

# CSR (Corporate Social Responsibility) in India: Challenges and Issues

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**Abstract - Business social responsibility (CSR) has become an important topic of public policy in India's corporate landscape, thanks in part to the growing social regulatory forces that have enabled CSR to establish long-term relationships with society. An organisation or person has a duty to behave in ways that benefit society as a whole, according to the concept of social responsibility. For the economy and ecology to remain in balance, each person and organisation has a responsibility to perform. In 1953, William. Bowen published the book 'Social Responsibilities of Business', which was the first reference to the phrase corporate social responsibility. When it comes to philanthropy, service to the community, and corporate responsibility (CSR), India has a long history of intimate company participation in the socioeconomic concerns that are critical to the country's long-term growth. Human resources are assumed to be the foundation of all economic endeavours. The primary goal of this study is to find out how future Indian business executives feel about Corporate Social Responsibility (CSR). Indian corporations like Tata and Nestle have been implementing CSR for decades, even before the term was coined. Even though there are several instances of successful CSR initiatives in India, the movement is still in its infancy. Many huge corporations are marketing their CSR initiatives in the media while doing so in a shallow manner. For the purposes of this study, the obstacles and difficulties experienced by Indian CSR activities were discovered and reviewed.**

**Keywords - Corporate Social Responsibility (CSR), Sustainable Development, Companies, CSR Issues & Challenges.**

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## INTRODUCTION

For centuries, companies have been primarily responsible for generating money and enhancing shareholder value. As a result of globalisation, firms are increasingly more concerned with improving society and protecting the environment. There is a growing need from society, customers, governments, and other stakeholders for businesses to behave themselves in a more sustainable manner. Companies have responded by adopting a "new awareness" known as Corporate Social Responsibility (CSR) since the 1970s. When it comes to corporate social responsibility, India is one of the best-known nations. Indian Entrepreneurs have learned a lot about social responsibility in recent years, but CSR (Corporate Social Responsibility) in India is yet to get mainstream attention. The four stages of Corporate Social Responsibility (CSR) in India's history may be summarised as follows.

More than a million firms are registered in India, but only one hundred of them are listed on the stock

market. To promote CSR, corporations are being pushed to reunite. The Alliance for Corporate Social Responsibility was established in Europe in 2006 (CSR). With 70 international corporations and 25 national partner organisations, it has become a one-stop shop for training in Corporate Social Responsibility (CSR).

Companies, sometimes known as "Corporate Houses," are one kind of stakeholder in a socioeconomic framework. Companies and corporate houses like these are making major contributions from their own resources that have a direct influence on their internal stakeholders and also give back to the community. Companies like Tata and Nestle in India have been implementing CSR (Corporate Social Responsibility) since long before it became popular. Corporate Social Responsibility (CSR) has had a significant impact on a wide range of issues.

## DEFINITIONS OF CSR



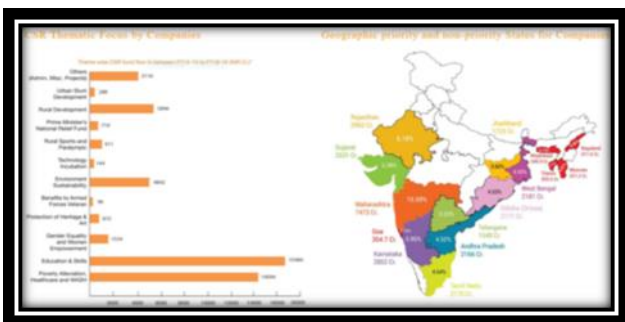
The World Business Council for Sustainable Development (WBCSD) defines CSR as “ the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”

“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.”

**GOALS**

The main focus of this study is on the following goals:

- 1) An understanding of the current state of CSR is necessary here.
- 2) To learn about India's CSR issues and challenges.



**RESEARCH METHODOLOGY**

For the study's goals, the research design is a descriptive one. Accordingly, this research design was created in order to get more accurateness and full investigation of the exploration study. The research relied heavily on secondary sources of data. In order to collect data, a secondary survey is used by the researcher. It has been documented and catalogued

the usage of numerous news items, books and websites.

