

Opportunities and Challenges for Corporate Social Responsibility with special reference to Indian Companies

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Abstract: In the contemporary business, the concept of Corporate Social Responsibility (CSR) is spreading very rapidly in all the sectors of India. Corporate Social Responsibility is to contribute towards the society while working within morals or ethics. In India, CSR is at initial stage because of lack of understanding CSR, imperfectly skilled personnel, company policy matters etc. The main aim of this research paper is to analyze and understand the challenges and opportunities of corporate social responsibility faced by Indian companies. The study comprises the evolution over time variations in Indian cultural customs of corporate social responsibility. This study also reviews the four segments that have different approaches towards corporate social responsibility. The study is conceptual in nature and secondary data has used to shape the paper. Deep study of literatures has done to reach at outcome of the study.

Key Words: CSR, Financial development, Competitiveness, Marketplace etc.

1. INTRODUCTION

In recent years, Indian companies started encouraging their business with corporate social responsibility globally because the customers, the public and the investors expect them to act as responsible to society. In some cases, corporate social responsibility is refers to a company that interacts with social and environmental concerns into their business operations and interactions with their own employees, customers, investors, shareholders, government on a deliberate basis. Corporate Social Responsibility (CSR) can be designated as, the nonstop dedication by corporations to the economic and social development of societies in which they drive. It is the moral obligation to do something for the betterment of others without expecting anything in return. The term CSR means that continuing commitment by businesses to behave ethically and contribute to economic development of a country, along with enlightening the quality of life. Many Indian companies are not able to realize the significance of CSR yet companies like TATA, Reliance and Birla etc. are very popular for practicing Corporate Social Responsibility activities in India. In spite of involvement of these companies, corporate social responsibility begins with the valuation of the following facets of each business as,

- Customers
- Employees
- Environment
- Suppliers
- Communities

In simple words, it can be say that corporate social responsibility (CSR) is a concept relating to the corporate activities beyond profit making; the term is increasingly use to describe the role of business in society. CSR includes a comprehensive promise by companies to social welfare. It includes not just the products that a company manufactures but also being a good corporate citizen. It is also about protecting the environment and getting involved in the local community and the broader culture in which the company involves in business.

2. OBJECTIVES OF THE STUDY

- To evaluate the changes in corporate social responsibility that took place in the recent years in India.
- To identify the opportunities of CSR in today's competitive scenario.
- To identify the challenges for CSR in fast moving business around.

3. NEED TO STUDY OF CORPORATE SOCIAL RESPONSIBILITY

Following points will define the need to study of CSR as,

3.1. Declining position of Government

Decreasing government resources together with a distrust of regulations has led to the exploration of voluntary and non-regulatory initiatives instead.

3.2. Demands for Greater representation

It includes activist organizations, investors, suppliers, customers, employees and communities.

3.3. Growing Customer Interest

In a recent study by Environics International, more than one in six customers reported having either remunerated or penalized companies based on their supposed social performance.

3.4. Increasing Investor Pressure

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.

3.5. Competitive Labour Markets

Employees are increasingly looking beyond pay cheques and assistances and seeking out companies whose viewpoints and operating practices match their own philosophies. In order to hire and maintain skilled employees, firms are being forced to expand working conditions.

3.6. Trader Relationships

As investors are becoming gradually interested in business affairs, many firms are taking steps to ensure that their companions conduct themselves in a socially accountable manner. They are announcing codes of conduct for their suppliers to confirm that other companies' policies or practices do not tint their reputation.

4. PRESENT OPPORTUNITIES AND CHALLENGES FOR CSR:

4.1 Opportunities

Upgrade the image of the Company

The maximum benefit that a corporation can obtain by implementing CSR policies is that of an increased in goodwill value. This serves a dual purpose – Firstly, people will want to buy the product that the corporation is selling because of its good and clean image. Secondly, other enterprises will want to do business and be associated with the corporation.

Loyalty of Employees

Companies having concrete CSR commitments find it easier to recruit and retain employees. People want to work for companies that care about the well-being of their employees and provide good working conditions. Compassionate attitude towards employees is highly desired by both new recruits and old employees alike. This is a huge advantage when there is a tight labor market situation. This will reduce the cost of training new recruits and free up incentives for existing employees.

Governing Authorities become less aggressive

Governing authorities will not examine a corporation with strong CSR programs as much as companies without CSR programs. The establishments will be lenient in their rules because they feel that the company must be obeying with all regulations as firms and people alike for its wellbeing work support it. A company with strong CSR suites will always work within regulations to get assistances (other than profits) from these CSR programs.

Appeals Investment from Different Sources

A company's image plays a huge role in attracting investors. If the company is engaged in CSR programs, its image gets a massive boost and so people invest in its operations heavily. This company will attract capital even from abroad in the form of FII thus helping the country to get valuable foreign exchange. Even the Government of the country may be willing to invest in the company, leading to lesser regulation and red-tapism.

Production of Hygienic Energy from Environmental CSR

If the firm has invested in an environmental CSR program, it will make assured that its operations do not damage the environment in any way. Devising machines and techniques to cut the harmful effects of its operational actions will give the community a clean environment. It will also give the firm a chance to discover the usage of renewable energy for its processes.

Positive Publicity

A popular business principle is that any publicity is good publicity. You should know to the people to sell your product. A good CSR program will always give good publicity and even act as an advertisement for the company. It also sets the company apart from its competitors. They may be selling a similar product at lower rates but you are keeping the interests of your environment and community intact and so the people do not mind a little extra charge for this thoughtfulness.

Unmatched growth opportunities exist

While three corporate employees may be assigning to one project, one non-profit employee may find himself assigned to three projects. This can lead to faster career development and more varied job responsibilities for those looking to get ahead quickly.

