Corporate social Responsibility in India: Its Challenges

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Abstract

Corporate Social Responsibility (CSR) is the ongoing dedication of businesses to the social and economic advancement of the communities in which they operate. The current study will provide an overview of marketing organisations' current compliance with social responsibility and ethical standards in India. This paper suggests using empirical evidence to support the claim that successful businesses must act ethically. The study will examine the corporate social responsibility in India. This paper also tries to explore the challenges in corporate social responsibility. The researcher examines the corporate social responsibility (CSR) and the potential for government to support CSR. Corporations play a crucial role in the overall economy of every culture or nation where they operate. CSR is voluntary and does not require necessary law, the government's role in supporting CSR initiatives.

Keywords: *Corporate social responsibility (CSR), Role of government, Transparency, Good governance, Challenges*

Introduction

The nature of the triangle relationship that exists between businesses, the government, and society has drastically changed during the past 20 years. Companies can no longer operate as separate entities from the interests of the broader public. The way businesses and society interact has gradually changed from one of charitable cohabitation to one in which the interests of all parties involved are becoming increasingly important. Companies are starting to realise that their typical approach of concentrating just on profits may need to be modified to factor in public goodwill and appropriate business etiquette in order to acquire strategic initiative and assure continuing existence. An examination of some of the factors which have led to the development of the concept of corporate social responsibility (CSR) would be ideal starting ground for the conceptual development of suitable corporate business practices for emerging markets.

The definition of corporate social responsibility is "the ethical behaviour of a company towards the society," and it takes the shape of admirable initiatives started by for-profit businesses. In the Indian corporate scene, corporate social responsibility (CSR) has gained prominence as businesses have grown to understand the need of establishing enduring relationships with the society at large in addition to expanding their operations.

Although India has one of the fastest growing economies, socioeconomic issues like poverty, illiteracy, a lack of access to healthcare, and other issues are still widespread, and the government has limited resources to address them. This is another factor contributing to the country's rapid adoption of corporate social responsibility (CSR). This situation has made it possible for businesses to support social development in a number of ways. Among those engaged in community service from their founding are Aditya Birla Group and Indian Oil Corporation. By making gifts and hosting charitable events, several other organisations have been contributing to society. Corporate social responsibility (CSR) initiatives in sectors such as education, health, livelihood creation, skill development, and empowerment are carried out by almost all of India's top firms.

For Indian businesses, the idea of corporate social responsibility, or CSR, is not new. What's different, though, is how Indian corporations have embraced it and how employees are actively involved in carrying out these initiatives. Most organisations have dedicated divisions that investigate far more than simply money or one-time initiatives. CSR endeavours provide benefits. The advantages include enhancing the company's reputation and promoting social engagement among staff members, which fosters a sense of loyalty for the company. CSR initiatives strengthen links between staff members and the company, which fosters a committed workforce that is pleased to work for its employer.

The tendency is particularly noticeable in IT businesses where the younger employees feel more and more compelled to have a positive impact on society. The majority of these businesses deal with matters pertaining to children and education. To them, voluntarism entails closing the digital gap and bringing technology to the masses.

Corporate Social Responsibility in India and Its Scope

The term "corporate social responsibility" (CSR) refers to a company's ongoing commitment to the social and economic advancement of the areas in which it operates. Since India's pre-independence era, the idea of corporate social responsibility (CSR) for significant industrial firms has taken front stage in the larger national conversation on economic concerns. Gandhi stressed the greater societal goal that industrial riches should serve in an independent India by referring to big enterprise as "trusts" of the "wealth of the people. Early on in the post-independence era, the Indian state, heavily influenced by Nehruvian socialism, set up a massive public sector to serve larger societal interests while simultaneously encouraging private industry to actively contribute to the social and economic advancement of the underprivileged segments of the population. Large-scale corporate welfare programmes were used by industrial groups to show that private wealth was not anti-people and that it played a significant role in reducing poverty and promoting the nation's socioeconomic development as Nehru's mild socialism gave way to the more radical policies of nationalisation and extensive state regulation of the Indira Gandhi era.

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The administration of Rajiv Gandhi and Narashima Rao, faced with an imminent economic catastrophe, decided to abolish the "licence raj" and implement much-needed economic reforms. This marked the start of India's economic liberalisation and transition to a free market economy. Transnational firms have become more prevalent in the nation as a result of these economic changes, and Indian businesses have grown into enormous international conglomerates. In this case, both supporters and detractors of India's liberalisation are paying more attention to these private companies' social roles1. The grassroots execution of corporate social responsibility initiatives has undergone a radical transformation.

