CORPORATE SOCIAL RESPONSIBILITY: ISSUES AND CHALLENGES

Dr. NANDINI H P
#1 Assistant Professor, Department of Commerce, KLE Society's, Lingaraja College, Belagavi, Karnataka, India.

ANANDKUMAR G
#2 UGC- Senior Research Scholar, Department of Commerce, Maharaja’s college, University of Mysore, Mysuru, Karnataka, India.

Dr. ARCHANA M V
#3 UGC Faculty of Department of Commerce, Maharaja's college, University of Mysore, Mysuru, Karnataka, India.

ABSTRACT

The 21st century is characterized by unpredictable challenges and opportunities, arising from globalized competitive era. CSR which is today viewed globally as a responsible component of the ascendancy of India is poised now to take on a leadership role in the challenges of our times. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement. So in the nation such business organizations are responsible not only to their stockholders, but also to a broader set of stakeholders and to society at large, therefore yet there are differing perceptions of CSR. On the basis of that this paper focuses on the major Challenges, issues and Opportunities of corporate social responsibility special consideration to Indian context.

Key Words: CSR, Opportunities, Challenges, Implications, Corporate policy.

Our social responsibility is reflected by the variety of the actions we take and by our projects to support safety, education, diversity and the environment. - Carlos Ghosn, Chairman and CEO of Renault

The concept of Corporate Social Responsibility (CSR) was first mentioned in the year 1953 in the publication Social Responsibilities of the Businessman” by William J. Bowen. However, the term CSR became popular in the 1990s; in the modern era of corporate field the terms corporate and social are interdependent. Responsibility for the social environment is the primary mission of emphasizing company’s policies.
Corporate Social Responsibility (CSR) is a form of corporate self-regulation integrated into a business model. CSR is a process with the aim to embrace responsibility for the company’s action and encourage a positive impact through its activities on the environment, consumers, stakeholders and all others members of the public sphere.

The term "corporate social responsibility" came into common use in the late 1960s and early 1970s as a result of an influential book by R. Edward Freeman, Strategic management: a stakeholder approach in 1984.

CSR also called conscience, corporate citizenship, social performance, or sustainable responsible business/Responsible Business is a form of corporate self-regulation integrated into a business model. CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

The concept of Corporate Social Responsibility can be explained quite simply; it is doing the right thing. Corporate Social Responsibility is 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 of the local community and society at large.

CSR leads to triple bottom line: profits, protection of environment and fight for social justice. It is expected that Civil society, activist groups, Government and corporate sectors should work together to create appropriate means and avenues for the marginalized and bring them to the mainstream. The success of CSR lies in practicing it as a core part of a company’s development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices that achieve triple bottom-line results.

**STATEMENT OF THE PROBLEM**

This research paper throws a light on impact and effectiveness of corporate social responsibility in India. But the problem lies with the strong implementation of rules relates to CSR. The government of India has set the agenda for social responsibility by the ways of laws and regulation that will allows a business to discharge responsibility. Ministry of corporate affairs (MCA) announced on 27th of February 2014 the CSR rules under the section of 135 of the company’s act 2013. As per the rules every company having net worth of Rs 500 Crore or more or turnover of Rs 1000 Crore or more or net profit of Rs 5 Crore or more during the financial year shall constitute CSR committee of the board constitute of three or more directors and at least 2 % of net profit should be contribute to socio-economical activities in the form of CSR. This rule is a rule is stated in the records except some of the reputed companies, most of the firms are trying to escape or avoidance of from their responsibilities, even though they have earns the beyond limitation of profit yardstick. Good rules but week implementation this has to be looking after by the govt governing officials. Then we ensure efficiency and effectiveness of CSR practices by corporate sector.
REVIEW OF LITERATURE

Donaldson and Preston (1995), describe CSR as a source of profits and competitive advantage, whereas others prescribe the integration of CSR to corporate strategy as a means to enhance corporate image and competitiveness.

Windsor (2001), article examined the future of Corporate Social Responsibility or the relationship between business and society in long run. The researcher tried to find out that whether the organization and society will come closer to each other in future or not and what will be the changing phase of CSR. With the help of history or past trend of CSR, Caroll”s model analysis and in global context, the researcher found three emerging alternatives of CSR i.e. conception of responsibility, global corporate citizenship, stakeholder management practices.

Cappellin and Giuliani (2004) Chappie and Moon 2005; Ewing and Windisch 2007; Kimber and Lipton 2005; de Oliviera 2006; Qu 2007; Roper and Weymes 2007; Welford 2004). Studies have found that firms from emerging markets lag behind their counterparts in mature economies with regard to CSR implementation and activities.

Porter and Kramer (2006) increasingly, scholars have begun to examine CSR across countries. These studies show that the extent, content, and communications intensity of CSR differ across corporations, regions, and countries (Maignan and Ralston 2002). Most studies have focused on developed- country firms McWilliams et al (2006) although there is no universally accepted definition and measurement scale, some agreement exists on the potential positive impact.

Vaaland, Heide (2008) paper based on a case study methodology. The paper purpose was to handle the CSR critical incidents and utilize this experience in enforcing the CSR activities. The study concluded that CSR should be managed by handling unexpected incidents, long term reduction of gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities.

NEED FOR THE STUDY

The present scenario of the corporate social responsibility is complex and unexpected. Where the society and the stake holders required minimum awareness before they get benefited in the form of CSR. The present study provides the useful information to the stakeholders, society, and interested parties towards their responsibility of utilizing the being benefits from CSR. This study its intense care taking among academics, consultants and corporate executes resulting in many definition of a more humane, ethical, and more transparent way of doing business in the line of sustainable development.
SCOPE OF THE STUDY

This research paper is undertaking the fulfillment of objectives and much focused on CSR its implications, challenges and opportunities in India special priorities with corporate sector and some of the service oriented industries. Why be socially responsible? In order to have significant effect on companies goals, recognition and its performance.

