate with varied reasons.

KEYWORDS: Corporate Social Responsibility, Companies, Corporate houses, Stakeholders, Opportunities, Education, Efforts, Public, Social Justice.

INTRODUCTION:

Corporate Social Responsibility (CSR) means responsibility of Corporate to contribute for the development of welfare of the society through contributing out of certain profit earned by the organizations to sustain the balance among Economic, Environmental and Social Imperatives in the country. CSR is in practice from the decades since from 1850 started in the form of charity and philanthropy by few merchants for the betterment of the society. Later in Mahatma Gandhi period introduced trusteeship concept wherein wealthy people creating a trust and were conducting activities for the development of the society through contributing certain portion of their wealth.

During 1960-80 in India there was Mixed Economy due to emergent of public Sector Undertakings were formed and the owner for the sectors was government. This period brought a strong platform for the CSR due the evolution of framing laws for labour environmental standard to protect. From 1980 to at present vast change took place due to the Globalization and Economic Liberalization. The importance of CSR was realized, for the welfare of the country plays a vital role and many developed countries like U.S are following from many decades. Hence, India took a decision to make it mandatory under law each and every public as well private concern should contribute for the development of the society. Under New Company Law 2013 made mandatory to implement CSR in Corporate.

Corporate Governance processes presently in convention are designed with a view to serve the shareholders and protect them from managerial excesses. However, this premise is turned on its head when companies are run by a dominant shareholders or group. A corporate governance regime which involves strengthening boards processes alone would be rather irrelevant to solve the problems of governance abuses by dominant shareholders. Corporate Governance in India gained prominence in the wake of liberalization during the 1990s and was introduced, by the industry association Confederation of Indian Industry (CII), as a voluntary measure to be adapted by Indian Companies. It soon acquired a mandatory status in early 2000s through the introduction of clause 49 of the Listing Agreement, as all companies (of a certain size) listed on stock exchanges were required to comply with these norms. In late 2009, the Ministry of Corporate Affairs has released a set of voluntary guidelines for corporate governance, which address a myriad corporate governance issues.

The Anglo-Saxon model of governance, on which the corporate governance framework introduced in India is primarily based on, has certain limitations in terms of its applicability in the Indian environment. For instance, the central governance issue in the US or UK is essentially that of disciplining management that has ceased to be effectively accountable to the owners who are dispersed shareholders. However, in contrast to these countries, the main issue of corporate governance in India is that of disciplining the dominant shareholder, who is the principal block-holder, and of protecting the interests of the minority shareholders and other stakeholders.

Currently, corporate governance reforms in India are at a crossroads: while corporate governance codes have been drafted with a deep understanding of the governance standards around the world, there is still a need to focus on developing more appropriate solutions that would evolve from within and therefore address the India-specific challenges more efficiently.

REVIEW OF LITERATURE:

Jones, K., & Bartlett, J.L. (2009) have given a clear picture on perspective of resource based sight to describe the growth involved in business under CSR practice. The study has done on relationship management by the corporate with public relation to build support network in the society using CSR to the best possible extent.

Lindgreen, A., & Swaen, V. (2010) have revealed the movement of CSR from ideology to reality in the corporate sector has reflected on various theories like agency theory, institutional theory, and resource-based view of the firm, stakeholder theory, stewardship theory and the theory of the firm.

Gautam, R., & Singh, A. (2010) have developed the study based on cross sectional and identified the influence of inclusive business strategy based on performance contemplation and stakeholders pressure.

Ghose, S. (2012) have analyzed the importance of CSR considering strategic perspective for the welfare of the society and economy as whole, framed the new method of production process in manufacturing the products with inclusion of social features in reduce the environment polluting gist and producing more echo-friendly products.

Uvais, M., & Hafeefa C. (2013) have explored to convey the practice of CSR in the corporate sector using media as a source and helping to reach the customer to create brand image and to make effectiveness implementation of CSR in the country and to overcome obstacles like lack of understanding, inadequately trained personnel, coverage, policy etc.

Kashyap H. (2014) has portrayed the importance of education to build the nation where India is lagging. Hence the study main focused on improving education through the means of CSR many corporate to eradicate illiteracy for welfare of the society.

Sarkar J. & Sarkar S. (2015) have opined about the mandatory CSR under Company Act 2013. An effort to bridge a gap for the welfare of the society by Indian Government has made it mandatory.

