

# Corporate Social Responsibility in India: Issues and challenges

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## ABSTRACT

It is rightly said that “It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.” - Josiah Charles Stamp, 1880-1941, former director of the Bank of England. In this modern digitalized world, businesses are required to be mindful both in terms of what they are doing and how they are doing it. The company’s brand is not just dependent on the quality of products they are offering to people but on the overall impact of the company’s operations on the society, environment and the economy. Their sense of social responsibility provides them with a competitive edge over their competitors in a crowded marketplace. CSR is a holistic and integrated management concept whereby companies integrate their social and environmental objectives with their business objectives. It works on a Triple Bottom Line Approach i.e. Company focuses on 3P’s; People, Planet & Profit while addressing all the expectations of its stakeholders. The majority of policy initiatives in the country are driven by the objectives of equal opportunities, minimizing poverty and human deprivation, focus on fundamental rights, etc. thereby leading to strong human development. The choices that we make today will be going to affect and influence our future generations. Despite all this inequality and disparity still exists. This year, the Indian Government implemented new CSR guidelines. These guidelines require Indian companies to spend 2 percent of their net profit on CSR. India is the first country in the world to make CSR mandatory. Including the CSR mandate in Companies Act, 2013 is a great step of engaging the corporate sector in the equitable development of the country. Earlier companies were required to spend 2 percent of the profits towards CSR and in case of failure to do so; they were required to give reasons. But as per the present amendment, companies are required to spend 2 percent of profits towards CSR in the given time limit or are required to turn over this amount of profits in the funds which are run by the government. The new amendment will require all the companies which qualify the provisions under CSR guidelines to spend the specified part of their profits towards Corporate Social Responsibility without failing. In this paper, researchers have made an attempt to study Issues and Challenges associated with CSR in India and also to determine various factors driving CSR practices in Indian Companies.

**Keywords:** CSR, Corporate, Society, Environment, Triple bottom line, Sustainability, Social responsibility

**JEL Classification:** M14

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## INTRODUCTION

Corporate Social Responsibility (CSR) is not a new concept but is definitely the latest buzzword in the

corporate sector. It has become increasingly popular over the last few decades. Charity by companies is not something new in India. But CSR is not merely charity

or donations. CSR is that way of running the businesses by which corporate houses contribute towards social good and adds to value. It can be defined as a sense of responsibility of the companies towards the community and the environment in which they operate.

An umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behavior of others with whom they do business (e.g. within supply chains); and that (c) business needs to manage its relationship with wider society, whether for reasons of commercial viability, or to add value to society.” - Blowfeld and Fryna. Companies can fulfill this responsibility by taking various measures and launching different programs that will benefit society as a whole. Socially responsible companies try to integrate their economic objectives with social and environmental objectives. Taking up CSR initiatives can give a competitive edge to the companies and help them in their brand building. Capital, technology, and Labourers (people) are essential for running an enterprise but ethics are vital for keeping the entities together. It is really important for the company to make “sustainability” a mindset and it’s a way to do business. Companies must try to bring value to the world, and create value for its clients, customers or other stakeholders.

Corporate Social Responsibility is a multi-layered concept. It has four interrelated dimensions namely, economic dimension, legal dimension, ethical dimension, and philanthropic dimension. “Corporate social responsibility encompasses the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time.”- Carroll.

**Economic Dimension** - This dimension relates to company’s responsibility towards the company i.e. to ensure a fair amount of returns to the investors, right wages to the employees, providing goods to customers at fair prices, responding to business risks in an adequate manner, etc. economic dimension is the first and the most important one. It serves as the foundation or basis for other dimensions.

**Legal Dimension** - The legal dimension demands the company to abide by all the laws and the rule of the game in order to be socially responsible. Laws are statements and codes which tell us what to do and what not to do. In order to survive in the long run, every company needs to follow these codifications of dos and don’ts.

**Ethical Dimension** - The ethical dimension represents the expectations of the society from the corporate houses. Society expects the company to do more for them and go beyond the law to serve them better. It is what society expects from the companies over and above the economic and legal responsibilities.