**LITERATURE REVIEW**

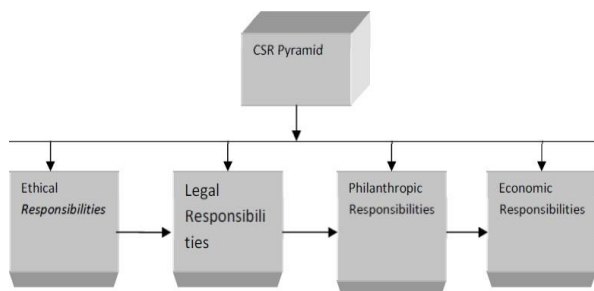
Dr Reva Prasad Mishra Professor and Research supervisor dr APJ Abdul Kalam University Indore (2022), CSR (Corporate Social Responsibility) is not a new concept, according to the author of a recent study. Until recently, only a small number of businesses took steps to improve society. Because they believe that every stakeholder is an important element of any firm. If they are better serviced, the organisation will be able to continue. The purpose of this article is to examine the contribution that corporate social responsibility (CSR) makes to a society's economic progress.

Ms. Rajeshwari. PPHD Research Scholar, Dr APJ Abdul Kalam University Indore.(2022), the purpose of this study, according to the authors' paper, was to determine the influence of digital marketing on the company's CSR performance. CSR investment may be maximised by using digital technology to its fullest extent, according to this research. The article also discusses how CSR may be used to promote a variety of products and services in the marketplace. Secondary data is used in research. Keeping the organization's Goodwill is an important part of the paper's efforts to promote sustainability and public relations. CSR initiatives may now be launched and promoted more easily thanks to technological advancements.

According to a number of HR activists, "Corporations should respect human rights regardless of whether or not they make money" (Steinhardt in Alston, 2005). In contrast to an instrumental approach, which recommends only ethical behaviour when it is financially advantageous, a normative approach calls for a more constant commitment to ethical behaviour across time (Dr Naveen Prasadula, 2021). Research has shown that CSR ideals are typically adopted by firms as a result of specific occurrence. A company's "goodness" or "ethics" cannot be determined just by its corporate social responsibility (CSR) efforts, according to the work of Birch (2003a). For instance, companies with a social conscience have a better public image and reputation. However, CSR-oriented corporations may establish more stringent quality and environmental controls, which may be expensive to execute, but they are less likely to face recalling inefficient product lines and paying huge penalties for excessive pollution.

**CSR PYRAMID**

CSR was first driven mostly by acts of charity and generosity. Prior to industrialisation, affluent merchants shared some of their wealth with the general population by erecting temples for a religious purpose. Since the introduction of colonial authority in India around 1850, the approach to CSR has evolved.



India's businesses shifted their attention to the advancement of society during the country's independence struggle. He exerted pressure on different industries to put more emphasis on the state's socioeconomic development. In the 1960s and 1970s, the public sector began to develop. The private sector was compelled to take a backseat during this time period. In order to guarantee a fair distribution of resources (money, food, etc.) to those in need, they were established by the state. India's firms began to disregard their traditional CSR participation in the 1980s and began to include it into a long-term commercial plan. The fast expansion of the economy in India has made Indian businesses more eager and able to contribute to the betterment of society.

## CSR PROMOTION

FICCI and Aditya Birla launched "the FICCI-Aditya Birla CSR Centre for Excellence in New Delhi on February 17, 2010. The Ministry of Corporate Affairs in India has issued a voluntary guideline for CSR strategies" that includes the following core topics.

- It is important to take care of everyone involved.
- A person's ability to function ethically
- Worker's rights and welfare should be respected
- Human rights are to be respected.
- Concern about the Earth
- Social and Inclusive Development Projects

## ISSUES & CHALLENGES

Corporate social responsibility may be a secondary concern for many businesses, whereas customer pleasure is more essential to them. The shift is referred to as "social responsibility," and it presents an opportunity for businesses.

