

The Challenges in the Implementation of Corporate Social Responsibility with Respect to Indian Firms

Neeta Sonkar¹, Pawar Rohan², Ovale Rutika³

Asst. Professor¹ and SYBMS^{2,3}

Uttar Bhartiya Sangh's Mahendra Pratap Sharda Prasad Singh College of Commerce & Science, Mumbai, Maharashtra

Abstract: *Corporate Social Responsibility (CSR) has gained significant importance in the Indian corporate sector due to its enduring relationship with society and the increasing influence of socio-regulatory forces. This has led to CSR being a prominent subject in public policy discussions. According to the social responsibility thesis, a corporation or individual is obligated to engage in actions that will have a positive impact on society as a whole. Each individual and every organization bears a social responsibility to maintain a balance between the economy and the ecological. The book "Social Responsibilities of Business" by William introduced the term "corporate social responsibility" for the first time. Bowen in 1953. Businesses in India have historically maintained a close association with societal matters to foster the country's development. The term used to describe this relationship is corporate social responsibility (CSR), which encompasses acts like as philanthropic contributions, engagement in community initiatives, and the provision of welfare programs inside the industry. Every economic undertaking is predicated on the assumption that human resources serve as its fundamental basis. The main objective of this study is to ascertain the sentiments of prospective business executives in India towards corporate social responsibility, commonly referred to as CSR. Corporations in India, including Tata and Nestle, have been engaging in Corporate Social Responsibility (CSR) for many years, even prior to its broad adoption. Although there are several impressive and demonstrative examples, corporate social responsibility (CSR) in India is still at an early stage of development.*

Many large corporations are implementing Corporate Social Responsibility (CSR) efforts in a disorganized manner, and these programs are being promoted and emphasized in the media. This study paper is based on the results and analysis of the challenges and obstacles faced by Corporate Social Responsibility (CSR) efforts in India

Keywords: Corporate Social Responsibility (CSR), Sustainable Development, Companies, Issues & Challenges of CSR

I. INTRODUCTION

Traditionally, the main responsibilities of companies in the business world have been to generate income and enhance shareholder value. Nevertheless, in the current era of globalization, corporations place a high importance on creating a beneficial influence on the environment by promoting cleanliness and contributing to a healthy society. There is an increasing societal, customer, governmental, and non-governmental organization demand for enterprises to adopt sustainable business practices as a result of heightened media coverage and pressure from these entities. Companies have commonly embraced a "new consciousness" known as Corporate Social Responsibility (CSR) since the 1970s. India possesses a robust legacy of corporate social responsibility (CSR) that is among the most formidable when compared to other countries. Despite some efforts to raise awareness among Indian entrepreneurs about the need of social responsibility in their business operations, corporate social responsibility (CSR) remains relatively unfamiliar in India. Corporate social responsibility (CSR) in India has evolved through four distinct stages.

Approximately one hundredth of the approximately one million registered companies in India are traded on the Indian stock market. The creation of dedicated committees inside the board of directors to supervise Corporate Social

Responsibility (CSR) initiatives is a new trend in the corporate world. Corporate groups are being urged to reunite in order to promote CSR. The Alliance for Corporate Social Responsibility (CSR) was founded in Europe in 2006. With its present membership of 70 global corporations and 25 national partner organizations, it has established itself as a one-stop shop for developing skills related to corporate social responsibility (CSR).



One of the numerous stakeholders in a societal framework are businesses, or corporate houses. These corporations, often known as corporate houses, generously support social projects while simultaneously making large financial contributions that have an effect on their internal stakeholders. Long before corporate social responsibility (CSR) gained popularity, corporations like Tata & Nestle in India were engaged in company social responsibility (CSR) for many years. Business organizations have used corporate social responsibility to actively participate in a variety of fields. This covers social domains such as the environment, food security, education (Primary to Higher), and health (Primary to Specialized). They have started a number of initiatives that have aided in the aforementioned fields. The World Business Council for Sustainable Development (WBCSD) defines CSR as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”

European Union’s Official Definition of Corporate Social Responsibility (CSR): - “The European Union published a Green Paper on Corporate Social Responsibility in 2001 in an effort to provide a framework for businesses looking to invest in sustainable development. The paper defined CSR as "the voluntary integration of companies' social and ecological concerns into their business activities and their relationships with their stakeholders." In addition to following all the legal requirements, being socially responsible entails going above and above and making "more" investments in stakeholder relations, the environment, and human capital.