Corporate social responsibility-A need

An enterprise's operations must, in fact, be guided by a much larger set of objectives that are currently being defined under the term corporate social responsibility (CSR). This is true even though the interests of shareholders and the actions of managers of any business enterprise must be governed by the laws of economics, requiring an adequate financial return on investments made. The idea that a business enterprise must give back to society in order to continue receiving benefits from it is the overarching justification for a new set of ethics for corporate decision making. This new set of ethics must explicitly define and uphold an organization's social responsibility. In a failing society, no company can thrive. Thus, this demonstrates unequivocally a commercial organization's interest in the health and welfare of the society it operates within. More importantly, consumers of any good or service are unlikely to feel satisfied in purchasing from a company that is perceived to be acting outside the bounds of what is considered to be morally and socially responsible behaviour in this day and age of extensive communication and growing emphasis on transparency. It is becoming more and clearer that businesses that genuinely adhere to the values of socially conscious activity are favoured by the public and are the go-to source for goods and services.

Historical Aspects of CSR in India

Businesses in Asia are a part of a social welfare ideology that is ingrained in corporate philanthropy, in contrast to western capitalism. In India, certain families from old merchant societies led the way in indigenous industrialization in the late 19th century and went on to play a significant role in both the nation-building process and the war for freedom.The Bombay Plan was a development plan for India created in 1944 by a group of concerned entrepreneurs before to the country's independence. According to Narayan (quoted in IIC, 1966), most Indian businessmen viewed their empires as trusts maintained for the benefit of the community as a whole throughout the 1950s and 1960s, partly due to the Gandhian ideology of "trusteeship," an old concept resurrected and reinterpreted by Mahatma Gandhi. Businesses made major contributions to hospitals, universities, and schools; subsequently, the focus switched to supporting public health, technical education, and rural development (Mohan, 2001). Additionally, in a mixed economy following independence, India saw components of state-sponsored corporate social responsibility (CSR) initiatives carried out by sizable public sector corporations.

As the Indian economy transitioned from an agrarian to an industrial one, questions were raised concerning the unbalanced nature of economic growth and its potential implications. At a high-profile symposium in Delhi, the significance of corporate social responsibility to many stakeholders was highlighted, and a statement was issued stating that an enterprise's social obligation is to itself, customers, workers, shareholders, and the community. A rise in the number of trusts established by companies coincided with the 1960s and 1970s witnessed the growth of non-family-owned firms. The business sector was greatly impacted by changes in India's economic paradigm in the 1990s, which brought more roles and freedom from restrictions. According to Shrivastava and Venkateswaran (2000), the majority of firms concur that this increased independence comes with societal obligations.

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From Philanthropy to Stake Holder Participation: The New Paradigm of Corporate Social Responsibility

Until the 1990s, corporate social responsibility was only conceptualised in terms of charity or philanthropy. Welfare programmes and initiatives were created as a way to show off the company's or organization's qualities rather than as an obligation or responsibility. Numerous business conglomerates, such as the Birlas and the Tatas, established philanthropic trusts that disbursed funds for a range of deserving causes. Even in instances where the corporation took on a more active role—such as when the Birla family founded the Birla Institute of Technology in Pillani or when several large industrial groups established primary schools for the children of their employees—the approach was still philanthropic. The problem with the this philanthropy –based model has several problems

The company frequently limits itself to one-time or recurring cash gifts rather than investing all of its resources in such a project.

As it's a charitable endeavour, the company sees no need for community involvement in the planning or administration of these programmes, and any involvement that does occur is limited to specific implementation details, which lowers the effectiveness and efficiency of CSR initiatives at the local level.

The lack of involvement from the primary resource provider i.e. the corporation leads to low levels of accountability and transparency at the implementation level.

Stakeholder participation-based corporate social responsibility has, however, fundamentally replaced the philanthropy-based paradigm that was prevalent throughout the liberalisation era. Leading Indian industrial companies such as the Tatas have made comments on corporate social responsibility that clearly demonstrate this shift: "Over the years, the nature of the company's involvement with the community has undergone a change." Over the past 10 years, their corporate social responsibility practises have undergone steady metamorphosis, shifting from charity and reliance to empowerment and cooperation. The community where the corporation operates is viewed as a stakeholder in the business under the stakeholder model, and as such, it has similar obligations and duties to the community as it has to its other stakeholders (customers, workers, shareholders). It acknowledges that businesses operate in non-financial domains such as workplace issues, community development, business ethics, environmental policies, corporate contributions, human rights, and corporate governance. As such, businesses should be held responsible for their entire performance—that is, their social, environmental, and financial outcomes—rather than just their financial component.

The New Innovations in Implementing Corporate Social Responsibility: The Revolution at the Grass Roots Levels

The paradigm for corporate social responsibility has changed to one that is stakeholder-centric, and this has resulted in a dramatic change in grassroots practises. Over the past ten years, companies have innovated in every facet of corporate social responsibility initiatives to boost productivity, effectiveness, and accountability. Initiatives that prioritise people and include active community engagement at all levels have received special attention. Furthermore, businesses themselves have shifted their focus from charity endeavours such as money contributions or sponsorships to offering goods and services in a way that would really improve the target communities.

