A STUDY ON CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIA - ISSUES AND CHALLENGES

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KEYWORDS	ABSTRACT
Social Responsibility, Sustainable Development, Companies, Corporate Social Responsibility, CSR Issues & Challenges, CSR provisions.	CSR as an important topic of public policy has taken a crucial position in the Indian corporate landscape, as it has established a sustainable connection with society at large alongside the rising socio-regulatory pressures. The concept of social responsibility posits that an organization or individual has a duty to act in ways that benefit society as a whole. Social responsibility encompasses the obligation of every individual or organization to carry out actions that ensure a balance between economic growth and ecological sustainability. The initial mention of the term corporate social responsibility appeared in the document 'Social Responsibilities of Business' penned by William Bowen in 1953. In India, there has been a continual close business engagement with social issues for the purpose of national development, referred to as social duty or charitable contributions, philanthropy, and community service, now specifically labeled as CSR. foundation. The primary aim of this research is to examine the attitudes towards Corporate Social Responsibility (CSR) among the upcoming business leaders of India. In India, companies such as Tata and Nestle have been engaging in Corporate Social Responsibility (CSR) for decades, well before CSR became a well-known concept. Despite having such prominent examples, Corporate Social Responsibility (CSR) in India is currently in a very nascent stage. Numerous large corporations are conducting these Corporate Social Responsibility (CSR) initiatives superficially and showcasing these efforts in the media. This research paper revolves around finding and reviewing the issues and challenges faced by Corporate Social Responsibility (CSR) practices in India.

INTRODUCTION:

Within the realm of business, the primary obligation of corporations has traditionally been to generate profit and enhance shareholder value. However, in the current age of globalization, corporations are now focusing on contributing to a better society and a cleaner environment. With increased media attention, pressures from non-governmental organizations, there is a growing

demand from societal consumers, governments, and others for organizations to engage in sustainable business practices. The response from companies has often resulted in the adoption of a 'new awareness,' which has been termed Corporate Social Responsibility (CSR) since the 1970s. India possesses one of the richest legacies of Corporate Social Responsibility (CSR) compared to other nations. Considerable efforts have been made in recent years to make Indian Entrepreneurs aware of social responsibility as a vital aspect of their business activities, but Corporate Social Responsibility (CSR) in India has yet to gain widespread acknowledgment. In India's history, Corporate Social Responsibility (CSR) has gone through four stages.

There are approximately 1,000,000 registered companies in India, of which only one-hundredth are traded on the Indian stock market. A new trend has emerged in corporations, which is the creation of special committees within the board of directors to supervise Corporate Social Responsibility (CSR) initiatives. Corporations are being encouraged to collaborate to promote CSR. In 2006, Europe established the Alliance for Corporate Social Responsibility (CSR). It now comprises 70 multinational corporate entities and 25 national partner organizations and has evolved into a unique resource for enhancing capability in Corporate Social Responsibility (CSR). In a societal structure, we have many stakeholders, one of which is companies or Corporate Houses. These Companies or Corporate Houses are significantly contributing from their resources, which impacts their internal stakeholders and also generously support societal initiatives. In India, companies such as Tata and Nestle have been practicing Corporate Social Responsibility (CSR) for many years, well before Corporate Social Responsibility (CSR) became a popular concept. Business Organizations have actively participated in numerous areas through Corporate Social Responsibility. This encompasses social sectors such as health (from Primary to Specialized), Education (from Primary to Higher), food security, and the environment. They have initiated various programs that have benefited the aforementioned areas.

DEFINITIONS OF CSR:

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, in an attempt to offer a framework for companies wishing to invest in sustainable development, published in 2001 a Green Paper on Corporate Social Responsibility defining CSR as: "The voluntary integration of companies' social and ecological concerns into their business activities and their relationships with their stakeholders. Being socially responsible means not only fully satisfying the applicable legal obligations but also going beyond and investing 'more' in human capital, the environment, and stakeholder relations."