ISO 26000 Official Definition of Corporate Social Responsibility (CSR): - Through its ISO 26000 standards on Corporate Social Responsibility, the International Organization for Standardization (ISO), a global group that sets standards, also addressed the notion of Corporate Social Responsibility (CSR). "The responsibility of an organization for the impacts of its decisions and activities on society and the environment, resulting in ethical behaviour and transparency which contributes to sustainable development, including the health and well-being of society," is how ISO defines Corporate Social Responsibility (CSR) in these guidelines. It also includes taking stakeholder expectations into account, adhering to current legal requirements and international standards of behavior, and being integrated throughout the organization and implemented in its relationships.

As per the Indian Corporate, "CSR implies supporting issues related to children, women, and the environment, and sustainable development implies optimizing financial position while not depleting social and environmental aspects." These businesses define corporate social responsibility (CSR) as community development. Development is frequently viewed as altruism in the Western world. In the Indian context, stakeholders and local Indian management alike view it as a major company obligation. The context of this is that the big western corporations are viewed by the stakeholders as capitalist islands in a developing nation. They have a duty to the community because of their position. In India, almost all of the top corporations are engaged in corporate social responsibility (CSR) initiatives focusing on health, education, livelihood creation, skill development, and the empowerment of marginalized communities. Among others, the Indian Oil Corporation, Bharti Enterprises, Infosys, Tata Group, and ITC Welcome group have all made noteworthy contributions.

OBJECTIVES

The key objectives of this study are as follows:

- 1) To comprehend the current state of corporate social responsibility.
- 2) To research the problems and obstacles facing CSR in India.

II. RESEARCH METHODOLOGY

Given the demands of the research paper's objectives, a descriptive research design was used for the investigation. This research design was created with the stated aims in mind in order to provide a more accurate and comprehensive analysis of the research study. For the study, a significant amount of the secondary data that was accessible was employed. The investigator uses a secondary survey method to obtain the required data. The numerous news stories, books, and websites that are listed and documented have been seen and utilized.

III. LITERATURE REVIEW

According to Vishwakarma, Vijay (2021), the phrase "corporate social responsibility" (CSR) is not new. A small number of businesses used to make efforts to improve society in the past. Since they believe that every stakeholder is an essential component of every corporate organization. Better service will undoubtedly aid in the organization's sustainability. This essay seeks to clarify the significance of corporate social responsibility (CSR) for societal economic advancement.

Tiwari, Bindu, and Kumar, Dr. Naveen(2019), mentioned that they wanted to determine how digital marketing affected the company's CSR performance. Finding the best ways to use the digital facility to maximize CSR investment was made easier with the help of this article. The piece also emphasizes how CSR supports the promotion of different products and services. Study is predicated on secondary data. The article has made an effort to identify strategies for sustainability and public relations while upholding the organization's goodwill. It is now simpler to launch and promote CSR initiatives because to digitization.

In the research work "CSR Practices by Banks: A Comparative Study," Baluja, Garima (2017) noted that while many nationalized banks have begun to undertake numerous social initiatives in the area of social welfare and community development, there is still a significant gap in this field. The areas of sustainable livelihood, rural development, education, community welfare, women and children, and education are where banks mostly focus their CSR efforts. Nonetheless, compared to private and international banks, public sector banks participate in CSR initiatives more frequently.

Literature on corporate social responsibility is associated with the idea that normative and instrumental methods are mutually exclusive. A significant portion of the literature advances the idea that corporate social responsibility (CSR) "may be good for business." (Swain in The Independent, 2007) It is stated that in order for CSR to be meaningful to managers in their daily tracking of organizational goals and objectives, it must be reconstructed in a stakeholder praxis that emphasizes and focuses on this "instrumental" approach (Amaeshi & Adi, 2006). According to many human rights defenders, whether or not it is profitable, businesses should uphold human rights because it is the moral thing to do (Steinhardt in Alston, 2005).