The first noticeable change has been the introduction of numerous creative programmes and schemes that are tailored to the particular needs of the target group. Corporations provide not only financial resources but also knowledge, labour, products, and services for the successful implementation of these

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schemes, and they are found in a number of areas including education, healthcare, rural development, environment protection, protection of artistic and cultural heritage, and disaster management.

The third-largest pharmaceutical firm in India, Lupin India Ltd., has launched an initiative to promote sustainable development in 154 Rajasthani villages. The plan is a comprehensive action plan that includes an Agricultural Income Generation Scheme, land cultivation and fruit plantation programmes, fodder preservation schemes, sericulture and water-recycling programmes, establishment of medical and educational centres, adult literacy programmes, and credit schemes, in place of providing piecemeal assistance that does not result in effective alleviation of poverty or adequate development.

Another significant player in the Indian pharmaceutical industry, Cipla, has come up with a creative way to fulfil its CSR commitments. It has decided to sell a combination of three anti-HIV medications, Nevirapine, Lamivudine, and Stavudine, to the Nobel Prize-winning non-profit organisation Medicine Sans Frontiers (MSF) for $350 per patient annually, and at $600 per patient annually to other NGOs throughout the world. This offer must result in a notable global drop in the cost of these medications, making them more widely available, particularly in developing nations.

As part of its corporate social responsibility programme, Ranbaxy, one of the largest pharmaceutical companies in India, runs two urban welfare clinics and seven mobile health vans that serve over a lakh people in various regions of northern and central India.

In order to teach youngsters from the Society for the Welfare of the Physically Handicapped and Research Centre in Pune the fundamentals of computers, Tata Consultancy Services (TCS) has established a fully-stocked computer training lab. A widely-liked initiative called "hole-in-the-wall" has been introduced by NIIT. It involves mounting a computer on a wall in both urban and rural locations so that nearby kids may use the play-way approach to learn the fundamentals of computers.

Challenges of CSR

• *Lack of awareness of general public in CSR activities*

The public is not interested in supporting or taking part in corporate social responsibility (CSR) initiatives. This is a result of the lack of awareness or ignorance regarding CSR. A lack of communication between the grassroots public and the corporations engaging in corporate social responsibility exacerbates the problem.

• *Need to build local capacities*

Building the capacity of local nongovernmental groups is necessary since there is a severe shortage of skilled and competent organisations that can successfully support the ongoing corporate social responsibility initiatives. This restricts the breadth of CSR efforts and greatly jeopardises their ability to scale up.

• *Issues of transparency*

One of the main concerns facing corporations is a lack of transparency, which is exacerbated by small businesses' inadequate attempts to reveal information about their initiatives, audit issues, impact assessments, and money utilisation. This has a detrimental effect on the firms' process of developing trust, which is essential to the success of any CSR programme.

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• Non-availability of well organised non-governmental organizations

In reserved and rural locations, it is difficult to find well-run nongovernmental groups that can evaluate and identify the true needs of the community and collaborate with businesses to successfully execute corporate social responsibility initiatives.

• Visibility factor

Since it disseminates positive news and raises public awareness of the numerous ongoing corporate social responsibility projects, the media's involvement in showcasing successful CSR activities is applauded. Many non-governmental organisations participate in event-based programming as a result of the apparent effect of branding exercises and increased exposure; nevertheless, in the process, they frequently lose out on significant grassroots interventions.

• Narrow perception towards CSR initiatives

Governmental and non-governmental groups typically have a limited perspective on corporate social responsibility (CSR) efforts, frequently characterising them as donor-driven. Corporate therefore struggle to determine if, in the medium and long term, they should engage in such activities at all.

• Non-availability of clear CSR guidelines

There are no precise legislative requirements or policy directions to provide businesses' CSR programmes with a defined course to follow. Companies' CSR programmes should be tailored to the size and nature of their businesses. Put differently, a company's CSR initiative grows with size.

• Lack of consensus on implementing CSR issues

When it comes to CSR programmes, implementing agencies cannot agree upon anything. Corporate houses frequently duplicate their efforts in areas of intervention as a result of this lack of agreement.

Conclusion

The majority of businesspeople believe that corporate social responsibility is a reality, which is voluntary and helps to improve a company's reputation and brand name, increase sales and customer loyalty, attract and retain equal employees, and also builds political capital. As a result, successful companies in India place a high value on social responsibility and ethics in marketing. It is also a viable option for companies to become social entrepreneurs in the future. Thus the charity given by the corporations definitely changes the way its business is done but at the same time there is minority population which thinks that corporate social responsibility is forcedly placed upon the corporations and it's just mere "website" declaration on each company's website and thus it does not seem to be a globally practices work ethic.

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