Corporate Social Responsibility:Dimensions and Challenges In India

Mr.Uvais.M, Ms.Hafeefa Cholasseri

[1]*Assistant Professor, Department of Business Administration,*
Aligarh Muslim University Centre Malappuram.
[2]*Assistant Professor, Department of Business Administration,*
Aligarh Muslim University Centre Malappuram.

ABSTRACT: *In India companies are practicing the Corporate Social Responsibility (CSR) for decades. Nowadays CSR became a popular basis having such good glorious examples; Indian CSR is at its growth. A lack of understanding, inadequately trained personnel, coverage, policy etc further adds to the reach and effectiveness of CSR programs. Large number of companies are undertaking these activities superficially and promoting highlighting the activities in Media. This paper focuses on the finding &reviews the dimensions of CSR and challenges faced by its activities in India.*

In recent years, the concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to succeed in its endeavor to uplift the downtrodden society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. Cause-related marketing and corporate social responsibility has provided companies with a new tool to compete in the market. CSR refers to the corporation's obligation to all the stakeholders. It stems from the desire to do well and get self satisfaction in return as well as societal obligation of business. This could be a strategic marketing activity a way for a company to do well by doing good-distinct from sales promotion, corporate philanthropy, corporate sponsorship, corporate Samaritan acts and public relations. Now, it is assumed to be responsibility of the business houses too.

Extant literature and newspaper articles show that corporate social responsibility is defined as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The understanding and fulfilling the needs of downtrodden as well as the Indian organizations is very important for creditable performance and growth.
With this background, an attempt is made in this paper to comprehend and gain insight into behavior or attitude of companies towards various aspects of social contribution and to light through the various dimensions of corporate social responsibility headed by each organization especially, Reliance, Tata, and Infosys.

Keywords: *Corporate social responsibility, Human capital, corporate world*

I.   INTRODUCTION

A new and emerging strategic issue on the CSR agenda involves a move towards creating more inclusive businesses. A detail discussion will examine innovative strategies for economic and social development that includes poor and disadvantaged groups in the value chain of companies. Many companies are seeking to better develop inclusive business approaches as part of their business strategy to expand market access which also link to community investment strategies and poverty alleviation. While such approaches can bring market opportunities in new markets there are also possibilities to 'create shared value' through products, services and business innovations where, CSR can play a critical role. Similarly, there is growing interest among managers in the antecedents and consequences of CSR, especially for executives at multi-national, multi-divisional companies. These corporate leaders are mindful of the fact that business norms and standards, regulatory frameworks, and stakeholder demand for CSR can vary substantially across nations, regions, and lines of business. They are also aware that their divisional managers are under constant pressure from employees, suppliers, community groups, NGOs, and government to increase their involvement in CSR.

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.

In the 1960s and 1970s the civil rights movement, consumerism, and environmentalism affected society's expectations of business. Based on the general idea that those with great power have great responsibility, many called for the business world to be more proactive in(1) ceasing to cause societal problems and (2) starting to participate in solving societal problems. Many legal mandates were placed on business related to equal employment opportunity, product safety, worker safety, and the environment.

The wealth that one generates and holds is to be held as in a trust for our multiple stakeholders. With regard to CSR, this means investing part of our profits beyond business, for the larger good of society. Furthermore, society began to expect business to voluntarily participate in solving societal problems whether they had caused the problems or not. This was based on the view that corporations should go beyond their economic and legal responsibilities and accept responsibilities related to the betterment of society. This view of corporate social responsibility is the prevailing view in much of the world today.

Corporate social responsibility is related to, but not identical with, business ethics. While CSR encompasses the economic, legal, ethical, and discretionary responsibilities of organizations, business ethics usually focuses on the moral judgments and behavior of individuals and groups within organizations.