According to Gond and Matten (2007), an instrumental approach would only demand moral behavior when it was financially advantageous, but a normative approach would advocate for more consistently moral behavior. Studies show that specific events frequently serve as a catalyst for firms to embrace corporate social responsibility (CSR) values. It pays for businesses to engage in social responsibility, according to a series of studies carried out by The University of Western Ontario's Ivey School of Business (The Wall Street Journal, May 12, 2008).

According to Fombrun & Van (2004), a company's reputation will have reached a certain point once it reaches specific social responsibility benchmarks. Customers will repay it in kind by paying more, referring other stakeholders and clients to the business, etc. However, according to Birch's (2003) writings, a company's effectiveness in corporate social responsibility (CSR) does not necessarily depend on external approval, nor should it be interpreted as a gauge of its morality or goodness. He underlined how crucial it is that the company's decision-making process incorporate corporate social responsibility.

The State of CSR in Australia Annual Review report from ACCSR (Australian Canadian Corporate Social Responsibility) states the complete understanding of corporate social responsibility (CSR) is still developing. Adopting effective CSR strategies can be challenging due to a number of factors, such as the difficulty of integrating CSR with organizational values and practices, the lack of organizational buy-in and commitment to CSR, and the difficulty of making a business case for CSR. Furthermore, according to Visser (2005), there are a number of financial advantages that could be linked to CSR. Socially conscious companies, for instance, have a better reputation and brand image.

CSR Pyramid

The main forces behind CSR in the early stages were philanthropy and charity. Rich merchants distributed a portion of their money to the general public during the pre-industrial era, which lasted until 1850, by erecting temples for religious purposes. With the onset of colonial rule in India starting in 1850, the approach to corporate social responsibility has evolved. During the second phase of the Indian independence movement, industries prioritized societal advancement.

Carroll's Pyramid Model of Corporate Social Responsibility



Source: Carroll (1979)

Gandhi's impact forced a number of industrialists to emphasize the state's socioeconomic growth. The third phase, which lasted from 1960 to 1980, saw the rise of the public sector. The private sector was compelled to take a backseat at this time. The first factor contributing to development was thought to be the public sector. They were established by the government to guarantee that the poor receive an equitable share of resources (food, wealth, etc.). During the fourth phase, which lasted from 1980 to the present, Indian businesses began incorporating Corporate Social Responsibility (CSR) into a sustainable business plan, abandoning their traditional approach. Indian businesses expanded quickly thanks to the economy's increased growth pace, which increased their willingness and readiness to support social causes.

CSR PROMOTION:

On February 17, 2010, The FICCI-Aditya Birla CSR Centre for Excellence in New Delhi was established with the goal of strategically promoting CSR activities. The following essential topics should be covered by CSR policy, according to voluntary guidelines for CSR in India released by the Ministry of Corporate Affairs: Taking care of all stakeholders Ethical functioning Respecting worker's rights and welfare Respecting human rights Respecting the environment Activities for social and inclusive development.

ISSUES & CHALLENGES:

Many businesses claim that customer happiness is more essential to them than corporate social responsibility, making the former seem like a minor inconvenience. They fail to notice significant developments occurring globally that could completely upend the firm, believing that consumer pleasure is now limited to pricing and repair. The shift is called "social responsibility," and it presents an opportunity for the company.