ISO 2600 Official Definition of Corporate Social Responsibility (CSR): - "The International Organization for Standardization (ISO) is an international standard-setting body that also addressed the definition of Corporate Social Responsibility (CSR) through its ISO 26000 standards on Corporate Social Responsibility. In these guidelines, ISO defines Corporate Social Responsibility (CSR) as: "The responsibility of an organization for the impacts of its decisions and activities on society and the environment, resulting in ethical behavior and transparency which contributes to sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; complies with current laws and is consistent with international standards of behavior; and is integrated throughout the organization and implemented in its relations."

According to the Indian Corporate: "Sustainable development involves enhancing financial standing while not exhausting social and environmental elements, and CSR indicates assistance for matters concerning children, women, and the environment. These corporations refer in their definition of CSR to community improvement. In the context of Western society, development is frequently perceived as philanthropy. Conversely, in the Indian scenario, it is regarded as a significant obligation of a corporation, acknowledged not only by stakeholders but also by local Indian management. This perception stems from the view that stakeholders regard major Western companies as capitalist enclaves in a developing nation. This standpoint imparts a certain duty towards the community. Almost all prominent corporations in India participate in corporate social responsibility (CSR) initiatives in areas such as education, health, livelihood creation, skill enhancement, and empowering disadvantaged segments of society. Significant contributions have been made by the Tata Group, Infosys, Bharti Enterprises, ITC Welcome Group, Indian Oil Corporation, among others. "

LITERATURE REVIEW:

According to a study by Mahmud et al. (2021), CSR leaders in the USA implemented a number of strategies to protect their workers, maintain customer service, and support communities through a variety of CSR initiatives, including the COVID-19 programs. They noted that in order to save the people and make the earth more beautiful than it had ever been, now was the ideal moment to unite while adhering to social distance customs and medical professionals' advice. Companies should now consider the welfare of their stakeholders, including partners, families, employees, customers, and communities, in addition to financial performance. The company considered the different communities and societies in which it operates in addition to its profits during this crisis.

Cheema-Fox et al. (2020) found that businesses with more positive sentiment have higher institutional investor money flows and fewer negative returns than their rivals. The study focused on corporate resilience and response during COVID-19.

Vishwakarma, Vijay (2019), in his research paper mentioned that Corporate Social Responsibility (CSR) is not a recent concept. Previously, only a limited number of companies engaged in activities for the improvement of society. They believe that all stakeholders are a crucial component of any business organization. If they are catered to effectively, it will certainly assist the organization in maintaining sustainability. The objective of this paper is to comprehend the significance of CSR for the economic advancement of society.

Tiwari, Bindu and Kumar, Dr Naveen (2018), in their paper indicated that to determine the influence of Digital Marketing on the CSR performance of the organization. This paper assisted in discovering the methods to maximize the value of CSR investment by effectively utilizing digital resources. The article also emphasizes how CSR contributes to the marketing of different products and services. The research relies on secondary data. The paper has attempted to identify the methods associated with sustainability and promotion while preserving the organization's Goodwill. Digitization has facilitated the initiation and promotion of CSR initiatives.

Baluja, Garima (2017), in her article called "CSR Practices by Banks: A Comparative Study", mentioned that numerous nationalized banks have begun to adopt different social initiatives focused on social welfare and community development, yet there remains a significant gap in this domain. Banks primarily participate in CSR efforts related to sustainable livelihood, Rural Development, Education, Community Welfare, and Women and Children. Nevertheless, public sector banks are more actively involved in CSR efforts when compared to private and foreign banks.