OBJECTIVES OF THE STUDY:

The objectives of the study are as follows:-

- To explore the impact CSR in India.
- To examine the strength and weakness after implication of CSR in the Corporate.
- To identify the opportunity and challenges created after implementing CSR as mandatory under Company Law 2013.
- To throw light on the dimensions created for the betterment of CSR activities in Corporate.
- To explore the impact of Companies Act 2013 on corporate performance.
- To Identify the major Challenges faced by the practioners in implementing

CSR.

- To explore some of the major CSR Activities made by the corporate.
- To describe the CSR and its conceptual framework.

SCOPE OF THE STUDY:

- The study is restricted to the Issues and Challenges faced by the Corporate in implementing CSR theoretically.
- The study is also exposed to Limited information of the selected companies of CSR activities.
- The scope of the CSR concept is just descriptive in nature.

LIMITATIONS OF THE STUDY:

- Since the research design used here is descriptive and data used here in secondary whatever the information available from the source is assumed to be factual.
- Due to time constraint only secondary data were used.

RESEARCH METHODOLOGY:

The study is mainly based on secondary data. The sources of data are collect from various research journals, leading magazines, websites, study reports, CSR Research reports, articles available on chosen topic. To explore, examine and discover the strengths, weakness, opportunity, challenges creates impact of CSR in the present context.

CSR IN PARCTICE:

Corporate refer in its definition of CSR to community development. In context of Western Community, development is often seen as charity. There are many ways in which companies manifest their CSR in their communities and abroad. Most of these initiatives would fall in the category of discretionary or philanthropic contributions, employee volunteerism, community relations, becoming an outstanding employer for specific employee groups, making environmental improvements that exceed what is required by law.

Among the 100 Best Corporate Citizens identified in 2005 by Business Ethics magazine, a number of illuminating examples of CSR in practice are provided. **Cummins, Inc., of Columbus, Indiana**, has reduced diesel engine emissions by 90% and expects that within 10 years the company will be at zero or close to zero emissions. In addition, the engine maker underwrites the development of **schools in China**, is purchasing bio-diverse forest land in Mexico, and funds great architecture in its local community. Cummins also publishes a sustainability report that is available to the public.

Xerox Corporation, Stamford, is a multinational corporation that places high value on its communities. One of its most well-known community development traditions has been its Social Service Leave Program. Employees selected for a community nonprofit organization of their choice. The program was begun in 1971, and by 2005, more than 460 employees had been granted leave, translating into about half a million volunteer service hours for the program.

Green Mountain Coffee Roasters, Waterbury, Vermont, was a pioneer in an innovative program designed to help struggling coffee growers by paying them "fair trade" prices, which exceed regular market prices. The company has also been recognized for offering microloans to coffee-growing families and underwriting business ventures that diversify agricultural economies.

Another example of CSR in parctice is the Chick-fil-A restaurant chain based in Atlanta, Georgia. Founder and CEO Truett Cathy has earned an outstanding reputation as a businessman deeply concerned with his employees and communities. Through the Win Shape Centre Foundation, funded by Chick-fil-A, the company operates foster homes for more than 120 children, sponsors a summer camp, and has hosted more than 21,000 children since 1985. Chick-fil-A has also sponsored major charity golf tournaments.

In the immediate aftermath of Hurricane Katrina in 2005, judged to be worst and most expensive ever in terms of destruction, hundreds of companies made significant contributions to the victims and to the cities of New Orleans, Biloxi, Gulfport, and the entire Gulf Coast. These CSR efforts have been noted as one of the important ways by which business can help people and communities in need.

Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation.

The 2010 list of Forbes Asia's Asian '48 Heroes of Philanthropy' contains four Indians. The 2009 list also featured four Indians. 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. Although corporate India is involved in CSR activities, the central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. According to Minister for Corporate Affairs, Mr. Salman Khurshid, government is developing a system of CSR credits, similar to the system of carbon credits which are given to companies for green initiatives.

In 2009, the government made it mandatory for all public sector oil companies to spend 2 percent of their net profits on corporate social responsibility. Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. The Departmental of Public Enterprises has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be funded by 2-5 percent of the company's net profits. 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.

A handful corporate houses are dedicated and practicing the CSR as they are dictated by the very basis of their existence. It is observed that many companies are promoting their CSR activities and uses it as a tool for Marketing. This denotes that the companies are far from perfect as the emphasis is not on social good but rather as a promotion policy.