Carroll and Bocholt's four-part definition of CSR makes explicit the multi-faceted nature of social responsibility. The economic responsibilities cited in the definition refer to society's expectation that organizations will produce goods and services that are needed and desired by customers and sell those goods and services at a reasonable price. Organizations are expected to be efficient, profitable, and to keep shareholder interests in mind. The legal responsibilities relate to the expectation that organizations will comply with the laws set down by society to govern competition in the marketplace. Organizations have thousands of legal responsibilities governing almost every aspect of their operations, including consumer and product laws, environmental laws, and employment laws. The ethical responsibilities concern societal expectations that go beyond the law, such as the expectation that organizations will conduct their affairs in a fair and just way. This means that organizations are expected to do more than just comply with the law, but also make proactive efforts to anticipate and meet the norms of society even if those norms are not formally enacted in law. Finally, the discretionary responsibilities of corporations refer to society's expectation that organizations be good citizens. This may involve such things as philanthropic support of programs benefiting a community or the nation.

II.   CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS ETHICS
Though there is some similarity between CSR and Business ethics, both of them carries their own identical meanings and fulfillments. Both concepts concern values, objectives and decision based on something than the pursuit of profits so that socially responsible firms must act ethically

The difference is that CSR is about the organization's obligations to all stakeholders – and not just shareholders and ethics concern individual actions which can be assessed as right or wrong by reference to moral principles. Moreover, corporate social responsibility is an obligation, beyond that required by the law and economics, for a firm to pursue long term goals that are good for society and the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large.

Corporate social responsibility means conducting business in an ethical way and in the interests of the wider community and responding positively to emerging societal priorities and expectations. It is a willingness to act ahead of regulatory confrontation and balancing shareholder interests against the interests of the wider community for becoming a good citizen.

The nature and scope of corporate social responsibility has changed over time. The concept of CSR is a relatively new one—the phrase has only been in wide use since the 1960s. But, while the economic, legal, ethical, and discretionary expectations placed on organizations may differ, it is probably accurate to say that all societies at all points in time have had some degree of expectation that organizations would act responsibly.

III.   OBJECITVE OF THE STUDY
The study has been conducted mainly to:
1. Understand the dimensions of corporate social responsibility in India
2. To understand the challenges in execution of Corporate Social Responsibility
3. Corporate Social Responsibility Practices and its impact on Business

IV.   REVIEW OF LITERATURE
Yoon *et al (2006)* found that, CSR activities improve a company's image when consumers attribute sincere motives, are ineffective when sincerity of motives is ambiguous, and hurt the company's image when motives are perceived as insincere. Denis et al (2012) argues that, the factors, community, policy, mission and vision, workforce, and environment have critical role in making CSR a very successful execution. Among these factors, environment and mission and vision had the strongest predictive power in people's preference to stay,

willingness to pay, perception of service quality, and brand image and Waddock (1997) found that, CSR results in an improvement in firm performance in all levels.

According to Francesco *et al* (2008) the companies use different strategies as well as diverse management systems and tools to address Corporate Social Responsibility (CSR) issues along their supply chains (SCs).According to Kabir (2011)the major reasons for involving CSR practices by companies are to create and maintain a favorable corporate image where companies should be viewed as social organizations and in terms of CSR practices, community involvement is higher than the other categories of CSR. Brooks (2012) suggests that, corporate responsibility (CR) has to do with how a corporation respects the interests of its stakeholders and reflects those interests in its actions and accountability. According to Shrivastava (1995)Industrial and environmental crises pose major threats to human survival. These crises are rooted in corporate activities, products, and production systems. For corporations to meaningfully respond to such crises, we need a more adequate conception of corporate social responsibility (CSR).

McWilliams (2002) supports that, CSR strategies, when supported by political strategies, can be used to create sustainable competitive advantage firm. Aupperle *et al* (1985) found that there is a neutral relation between CSR and profitability and according to Russo (1997) there is a positive relation between environmental performance and financial performance. According to Baron (2001) the use of CSR to attract socially responsible consumers is referred to as strategic CSR, in the sense that firms provide a public good in conjunction with their marketing/business strategy. Friedman (1970) found that CSR is indicative of self-serving behaviour on the part of managers, and thus, reduces shareholder wealth.