Corporate Social Responsibility literature is associated with the perceived separation of the normative and instrumental approaches. A significant portion of the literature advocates for the 'business case' for CSR, with many asserting that it "can be good for business" (Swain in The Independent, 2007). It is suggested that CSR needs to be relevant to the interests of corporate individuals by highlighting and concentrating on this 'instrumental' approach's necessity to be reformulated in a stakeholder praxis to be significant to managers in their daily pursuit of organizational goals and objectives" (Amaeshi and Adi, 2006). Numerous HR advocates have argued that businesses should uphold human rights because it is morally correct, regardless of profitability" (Steinhardt in Alston, 2005). It is mentioned that an instrumental approach would entail acting ethically only when it is financially beneficial to do so, while a normative approach suggests a more consistent ethical performance (Gond and Matten, 2007). Research indicates that the impetus for companies to embrace CSR values is frequently triggered by specific events. A series of studies conducted by The University of Western Ontario's Ivey School of Business indicated that investing in social responsibility benefits companies (The Wall Street Journal, May 12, 2008). Fombrun and Van (2004) noted that once a company reaches specific socially responsible benchmarks, they will have gauged to some degree of reputation levels. In exchange, consumers will reciprocate by paying elevated prices, referring other stakeholders and customers to the company, and more. However, research by Birch (2003) claimed that effective corporate social responsibility (CSR) does not require external validation, nor should it necessarily serve as a measure of how 'good' or 'ethical' a company is. He underscored the importance of integrating corporate social responsibility into all decision-making processes within the company. According to ACCSR's (Australian Canadian Corporate Social Responsibility) State of CSR in Australia Annual Review report, comprehensive understanding of CSR is still developing; there are several challenges that arise while implementing successful CSR strategies, including the challenge of justifying a business case for CSR, integrating CSR with organizational values and practices, and the lack of organizational support and commitment to CSR. On another note, Visser (2005) mentioned that CSR may be linked to a range of bottom-line advantages. For instance, socially responsible organizations experience enhanced brand image and reputation. Nikko and Katamba (2010) noted that CSR-focused companies may enforce stricter and, therefore, more expensive quality and environmental regulations, yet they face a lower risk of having to withdraw ineffective product lines and incurring substantial penalties for excessive pollution.
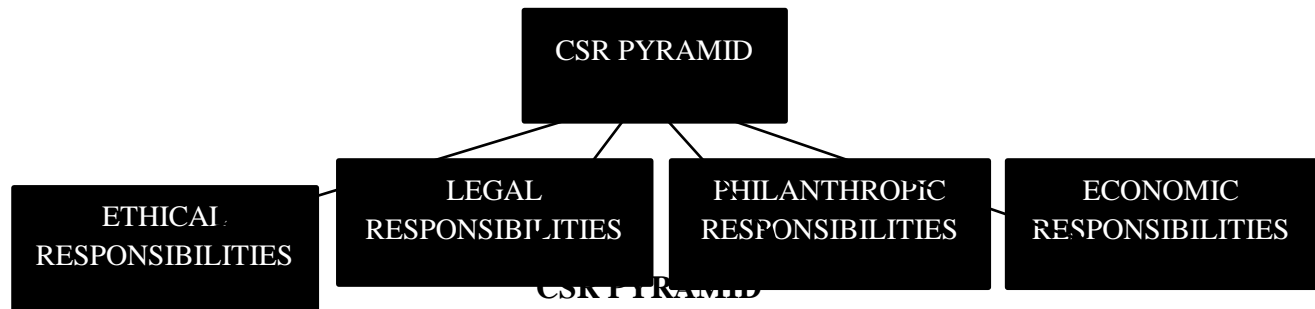
RESEARCH OBJECTIVES:
1. To study the current scenario of Corporate Social Responsibility in India.
2. To study the issues and challenges of Corporate Social Responsibility in India.
3. To know the new CSR provisions given in Companies Act, 2013.

RESEARCH METHODOLOGY:
Newspaper articles, journals, research papers, media stories, magazine articles, and government websites like the Corporate Affairs Ministry are some of the sources of the secondary data needed for this study.

CSR PYRAMID:
In the initial stage, charity and philanthropy were the primary motivators of CSR. During the pre-industrialization era, which continued until 1850, affluent merchants distributed a portion of their wealth to the wider community by establishing temples for spiritual purposes. The perspective on CSR has evolved with the onset of colonial rule in India starting in 1850.

CSR PYRAMID

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                          CSR PYRAMID

 ETHICAL            LEGAL           PHILANTHROPIC      ECONOMIC
 RESPONSIBILITIES   RESPONSIBILITIES  RESPONSIBILITIES  RESPONSIBILITIES
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CSR PYRAMID

In the second phase, during the independence movement, industries in India concentrated on societal progress. Gandhi's influence compelled various industrialists to emphasize the socio-economic development of the state. In the third phase (1960-80), the public sector began to emerge. During this time, the private sector was compelled to take a secondary role. The public sector was regarded as the primary driver of development. These entities were established by the state to guarantee the adequate distribution of resources (wealth, food, etc.) to those in need. In the fourth phase (1980 until the present), Indian companies began to overlook their traditional commitment to Corporate Social Responsibility (CSR) and incorporated it into a sustainable business strategy. The heightened growth momentum of the economy enabled Indian companies to expand rapidly, making them more inclined and prepared to support social causes.