**Philanthropic Dimension** – It represents the voluntary urge of the companies to do good for the employees, community, or society at large. This is what society desires. It is completely at the company’s discretion, for instance, donating for a cause, supporting educational institutions, doing their bit for the environment, etc.

Few researchers named three dimensions more namely, Stakeholder’s Dimension, Voluntariness Dimension, and Environmental Dimension. The stakeholder’s dimension is about the company’s responsibility towards its stakeholders which includes its employees, shareholders, customers, clients, suppliers, government, etc. Companies must understand their responsibility towards them and must try to align their goals with corporate goals. Voluntariness dimension is about the company’s voluntary urge to contribute towards

society as a whole and make this society a better place to live. The environmental dimension focuses on the company's responsibility towards the ecosystem. They must try to integrate their profit goals with environmental goals. Green measures must be taken in order to protect our environment and contribute to sustainability.

CSR initiatives can prove to be really beneficial not only for society but for the company as well. Many stakeholders are linked to corporate houses and are benefitted from the CSR programs. Increasing awareness towards many contemporary issues affecting the society and environment have made companies do their part for the society and contribute towards nation-building (*Grant Thornton IBR, 2014*). Some of the factors driving CSR in India are:

**a) Cost Management:** Cost management is crucial for companies to survive in this competitive environment. Companies that work on low expenses are considered to be sustainable and responsible. For example, Gases like carbon dioxide and other greenhouse gases amount to a huge cost to the country. A corporate house devise way to manage the level of such toxic gases and helps the environment in return. This driver is really important to measure the company's performance and its degree of social responsiveness.

**b) Tax Relief:** The advantages of conducting CSR like Tax advantage are another important driver of CSR. Corporate houses practicing corporate social responsibility get tax exemptions from the government for doing social work and maintaining the ecosystem in proper condition. Developing countries like India benefit a lot from tax reliefs. Therefore, it is very important for companies to keep transparency in their CSR efforts in order to claim tax benefits.

**c) Customer Demand:** Customers purchase goods of those companies which are CSR active. The

demands of consumers towards companies to be ecologically and socially responsible drive them to contribute their bit towards the society and sustainability measures. Consumers help in promoting CSR activities by making the fair decisions of buying the product produced by that company that contributes to CSR practice.

**d) Value Shift:** A value shift has taken place within the corporate entities. They have started working on ethics, as a result, they feel helping society is the right thing to do. They now believe in integrating their objectives of wealth creation with environmental and social objectives. Values drive them to work for the betterment of the communities and its people.

**e) Brand Building:** Companies believe that doing CSR enhances the company's brand and increases its reputation in the market. Company's efforts towards the society are highly appreciated by their consumers and clients and this factor further drives companies to contribute their share for the social good. This helps them improve their image in the global market.

**f) Staff Recruitment/Retention Issues:** Green recruitment is gaining a lot of importance nowadays. It involves the cheapest way to hire employees. This practice saves a lot of paper and energy and therefore contributes to environmental sustainability. A lot of big companies and even start-ups go for e-recruitment to hire employees. Companies contributing to CSR have a low employee turnover ratio and reduced absenteeism. Employees trust the companies and have a high level of confidence if their company is conducting CSR. CSR initiatives increase employee engagement and participation thereby increasing their morale and productivity (*PWC-CII, 2013*).

**g) Government Pressure:** Awareness about CSR is increasing. The government takes various initiatives for the society's and environment's benefit and includes corporate entities to be a part of it. Today, people and

corporations are aware of industrial carbon footprint. In order to reduce the level of carbon footprints, companies and entrepreneurs are devising new ways to conduct business operations in a more ecological and socially responsible manner. This helps the government to reach out to those areas which were earlier not possible with the help and resources of corporate houses. Corporate entities have become more sensitive to the issues relating to carbon footprint, animal adoption, children's education, aid victims, etc. Also, provisions by the government on CSR also put pressure on companies and drive them to contribute a particular amount of their profits towards CSR.

**h) Public Pressure:** CSR is driven by the public pressure in the form of continuous reminders and pressing by various organizations, for instance, pressure groups, consumers, media, other public and state bodies. They want companies to be socially responsible and do their bit for the communities and the environment. Environment, labor laws, and human rights are the key areas on which public pressure is centered.