V.   RESEARCH METHODOLOGY

Descriptive Research

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically (Kothari1998). A researcher should think about the way in which he should proceed in attaining his objective in his research work. The researcher has to make a plan of action before starting the research. This plan of study of a researcher is called the research design. Descriptive research design is used for this study. Descriptive research design is used to those studies which are concerned with characteristics of a particular group.

SOURCE OF DATA COLLECTION

Secondary data: Secondary data has been collected from text books, research papers and websites

VI.   CORPORATE SOCIAL RESPONSBILITY

Drivers

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 instead.

Demands For Greater Disclosure

There is a 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.

Competitive Labor 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.

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.

VII.   CHALLENGES

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.

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. 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.

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 to undertake development projects at local levels.

Visibility Factor: The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

Narrow Perception towards CSR Initiatives: Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.

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.

Lack of Consensus on Implementing CSR Issues: There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. 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.

VIII.   CSR OF INDIAN COMPANIES

Reliance: In areas around its power plant sites in Sasan, Rosa, Krishnapatnam, Butibori, Chitrangi and others, Reliance Power has been actively involved in various social and environmental organizations to address the issue of sustainable development and social uplift. The Company in discharge of its responsibility as a corporate citizen actively contributes to community welfare measures and takes up several social initiatives every year.
Reliance Power Ltd. has been closely working with institutions and social organizations and supporting their programs for social development, adult literacy, adoption of village, tree plantation schemes etc. and it includes health, education and employment.

TATA: The Tata Council for Community Initiatives (TCCI) is a unique initiative that lends structure to the Tata group's approach of sustainable development while driving its community engagement and improvement

programs. The Tata Council for Community Initiatives is a centrally administered agency whose purpose is to help Tata companies and employees engage in developing the community through specific processes.
Tata index for sustainability:

The Tata index for sustainable human development is a pioneering effort aimed at directing, measuring and improving the social uplift programs that group enterprises undertake. The index provides guidelines for Tata companies looking to fulfill their social responsibilities, and is built around the Tata Business Excellence Model.

INFOSYS: Infosys always responds to a human crisis by volunteering and pledging support. The northern districts of Karnataka were severely affected by floods after torrential rainfall. It claimed hundreds of lives and rendered millions of villagers homeless.

The employees of Infosys joined hands to rebuild villages and undertake a mass housing project. Infosys, together with the Board of Directors and the Infosys Foundation, contributed US$ 6.8 million towards relief, rehabilitation and reconstruction.

Under the auspices of the state government's 'Aasare' scheme, Infosys partnered with local Non-governmental Organizations (NGOs) to construct homes across 18 villages in five districts. The ongoing housing project serves as a model for sustainable development.

Local support : Infosys worked with the state government, the local panchayats and NGOs to restore infrastructure, including roads, power and water supply; and reconstruct homes in remote villages.

Sustainable living: Volunteers of the Infosys Flood Relief team have developed a blueprint for sustainable communities. The new homes are constructed with amenities that incorporate rainwater harvesting, solar lighting and forestation.

Banking the unbanked: Infosys requested local banks to open no-frill accounts for residents of villages to inculcate the habit of saving and managing finances.

Relief-friendly IT : They developed a Flood Relief Management system to consolidate data of displaced villagers and beneficiaries of the housing project, and monitor the progress of reconstruction.

IX.   FINDINGS

CSR policy functions as a built in self regulating mechanism whereby business monitors and ensures its active participation towards the society. The compliances fulfill the gap realized by the absorption of business benefits.

