

CORPORATE SOCIAL RESPONSIBILITY IN CENTRAL INDIA

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ABSTRACT

CSR has become the new buzz word today for organizations all across the globe in the recent times. Keeping in pace with the western world the Indian companies have also awakened to the need of contributing towards society and environment to fulfill the statutory regulations and for portraying a better image of the organization. The paper focuses on the work being done by corporate in Central India towards the social causes; It also discusses the major problems being faced by organizations in doing their bit towards the society. The paper also recommends suggestions to overcome the challenges faced by corporate in the area of Corporate Social Responsibility in Central India.

Keywords: CSR, Social Causes, Problems, Challenges.

INTRODUCTION:

Corporate Social Responsibility (CSR) defined as "the ethical behavior of a company towards the society," which manifests itself in the form of such noble programs initiated by for-profit organizations. CSR has become increasingly prominent in the Indian corporate scenario because the organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs.

Another reason fuelling this rapid adoption of CSR is the state of the Indian society and economy. Though India is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare, malnutrition etc. are still ubiquitous and the government has limited resources to tackle such challenges. This scenario has opened up several areas for businesses to contribute towards social development.

CSR is not a new concept in India. Corporate like the Tata Group, the Aditya Birla Group, Reliance and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events etc.

In the past decade the organizations in Central India (Madhya Pradesh and Chattisgarh) have also waked up to this need of the hour and are working in the direction of CSR. But they still have a long way to go when compared to the companies in USA and other parts of the globe where CSR is a full fledged business as important as production, Marketing and other aspects of Business.

OBJECTIVES:

The Present paper is basically concerned with the following objectives.

To study the Issues and Challenges for CSR in Central India.

RESEARCH METHODOLOGY:

Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have better accuracy and in depth analysis of the research study. Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books and Web were used which were recorded.

LITERATURE REVIEW:

(Krish 2010). CSR used to be a formality. A function run in the organization for the sake of it. Rather than with aim of creating any material difference to the society. Now, however the scenario has changed. Due to more product categories, competition in the market and lack of differentiation, companies are integrating CSR with marketing plan. Companies realise that to gain customer loyalty, to make the consumer choose them among a host of competing products, it is imperative to go with trend and project a distinct brand/corporate image, which is of being socially responsible corporate citizen. Due to that marketers are jumping the CSR brandwagon and branding their products and services tagged with CSR. Adam Lindgreen, et al (2009), observed that CSR practices are more prevalent in organizations that employ relational marketing practices. All

types of CSR practices receive positive influences by one or more types of relational marketing practices. In the process of building and engaging in relationships, networks, and interactions with customers and other stakeholders, managers look for CSR practices that can generate trust, loyalty and support from stakeholders, especially as product differentiation becomes increasingly difficult

Khanna, Parul; Gitika Gupta (January 2011) Among other countries India has one of the most richest traditions of CSR. Much has been done in recent years to make Indian Entrepreneurs aware of social responsibility as an important segment of their business activity but CSR in India has yet to receive widespread recognition. If this goal has to be realised then the CSR approach of corporates has to be in line with their attitudes towards mainstream business- companies setting clear objectives, undertaking potential investments, measuring and reporting performance publicly.

Chahoud, Dr. Tatjana; Johannes Emmerling, Dorothea Kolb, Iris Kubina, Gordon Repinski, Catarina Schläger (2007). Indian CSR is not well balanced between internal and external stakeholders. Indian companies tend to aim their CSR engagement at external stakeholders - especially communities - rather than internal stakeholders. However, the long tradition of CSR in India indicates - and the recent changes in the Indian CSR agenda further underline - that CSR in India has considerable potential for improving corporate environmental and social conduct.

Sathish, Ramya (2011) CSR has come a long way in India. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is enormous. Corporates have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India's social development on a faster track.

CSR CONCEPTS DEFINITIONS;

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business)[1] is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby businesses monitors and

ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

The term "corporate social responsibility" came into popular use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have an impact and effect. It was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, Strategic management: a stakeholder approach in 1984.[2] Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. Others argue CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations so they do not harm the local environment.

CSR is titled to help an organization's mission as well as a guide to what the company stands for and will uphold to its consumers and society. Development of business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR. Public sector organizations (the United Nations for example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles but with no formal act of legislation. The UN has developed the Principles for Responsible Investment as guidelines for investing entities.

CSR In Central India:

Ever Since in the 1970's and the decade of eighties Indian Industries and MNC'S stated setting up units in the Special Economic zones of Madhya Pradesh, these business houses have been engaged in some sort of community development work. But it was the second half of the current decade that the CSR has become a major activity of these units. Full fledged CSR cells have started coming up in the organization where even employees are motivated to take part in the activities.