The issues are given below:

1. **Enhanced Consumers' Sense of Worth:** In a recent poll by International Environics, one in five customers said that they have either rewarded or penalised a company based on their perceived level of social performance.
2. **Absence of Openness:** One of the main complaints raised by the poll is one of a lack of openness.
3. **Calls for more Transparency:** Customers, workers, communities, suppliers, investors, and activist groups are all demanding more information from firms.
4. **Markets for the Employment of People:** A company's ability to attract and retain high-quality workers is being pressed to improve working conditions.
5. **Absence of community involvement in CSR initiatives:** People all around the globe aren't very interested in becoming involved in or contributing to corporate social responsibility (CSR) initiatives.
6. **Developing Local Capacity Is Essential:** CSR operations by firms will continue to suffer if there are not a sufficient number of well-trained and efficient local nonprofit groups to support them.
7. **Involvement in Marketing Activities:** In order to share positive stories and educate the public about upcoming corporate social responsibility activities by firms, the media has a vital role to play.
8. **Disregard for Corporate Social Responsibility (CSR):** A lack of unanimity exists among local government entities on CSR programmes. This lack of unanimity sometimes leads to firms engaging in duplication of efforts in the areas in which

they are involved.

9. **Corporations' Social Responsibility Programs and a Dimming Business Prospect:**

Government and non-governmental groups have a limited view of corporate social responsibility (CSR) programmes, typically characterising CSR as more of a global issue than a local one.

10. **Deficiencies in the CSR Standards:** For CSR projects, there are no well-defined legislative criteria or policy instructions to provide a clear direction.

vii. Businesses support educational institutions by hiring graduates and providing them with training to further their careers. In addition, we're assisting to house the homeless.

Benefits to the Environment

1. Effective product longevity and performance; greater material reprocessing.
2. Improved use of renewable resources.
3. As a part of their overall business plans, companies are including environmental management techniques such as life-cycle costing, environmental standards, and eco-labeling.

**CSR CHALLENGES**

It can be summarized as follows:

- Pellucidity problems
- Limited awareness of CSR initiatives
- Community involvement in CSR efforts is lacking.
- Developing local capacity is essential
- The absence of well-organized non-governmental organizations
- negatively impacts visibility

**OUTCOMES OF THE STUDY**

The beneficial effects of a company's policy of social responsibility might include the following:

Employee Perks and Perks at Work

- i. Improved quality and productivity as a consequence of a reduction in operating costs;
- ii. Improved public perception of the brand;
- iii. Increased revenue and customer loyalty as a result of an increase in staff retention and the creation of a more diversified workforce;
- iv. In order to enhance access to money and reduce liability, the government has reduced rules.
- v. Very useful to the general public and to specialized communities;
- vi. Employers should encourage workers to donate and volunteer their time in order to improve their safety and well-being.

**RECOMMENDATIONS**

There are several key points to consider: raising awareness, forming partnerships with other organisations, combining efforts, working with communities outside of urban centres, implementing programmes in rural areas, utilising financial incentives and exemptions, and utilising a community-based approach to CSR.

**CONCLUSION**

There are three pillars of corporate social responsibility (CSR), according to United Nations and European Commission guidelines: profitability, environmental preservation and social justice. Practicing Corporate Social Responsibility (CSR) as part of a company's long-term strategy is the key to its success. Identifying, promoting, and implementing policies and procedures that result in triple bottom-line outcomes is critical for firms to do. It is possible to see Corporate Social Responsibility (CSR) as a collection of good deeds undertaken by diverse businesses. On the other hand, corporate practises have a big influence on society. Creating a movement of Corporate Social Responsibility (CSR) is essential for this latter objective to be realised in India. As an example, public and private enterprises will work together to meet or exceed requirements, exchange best practises, and promote CSR together. The need for more accurate measures of success in the area of Corporate Social Responsibility (CSR), as well as the distribution of CSR plans, is a major problem for business. It is possible to make a company look more trustworthy and raise the standards of other companies at the same time by allowing for open communication and transparency.

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