➢ The potential benefits of the business – the scale and nature of the benefits of CSR for an organisation can vary depending on the nature of the enterprise, as a result it is difficult to quantify.
➢ Business solutions are often revealed with the smooth functioning of the philanthropic means. The correlation between social performance and financial performance often originates CSR.
➢ Corporate Philanthropy a result that creates charitable efforts to improve their competitive context along with the quality of the business environment.
➢ CSR moulds in creating a share value with the formula of corporate success with social welfare.
➢ CSR dimensions are formed under the foundation of Human capital, natural capital and the environemnt.Its dimensions involve because of related marketing, promotion, socially responsible business practice, corporate philanthropy and corporate social marketing.

The essence of CSR lays on the investing part of the profit beyond business for the larger good of the society.

X.   SUGGESSTIONS

CSR, a form of strategic management which could encourage the organisation to scan and think literally about its relationship, which will contribute for long term in the dynamic world.

➢ CSR, as an Accounting Standard could enrole the merits of being socially responsible along with the values to an enterprise.
➢ CSR is to enhance corporate social objective under areas of net income contribution, Human Resource Contribution, Public Contribution, Environmental Contribution, Product or Service Contribution.
➢ With the transparency of Social Accounting, it has become at much ease to express social cost and benefits in money terms. Moreover, it is necessary in order to improve the heads of reporting in the context of dynamic socio – economic environment.
➢ As for the relevance of Carbon finance being evaluated under the Indian context, a major head of CSR is proved to be implemented.
➢ The challenges are now the flexible modules for the CSR to be implemented, directive to its arrangement with the corporate world.

An improvement along with change is a major content to be established along with CSR.

XI.   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.

REFRENCES

[1.]   Aupperle, K., Carroll, A. *and* Hatfield, J. *(1985).* 'An empirical examination of the relationship bet
[2.]   ween corporate social responsibility and profitability. Academy of Management Journal, 28, 446–63
[3.]   Baron, D. *(2001).* 'Private politics, corporate social responsibility and integrated strategy. Journal of Economics and Management Strategy, 10, 7–45
[4.]   Deniz Kucukusta ,Amy Mak, Xavier Chan,Corporate social responsibility practices in four and five-star hotels: Perspectives from Hong Kong visitors,International Journal of Hospitality Management,Volume 34, September 2013, Pages 19–30
[5.]   Francesco Ciliberti, Pierpaolo Pontrandolfo, Barbara Scozzi Investigating corporate social responsibility in supply chains: a SME perspectiveJournal of Cleaner Production,Volume 16, Issue 15, October 2008, Pages 1579–1588.
[6.]   Friedman, M. *(1970).* 'The social responsibility of business is to increase its profits. New York Times Magazine, *September, 13.*
[7.]   Kothari C.R. (1985),Quantitative Techniques, ,Vikas Publishing House Pvt Ltd; 3rd edition, New Delhi
[8.]   L.J. Brooks , Corporate Responsibility, Encyclopedia of Applied Ethics (Second Edition),2012, Pages 645–655
[9.]   McWilliams, A., Van Fleet, D. D. *and* Cory, K. *(2002).* 'Raising rivals' costs through political strategy: an extension of the resource-based theory. Journal of Management Studies, 39, 707–23.
[10.]   Md. Humayun Kabir,Corporate social responsibility by Swaziland hotel industry,Procedia - Social and Behavioral Sciences, Volume 25, 2011, Pages 73–79
[11.]   Paul Shrivastava, Industrial/environmental crises and corporate social responsibility,The Journal of Socio-Economics, Volume 24, Issue 1, Spring 1995, Pages 211–227
[12.]   Russo, M. *and* Fouts, P. *(1997).* 'A resource-based perspective on corporate environmental performance and profitability. Academy of Management Journal, 40, 534–59.
[13.]   Yeosun Yoon'Zeynep Gürhan-Canli,Norbert Schwarz, The Effect of Corporate Social Responsibility (CSR) Activities on Companies With Bad Reputations, Journal of Consumer Psychology, Volume 16, Issue 4, 2006, Pages 377–390
[14.]   Waddock, S. *and* Graves, S. *(1997).* 'The corporate social performance – financial performance link. Strategic Management Journal, 18, 303–19.