SWOC ANALYSIS ON CSR:

The study could identify some of the strengths, weakness, opportunities and challenges as mentioned below:

STRENGHTS:

Theories like Utilitarian Theory, Managerial Theory, Relational Theory, Political Theory, Instrumental Theory 1, Ethical Theory and Integrative Theory are acting as a backbone to active success in effective implementation of CSR in the current scenario.

CSR is activity taking part in community development resulted in empowering individuals and group as whole to with the help of external organization to achieve sustainable growth.

CSR is focusing towards the "going green" and trying to produce echo friendly products taking in consideration of society welfare, to control pollutant which causes damage to the environment.

Organizations like Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited are focusing towards setting up medical, sanitation facilities and building schools and houses to empower the village people to become self-reliant through setting up training facilities by the organizations.

Tie up between Government, Companies and NGOs is facilitating to social change for the socio-economic development as they possess human asset with specialized skills and experience which tends to improve welfare of the society.

WEAKNESSES:

Local communities are showing lack of interest to participate in the CSR activities conducting by the company. Due to lack of knowledge and poor in conducting awareness program by the CSR department of the company.

In Company Law 2013 they have framed stating that all the corporate have to contribute to society welfare out of profit earned say about 2%, but proper guidelines yet to be framed in a better manner.

Still ISO 26000 Certification is not implementation in India. Many Companies are of lack of knowledge about CSR Certification.

Lack of awareness among the local agencies about the CSR concept. From this corporate are finding difficult to operate due to lag in support from these agencies. Lack of transparency from the corporate side. They are not providing information about CSR activities carried out in their organization for the welfare of the society.

OPPORTUNITIES:

CSR generates job opportunities after making mandatory under law separate department in the corporate as set up. CSR indirectly reflects to create brand image in the eyes of the customers because certain portion of profit will be contributed to the welfare of the society which tends to create a soft corner in the heart of the consumer.

Consumer mainly focus on the companies which is operating ethically and certain portion of its sale is contributed to the welfare of the social cause will leads to increase sale as well companies market share.

Employees are also actively participating in the CSR results in increase of morale in the working environment and tasking initiatives to make awareness about the activities.

Financial institutions are coming forward to provide funds for the companies which actively involved in CSR activities, as there is rule in the bank before lending the money to any organizations, first and foremost should look into CSR activities conducted in organizations.

ISSUES AND CHALLENGES FACED CSR IN CURRENT CONTEXT:

From 2013 onwards the scope for the CSR started increasing, as it made mandatory under Company Law 2013. All corporate are actively taking part in CSR activities which increased the growth of the country and many problems faced by society are gradually reducing, which is the good sign for the country and being citizen of the country it is a responsibility as well to contribute for the country growth. Hence to have better insight in CSR concept SWOC Analysis is conducted for the study.

THE MAJOR ISSUES & CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY:

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction is more important for them. They imagine that customer satisfaction is more important for them. They imagine that customer satisfaction is only with price and service. They have failed notice an 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 major Issues pushing business towards CSR include:

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.

Demands for Greater Disclosure:

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

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.

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. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks.

Competitive Labour Markets:

Employees are increasingly looking beyond pay cheques 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.

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. In India, overtime, 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.

MAJOR CHALLENGES TOWARDS CSR:

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 such initiatives. The situation is further aggravated by lack of communication between the company and the community at the grassroots.

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.

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. Lack of Transparency negatively impacts the process of trust building between companies and local communities.

FINDINGS:

From the SWOC analysis it is found that CSR concept in India is still in growing stage. Efforts are needed by the corporate to effectively implement it. The organization should take into consider the local agencies help to meet their set goals in the CSR activities. ISO 26000 Certification is maintained by developed countries like wise Indian corporate should make efforts to reach the standard. For the long run success in CSR the corporate should join hands with NGOs and Government to support for social welfare.

SUGGESTIONS:

Government has done CSR as mandatory under law and fixed the percentage for the corporate to contribute for the welfare of the society, but UGC has setup to take care of Education Sector in the Similar Manner there is need to set up a separate statutory body for the CSR to function actively for the welfare of the society.

CONCLUSION:

Through CSR, Indian Government is trying to solve the social problem arising in the country leaving behind one concept that, is not focusing towards eradicating the social problems in the country permanently. CSR is essential in India as more than 65% of population is living in rural areas with businesses focusing on generating profits, CSR was not a popular concern among companies up until recently. The analyzed data reveals that though the Indian public & private firms are making efforts in the CSR areas, but still there is a requirement of more emphasis on CSR as Indian Corporate Sector is spending merely 0.2% of their profits towards CSR activities. 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 also 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. 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.

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