The CSR issues are as follow,

1. Developed Consumer Interest: According to a recent International Environics survey, 50% of respondents said they have either rewarded or penalized businesses for what they saw as their perceived social performance.
2. Lack of Transparency: One of the main concerns raised by the poll is a lack of transparency.
3. Demands for Greater Disclosure: Stakeholders, including consumers, workers, communities, suppliers, investors, and activist groups, are placing an increasingly strong demand on businesses to provide more information.
4. Competitive Labor Markets: Businesses are compelled to improve working conditions in order to recruit and retain skilled workers.
5. Lack of Community Participation in CSR Activities: People worldwide are not very interested in becoming involved in or making contributions to CSR initiatives undertaken by businesses.
6. CSR Initiatives & Narrow Perspective: Government and non-government organizations typically have a limited perspective on businesses' Corporate Social Responsibility (CSR) initiatives, frequently characterizing CSR efforts as more donor-driven than locally focused.
7. Need to Build Local Capabilities: Building the capacity of local nongovernmental organizations is necessary since there is a severe shortage of qualified and effective organizations that can successfully support the ongoing corporate social responsibility initiatives.
8. Branding Activities: The media plays a crucial role in disseminating positive news and educating the local population about the various upcoming corporate social responsibility programs of businesses.
9. Failure to Implement CSR Issues: Local agencies struggle to reach an agreement on CSR initiatives. Due to their ignorance of consensus, businesses frequently duplicate their efforts in areas where they may make an impact.
10. Lack of Well-Established NGOs: It has also been noted that distant and rural areas lack well-established non-governmental organizations.
11. Corporate Social Responsibility activities & Limited Perspective of Companies: Governmental and non-governmental organizations typically have a limited perspective on corporate social responsibility activities, frequently characterizing them as more contributory than locally oriented.
12. Lack of CSR Guidelines: Statutory guidelines or policy directives that provide a clear direction for businesses' CSR initiatives are not sufficiently defined.

CSR challenges are as follow,

Challenge of maintaining transparency,
a narrow view of CSR initiatives,
a lack of community involvement in CSR events,
the need to develop local capacity, the absence of well-run non-governmental organizations,
the visibility factor,
a narrow view of CSR initiatives, a lack of agreement on how to implement CSR issues,
and the absence of clear CSR guidelines

OUTCOME OF THE STUDY

Among the benefits that companies may experience from implementing a social responsibility policy are:

Company Advantages:

Better performance financially with lowering of cost of operation resulting in better quality and productivity;

Enhanced brand image and reputation;

More sales and increase in customer loyalty with increase in retention rate of employees and building a diverse workforce;

Decrease in government regulations which results in increase in capital access and decrease in liability;

Very beneficial for public in general and communities specifically;

Contribution via charity and volunteering by employees for safety programs which increases safety and quality of life;

Education communities by the business houses helping in their employment and skill enhancement. Also helping in providing homes to homeless.

Advantages for the Public and the Community:

i. Donations to charities, employee volunteerism, and product quality and safety.

ii. Businesses' participation in initiatives related to the environment, education, jobs, and homelessness; advantages for the environment

Advantages for Environment:

Improved product longevity and usefulness, increased material reprocessing; improved use of sustainable resources; and the incorporation of environmental management tools, such as life-cycle assessment and costing, environmental management standards, and eco-labelling, into corporate planning are the first three goals.

IV. RECOMMENDATIONS

The survey's recommendations are clear indicators of the current state of affairs in the CSR domain and, as such, involve necessary and appropriate steps to be taken to establish CSR on more solid footing. This is necessary in order to examine the long history of CSR in India and take concrete steps to mainstream it. Taking into account the astute observation, the following suggestions are enumerated for the careful consideration of all relevant stakeholders in order to effectively operationalize CSR inside the company's core business and to establish cooperative partnerships and productive networks with all parties involved. Introducing awareness; partnering with stakeholders; pooling resources; intervention in rural areas; incentives and exemptions; CSR as a subject; accreditation mechanism; pooled resources; participatory approach is some of the key recommendations that need to be made.

V. CONCLUSION

The triple bottom line, which encompasses earnings, environmental preservation, and social justice advocacy, is the result of corporate social responsibility (CSR), as defined by the United Nations and the European Commission. Integrating Corporate Social Responsibility (CSR) into a business's comprehensive development plan is crucial for achieving its notable success. It is essential for businesses to identify, advocate for, and implement policies and procedures that provide favorable outcomes in terms of economic, social, and environmental aspects. At one end of the spectrum, Corporate Social Responsibility (CSR) can be simply described as a collection of morally upright actions performed by various companies. Conversely, business actions often exert a significant impact on society. To execute the second objective in India, it will be necessary to transform Corporate Social Responsibility (CSR) into a widespread movement. Put simply, both public and private enterprises will make efforts to conform to standards, share their most effective methods, work together on Corporate Social Responsibility (CSR), and pool their resources when suitable. Businesses have two significant challenges: the demand for more reliable indicators of progress in corporate social responsibility (CSR) and the implementation of CSR strategies. Engaging in open communication and dialogue can enhance an organization's perceived credibility and, at the same time, set a higher standard for other organizations.

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