OBJECTIVES OF THE STUDY

- To study present scenario of CSR in Karnataka.
- To examine the Issues and Challenges of CSR in Karnataka

RESEARCH METHODOLOGY

This present study emphasis on 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 greater 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, Books and annual reports, articles published in various journals and thesis published and discussion with scholars. And also Web were used which were enumerated and recorded for the purpose of the study.

Corporate Social Responsibility (CSR) evolved from its early beginnings in the 1950’s. CSR as a concept found its feet more in Europe than in the US. United Nations played a significant role in universal acceptance of the idea of CSR.

CATEGORIES OF CSR

1. Philanthropic responsibility
2. Economic responsibility
3. Environmental responsibility
4. Human rights responsibility

The topic of corporate responsibility has been captioned under many names, including strategic philanthropy, corporate conscience, corporate citizenship, social performance, sustainable responsible business. According to Dr Ratnam the concept of CSR had different meanings depending on the stakeholder and that depending on the specific situation. Forms of CSR differ according to the country or region.
Corporate social responsibility is sustainable – involving activities that an organization can uphold without negatively affecting the business goals. Corporate social responsibility begins with an assessment of the following aspects of each business; Customers, Suppliers, Environment, Communities, Employees. The expectations of the public have grown enormously with demands focusing and forcing companies to take affirmative action. Over time of the cultural norms of corporations ‘engagement changed in India whereas In Europe notions of CSR probably developed out of the Church and a sense of ethics. In the late ‘90s,

**BUSINESS BENEFITS OF CSR**

Social responsibility becomes an integral part of the wealth creation process - which if managed properly should enhance the competitiveness of business and maximize the value of wealth creation to society. The practice of CSR is better - if it is a philanthropic exercise.

In a way, corporate social responsibility can be seen as a public relations effort. However, it goes beyond that, as corporate social responsibility can also boost a firm’s competitiveness. The business benefits of corporate social responsibility include the following:

1. Stronger brand image, recognition, and reputation
2. Increased customer loyalty and sales
3. Operational cost savings
4. Retaining key and talented employees
5. Easier access to funding
6. Reduced regulatory burden
7. Employability.
8. Improve employee satisfaction.
9. Maintain our quality accreditations.
10. Stakeholder Loyalty.
11. Public relations
12. Employee retention
13. Customer satisfaction
14. Business innovation
15. Transparency

**ISSUES AND CHALLENGES**

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. Some of the drivers pushing business towards CSR include:
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 Interests: There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environ 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 society.

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. A lack of understanding, inadequately trained personnel, non-availability of authentic data and specific information on the kinds of CSR activities, coverage, policy etc. further adds to the reach and effectiveness of CSR programmes. But the situation is changing.

In his widely-cited book entitled Misguided Virtue: False Notions of Corporate Social Responsibility (2001) David Henderson argued forcefully against the way in which CSR broke from traditional corporate value-setting? He questioned the "lofty" and sometimes "unrealistic expectations" in CSR. Some argue that CSR is merely window–dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. The Times survey pointed few of the following challenges/responses from participating organizations.

i. Lack of community participation in CSR activities

ii. Need to build local capacities

iii. Issues of transparency

iv. Non-availability of well-organized non-governmental organizations

v. Visibility factor

vi. Narrow perception towards CSR initiatives

vii. Non-availability of clear CSR guidelines

viii. Lack of consensus on implementing CSR issues

In order to meet the expectations of all our stakeholders, we must surround ourselves with all components of business and society. Corporate competitiveness is partly based on ability to adapt products, services and management to the challenges of constantly changing societies. To do this, we need to identify, support and
develop the best CSR initiatives. In order to crystal gaze the future of CSR in India and take time bound steps to mainstream it, few recommendations are suggested.

1. To create awareness about CSR amongst the general public to make CSR initiatives more effective.
2. CSR as a subject or discipline should be made compulsory at B-schools, in colleges and universities to sensitize students about social and development issues.
3. To develop partnerships between all stakeholders including the private sector, employees, local communities, the Government and society.
4. Extend CSR initiatives/activities to small, medium and large corporate houses.
5. CSR initiatives and programmes are taken up in urban areas and localities.
6. Government should recognizing and reward corporate houses/NGOs and their partners in effective implementing projects for the poor and the underprivileged.
7. Lay more focus on education, health, environment protection, livelihood, women empowerment, disaster management, green marketing, ethical practices, etc., and other social and community relevance issues.
8. To underline the Government’s policy documents to ensure public co-operation in planning process of CSR initiatives.
9. Innovative models are to be popularize among corporate in these areas.
10. In order to push the development agenda in a mission mode, it is recommended that realistic and operational models are jointly explored and addressed.
11. A growing number of corporate feel that CSR is not just another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness.

CONCLUSION

Corporate Social Responsibility has many benefits that can be applied to any business, in any region, and at a minimal cost. It can have significant effect on a company’s stake holders, its goals and its performance. It can deliver strongly desirable moral and business benefits. Of course, nothing worth doing is easy and corporate responsibility is no exception. It offers an array of benefits and offers solutions to many problems faced by modern organizations. But these benefits do not come automatically. Corporate social responsibility often results in efficiencies and cost savings. Companies showing an interest in environmental sustainability social responsibility are a way to give meaning to their work. Through corporate social responsibility, individuals can realize their personal values through their business. They feel greater levels of achievement and confident so that their work is important for their community and the world.
REFERENCES


8. Trust and Corporate Social responsibility: Lessons from India by Ashwani Singla, Chief Executive Officer, & Prema Sagar, Founder & Principal, Genesis Public Relations Pvt. Ltd.