CSR PROMOTION:

To advance CSR initiatives in a strategic manner, The FICCI- Aditya Birla CSR Centre for Excellence in New Delhi was established on February 17, 2010. The Ministry of Corporate Affairs released voluntary guidelines for CSR in India, indicating that the CSR policy should encompass the following core topics:

➢ Care for all stakeholders

➢ Ethical functioning

➢ Respect for Worker's rights and Welfare

➢ Respect for human rights

➢ Respect for Environment

➢ Activities for social and Inclusive Development

CSR PROVISIONS IN COMPANIES ACT, 2013

Profitable companies with a large business would be required to invest at least 2% of their three-year average profit in corporate social responsibility (CSR) initiatives annually under the Companies Act, 2013, which superseded the nearly six-decade-old laws governing how corporations operate and are regulated in India. Every organization that has any one of the following during any given financial year will be subject to the CSR provisions:

1. Owning a net worth of at least Rs. 500 crores, or more or

2. Having a turnover of at least Rs. 1,000 crores, or more or

3. Having a net profit of at least Rs. 5 crores. or more.

A CSR Committee of the Board must be formed by any company with a net worth of at least Rs 500 crore, a turnover of at least Rs 1,000 crore, or a net profit of at least Rs 5 crore during any given financial year. The committee have three or more directors, at least one of whom independent director. The CSR Committee's membership is revealed in the Board's report. The CSR Committee's primary duties include:

1. Create a CSR policy and suggest to the board the activity or activities that the company should engage in, as listed in Schedule VII of the Act.

2. Suggest how much should be spent on these activities.

3. Continually check the company's CSR policy.

The Companies Act of 2013's Schedule VII lists the following activities that businesses may incorporate into their CSR policies:

1. Ending severe poverty and hunger;
2. Encouraging education;
3. Encouraging gender equality and women's empowerment;
4. Improving maternal health and lowering child mortality;
5. Fighting against diseases like malaria, HIV, and AIDS;
6. Maintaining environmental sustainability;
7. Providing vocational skills to improve employment;
8. Initiatives for social business;
9. Developmental activities in slum areas;
10. Contribution to the Prime Minister's National Relief Fund or any other fund established by the federal government or state governments for socioeconomic development, relief, and funds for the welfare of women, minorities, other backward classes, Scheduled Tribes, and other groups; and
11. Other matters as may be prescribed.

ISSUES & CHALLENGES: -

Many organizations claim that corporate social responsibility might be a secondary issue for their business and that customer satisfaction is more crucial for them. They believe that customer satisfaction now revolves only around price and service, but they overlook significant changes occurring globally that could undermine the business entirely. This evolution is referred to as social responsibility, which represents an opportunity for the business.

The issues are given below:

1. Increased Consumer Interest: According to a recent survey conducted by International Environics, one in five consumers indicated that they have either rewarded or penalized companies based on their perceived social performance.

2. Absence of Transparency: One of the major problems highlighted by the survey is a lack of transparency.

3. Demand for Greater Disclosure: There is a swiftly growing demand for companies to disclose information from stakeholders, including customers, employees, communities, suppliers, investors, and activist groups.

4. Competitive Workforce Markets: In order to hire and keep skilled workers, companies are compelled to improve their working conditions.

5. Insufficient Community Engagement in CSR Initiatives: There is a low level of interest among global citizens in engaging with and supporting the CSR initiatives of companies.

6. CSR Efforts and Limited Perspective: Government and non-government entities often have a limited perspective on the Corporate Social Responsibility initiatives of companies, frequently characterizing CSR efforts as more donor-oriented than locally driven.

7. Necessity to Strengthen Local Capacities: There is a need to build the capacities of local non-governmental organizations due to a significant shortage of trained and effective organizations capable of meaningfully contributing to ongoing CSR initiatives launched by companies.