4.2 Challenges

Change from the Money-making aim

CSR changes the focus of the firm from the objective that made it a economic entity in the first place – profit making. The company overlooks about its obligations towards its stakeholders that they have to make revenues for

them. Instead of focusing on making profits, they involve in CSR programs and use up funds for communal welfare. Instead of an income, the firm is affecting an outflow of cash and not satisfying its profit making obligations.

Company Status may affect

According to CSR strategies, companies have to reveal shortcomings of even their own products if they are found to interrupt the CSR program. For example, car-manufacturing companies are calling back their cars in large numbers when they find breakdowns in the model after having sold them just for their status. This creates troublesomeness to the customers.

Customers Faith

Initially, customers like to see the companies that they trust are engaged in social welfare programs. They like the fact that these programs are for a good cause. Later, they grow suspicious of it. If they do not see instant results from these programs, they think that these are nothing but PR stunts. So, it becomes difficult to convince customers that the results will take some time in coming and that they should continue believing in the good intentions of the company.

Increase in Cost of Manufacturing

CSR programs increase the expenses of the company. This increased expense is reflected in the increased prices of the product for which, ultimately, the customers have to pay. Large corporations can engage this increased expenditure. They may not increase their products' prices, but small businesses have no other option but to increase their products' prices to meet their increased expenses.

Work environments may be frustrating

Employees are asked to do more work with fewer resources, create miracles on a daily basis, and satisfy competing interests. The leap of change is often slower than it is in a for-profit setting, given that so many views must reflect and the bottom line is not as vibrant.

Higher Stress

Those who enter the non-profit workforce with a specific mission and goal in mind do so with great purpose. This countless resolution often places a heaviness on the shoulders of those doing the effort.

Focus on fund raising

Non-profit executives wake up every morning and go to bed every night worrying about the location of their next fundraised dollar. This continuous pressure leads to certain inner issues going unaddressed until a disaster emerges, takes the chief executive away from the office for long periods and can give itself to mission implication.

5. CSR EVENTS OF RENOWNED INDIAN COMPANIES:

Some Indian companies do company social responsibility events on regular basis. Some activities among them are as follows:

- SAIL has taken successful actions in environment conservation, health and medical care, education, women empowerment.
- BHEL & Indian Airlines have acclaimed for disaster management efforts. BHEL has also approved 56 villages having nearly 80,000 residents.
- Reliance Industries initiated a project named as "Project - Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker sections of the society. This project has brightened up the lives of over 5000 people so far.
- Mahindra & Mahindra launched a unique kind of ESOPs- Employee Social Option in order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.
- Bajaj Electricals Ltd corporate social responsibility activities include Education, Rural Development and Environment.
- Tata Consultancy Service (TCS) is India's largest software service company and has won the Asian CSR award for initiating community development work and implementing various programs and devoting leadership and sincerity as ongoing commitment in incorporating ethical values. Major focus of the company is on education sector. Company is working upon literacy program that cares TCS designed computer based literacy model to teach adults and this program known as an adult literacy program.
- Infosys, as a leading software company Infosys is into the providing language and computer education. Company has special program for unprivileged children by whom company teaches them various skills and change their outlook too. Company also donates carom, chessboard, chocolates etc. to the needy ones.
- Wipro Cares, Focus area of Wipro cares is on taking educational and health care initiatives for migrated communities and environmental issues and disaster rehabilitation.
- ITC, ITC Limited (ITC) is among one of India's leading private sector companies having an assorted portfolio of businesses. ITC is working with the concept of 'Triple bottom line' that will contribute to the growth of economy, environment and social development. Major focus area of the company is on raising agricultural productivity and helping the rural economy to be more socially inclusive.

6. RECOMMENDATIONS:

In order to sparkler look the future of CSR in India and take time bound steps to mainstream it, few recommendations are suggest as,

- CSR as a subject or discipline should made compulsory at B-schools, in colleges and universities to inform students about social and development issues.
- Partnership should develop among all stakeholders including the private sector, employees, local communities, the Government and society.
- Outspread CSR initiatives to small, medium and large corporate firms.
- CSR initiatives and programmes are taking up in urban areas and localities.
- Government should recognizing and reward corporate houses or NGOs and their partners in effective applying projects for the poor and the underprivileged.
- Partnerships between the Government and other interest groups have defined in policy documents at all levels and to develop common strategies to translate policy statements into demonstrable action agenda.
- Lay more focus on education, health, environment protection, livelihood, women empowerment, disaster management, green marketing, ethical practices, etc., and other social and community relevant issues.
- Innovative models should be popularizing among corporate in these areas.
- In order to push the development agenda in a mission mode, it is recommended that realistic and operational models are jointly explored and addressed
- Research by global organizations pointed out that business leaders must be the most reliable, most ethical, least corrupt and most value-driven in the world. Regardless of the label, the dominant model underlying corporate social responsibility is centred on the idea of creating shared value.
- Partnerships between companies, NGOs and the Government should facilitated so that a combination of their skills such as expertise, strategic thinking, work force and money to initiate extensive social change will put the socio-economic development of India on a fast track.

7. CONCLUSION:

Over the last years, an increasing number of companies worldwide started promoting their business through Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. Non-profit executives awaken up every morning and go to bed every night distressing about the location of their next fund raised rupees. The lines between corporate and community are shrinking and the value of those from each sector is rapidly being understood and capitalized upon by the other. To conclude CSR as a business, authoritative must not be accepted it unwillingly or half-heartedly. Instead, it must be practice with full strength and straight from the heart passion and this certainly helps the companies' in the long run. Finally yet importantly, it can be say that business is by the people, for the people and of the people.

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