Some of the major players who are actively involved in CSR in Madhya Pradesh are:

- Suzlon Foundation'

- ◆ Ranbaxy Limited
- ◆ Bridgestone India
- ◆ Grasim Nagda
- ◆ Cummins Turbo Technologies
- ◆ Lupin Pharma
- ◆ Tata International Dewas
- ◆ Crompton Greaves
- ◆ Mafoi Foundation

Apart from these MNC's medium size business houses are also increasingly contributing to the CSR activities and the Software development cos are also following the trend due to statutory legal compliance in USA.

The activities range from preserving the environment, promoting girl child education, health and community development centres, etc. Some of the MNC's have even adopted villages and are contributing in developmental activities with the help of local Non-Government Organizations.

CHALLENGES OF CSR IN CENTRAL INDIA:

1. Lack of Trained CSR Professionals: Though the major skills required for successful CSR Professional are
 - A. Business skills (which includes building insight, communication skills, decision making, commercial awareness, IT, innovation, strategic awareness, leadership, handling complexity and problem solving)
 - B. People skills (including adaptability and empathy, developing others, influencing without power, open minded, integrity, political awareness, self-development and learning, building partnerships, team spirit and questioning "business as usual")
 - C. Technical skills (including technical expertise, understanding impacts, stakeholder dialogue, internal consultancy, selling the business case, understanding human rights and understanding the sustainability process).

From above three skills, following 6 core competencies are listed for managers involved with CSR in organizations:

- ◆ Understanding society
- ◆ Building capacities
- ◆ Questioning business as usual
- ◆ Stakeholder relations
- ◆ Strategic views
- ◆ Harnessing diversities

But there is acute shortage of such trained professionals in Central India who can take care of such activities.

2. No Resource Allocation in SME's For CSR: The survey has shown that CSR programs are not a budget priority in Central India. About 50% of Central Indian companies do not allocate any specific funding for planned CSR activities. The most popular way of financing CSR activities is through an annual allocation in the company's yearly budget. Nearly three times more SMEs had absolutely no CSR budget allocation compared to larger companies in other parts of India. Although most companies could not clearly identify the amount spent on CSR per year, the majority of those that did indicated a range of about 1-5% of their yearly budget.
3. No statutory CSR Compliance: Getting multinationals to comply with local laws is not an easy task. Many countries, north and south, do not direct sufficient resources to enforcement. Management practices that evade regulations persist. Furthermore, labor laws can indeed be difficult to interpret. But suppliers, companies, and countries can't point to these difficulties to elude legal accountability. Legal compliances are hard to achieve, whether within the CSR domain or not, but extracting legal compliance from CSR has the advantage of bringing to light a range of workplace and wage issues that companies are required by law to attend to.
4. CSR only a formality approach: Over the years though the concept of CSR has gained wide acceptance within companies, Most of the companies found to expend some of the amount only for the sake of formality, the welfare and development of society thru CSR activities is not the really the main agenda behind these activities. This is one of the major challenge for CSR in Central India
5. 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 of Madhya Pradesh and Chattisgarh 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

SUGGESTIONS:

Following are the suggestions to overcome the obstacles

being faced by the corporate in central India in their CSR

Activities:

1. Traditionally in India the role of CSR has been restricted to top management and human resource professionals but they are not trained in social work and allied activities to overcome these barriers that separate CSR Cells from Human Resource Departments should be formed in which trained professionals having the requisite skills should be hired so that the CSR Cells can be more productive and efficient.
2. A limited amount of resources should be allocated for CSR and other activities which should be audited so that the money is spent in the right direction and the development work is controlled.
3. As CSR has become a mandatory feature of CMM Certification such steps should also be taken by Indian Certifying authorities so that companies contribute and work towards the benefit of society and not only for profit motives.
4. A greater role should be played by local media so that the good works done by organizations is highlighted and they are motivated in doing their bit towards the society.

CONCLUSIONS:

Corporate Social Responsibility (CSR) benefits companies in many ways including, improved financial performance, lower costs, enhanced brand image and reputation, increased sales and customer loyalty, greater productivity and quality, easier access to capital, and more ability to attract and retain employees over a longer period of time. In a scenario where employee retention is a major challenge, one of the biggest advantages of such activities is the development of internal branding among employees. "Employees feel a sense of pride when they are involved in such activities which in turn help in retaining them. Similarly, such activities also in a small way contribute towards image building," these activities help in de-stressing many employees and help in developing more evolved and conscientious human CSR benefits the community as well as it encourages donations to charitable groups, employee volunteer programs, community education and health initiatives, local employment and environmental projects.

Corporate Social Responsibility (CSR) has environmental benefits. Many CSR programs focus on

recycling, more durable, better quality products, greater use of clean and renewable resources, environmental monitoring procedures, and eco-labeling and sustainability measures which go a long way in preserving the nature and ecological system.

Therefore in order to harness the maximum benefits of these activities corporate should develop CSR as a separate wing and entity so that the organizations, community and employees can be benefitted from it especially in Central India which stand as one of the most backward area of the country.

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