8. Promotion Activities: The media plays a crucial role in disseminating positive stories and raising awareness among the local population about various upcoming corporate social responsibility initiatives undertaken by companies.

9. Neglect in Addressing CSR Matters: There is a lack of agreement among local agencies concerning CSR projects. This lack of consensus often leads to the duplication of efforts by companies in their areas of intervention.

10. Absence of Established NGOs: It has also been reported that there is a lack of established non-governmental organizations in remote and rural regions.

11. Corporate Social Responsibility Initiatives and Limited Views of Companies: Governmental and non-governmental organizational agencies typically adopt a narrow perspective towards the CSR initiatives of companies, often considering CSR efforts to be more contributor-focused than locally oriented.

12. Inadequacy of CSR Protocols: There are no clearly defined statutory guidelines or policy instructions to provide a clear direction for the CSR initiatives of companies.

CSR: CHALLENGES:

➢ Transparency Concerns

➢ Limited viewpoint regarding CSR efforts

➢ Insufficient involvement of the community in CSR programs

➢ Requirement to enhance local capabilities

➢ Absence of well-structured non-governmental organizations

➢ Factor of visibility

➢ Limited viewpoint regarding CSR efforts

➢ Lack of agreement on executing CSR matters

➢ Absence of defined CSR guidelines

OUTCOMES:

➢ Improved financial performance through a reduction in operating costs leading to enhanced quality and productivity;

➢ Enhanced brand image and reputation;

➢ More sales and a rise in customer loyalty with an improvement in employee retention rates and the establishment of a diverse workforce;

➢ Reduction in governmental regulations leading to greater access to capital and reduced liability;

➢ Highly advantageous for the public overall and communities in particular;

➢ Contribution through charitable efforts and volunteering by staff for safety initiatives which enhance 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.

Benefits to the Community and the General Public

➢ Charitable donations, Employee volunteer initiatives and Product safety and quality.

➢ Companies' engagement in societal issues, education, job creation, and initiatives for the homeless;

Environmental Benefits

➢ Greater material reprocesses, effective product durability and functionality

➢ Better use of sustainable resources;

➢ Integration of environmental management instruments into business plans, including life-cycle assessment and costing, environmental management standards, and eco labeling.

RECOMMENDATIONS:

In order to foresee the lengthy evolution of Corporate Social Responsibility in India and to take timely actions to integrate it, the suggestions from the survey strongly reflect the current conditions within the CSR sector; they equally entail essential and suitable measures to be undertaken to establish CSR on a more solid foundation. With careful observation, the following suggestions are enumerated for serious evaluation by all relevant stakeholders for their effective implementation to enhance CSR within the company's core operations and to foster collaborative relationships and efficient networks with all participants. Suggesting several focused points- Raising Awareness; Collaboration among Stakeholders; Resource Sharing; Engagement in Rural Areas; Incentives and Exemptions; CSR as a Subject; Accreditation Framework; Shared Resources; Inclusive Approach.

CONCLUSION:

As stated by the United Nations and consequently the European Commission, Corporate Social Responsibility (CSR) leads to a triple bottom-line: profits, environmental protection, and the pursuit of social justice. The notable effectiveness of Corporate Social Responsibility (CSR) is found in integrating it into a company's development strategy. It is essential for companies to recognize, promote, and execute successful policies and practices that yield triple bottom-line outcomes. On one side of the spectrum, Corporate Social Responsibility (CSR) may be seen merely as a series of good citizenship efforts undertaken by different organizations. On the opposite side, it commonly represents a method of conducting business that has considerable effects on society. For this latter perspective to be realized in India, it will be essential to transform Corporate Social Responsibility (CSR) into a movement. This means that public and private organizations will need to align with standard benchmarks, share best practices, collaboratively advocate for Corporate Social Responsibility (CSR), and pool resources when beneficial. A major challenge confronting business is the demand for more dependable indicators of progress in the area of Corporate Social Responsibility (CSR), in conjunction with the sharing of Corporate Social Responsibility (CSR) strategies. Transparency and open communication can enhance the perception of a business's credibility and elevate the standards of other organizations simultaneously.

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