**i) Investor Pressure:** Investor pressure and maintaining investor relations is one of the key factors driving CSR. Developing countries like India believe that maintaining good investor relations is crucial for success. Investors invest in those companies which are socially responsible and have a good social image in the market. This exerts pressure on companies to be sensitive towards various contemporary issues and contribute towards CSR.

**j) Ecological Sustainability:** A small number of efforts by corporate houses can really be beneficial for the environment. With sustainable use of resources, energy-efficient technologies, recruitment of innovative employees who can devise more environmental-friendly practices, recycling & reusing of products, reducing carbon footprints, etc.,

companies can really contribute towards ecological sustainability and can save the mother earth.

**k) Social Media:** Social Media is an important factor driving CSR. People have become sensitive to various issues. There are a number of bloggers from a huge and continuously growing community of internet users engaged in a discussion about contemporary issues. Therefore, social media and its users constantly want corporate entities to be sensitive towards the environment and society. They want companies to indulge in nation-building by being socially and ethically responsible.

## OBJECTIVES OF THE STUDY

In light of the above-mentioned observations, the objectives of the present paper are:

- i. To review the literature on various aspects of CSR;
- ii. To discuss the CSR provisions in India;
- iii. To study the acceptance and implementation of CSR by Indian companies;
- iv. To analyze different issues and challenges associated with CSR; and
- v. To suggest certain measures for ensuring improved CSR practices in India.

It may be mentioned that this study is completely based upon the secondary data. A systematic review of the literature was done in detail for drawing necessary inferences. The secondary sources of data used included journals, newspaper articles, textbooks, e-books, reports of companies, search engines, company websites, scholarly articles, research papers, and other academic publications.

## REVIEW OF LITERATURE

Rahman (2011) explored different dimensions of CSR. Various CSR definitions were studied from the 50s until the 21st century to identify CSR dimensions.

In 1950s CSR was an obligation towards society and in the 1960s it was considered to be a relationship between corporate houses and society. CSR definitions included a few other aspects like stakeholders, ethics, voluntariness, philanthropic, environmental stewardship and triple bottom line in the '70s to '90s. 21st century's CSR dimensions have a much wider scope; apart from the above aspects it also includes improving the quality of life of citizens, human and labor rights, environmental concerns, corruption issues, issues of transparency and accountability.

Majumdar *et al.* (2008) described CSR as an inescapable priority for corporate houses in today's modern and globalized world. They examined existing CSR models and tried to find out difficulties associated with them during actual application in developing countries. Various models based on the academic approach, institutional approach were discussed. They suggested that a conceptual framework of corporate social responsibility is needed importantly in order to bridge the gap between developed and developing countries. All five domains namely economical, ethical, legal, philanthropic and environmental are required to be addressed while practicing CSR.

Prieto-Carrón *et al.* (2016) aimed at incorporating new insights into the CSR study. They talked about the impacts of CSR initiatives, the relationship between business and poverty, issues of power & participation in CSR, and governance-related dimensions of CSR. They are of the view that currently only one side view of CSR is being considered and studied, but various sensitive questions related to corporate social responsibility are ignored. There is a pressing need to deeply study the pros and cons of CSR initiatives in developing countries. They suggested that researchers and people who practice CSR must indulge in collaborative studies on CSR in order to develop better impact assessment methodologies. Attention must be given to all important issues which are unaddressed or were overlooked.

Jothi (2016) made an attempt to analyze various factors that drive a few selected public and private firms towards CSR contribution. Data was collected from 318 respondents. Nature of ownership, Hierarchy level, gender, age, qualification, experience, and CSR driving forces are some of the variables which were considered. Compliance with companies' act 2013 was ranked number one factor driving firms to contribute towards CSR followed by community pressures, increasing awareness, commercial pressures, reputation, etc. Companies today can't work in isolation; they must have a good CSR policy and should align their business goals with sustainable goals.

Nicolae and Sabina (2010) discussed various dimensions and challenges of corporate social responsibility. The focus was on the number of issues relating to CSR and also on how changes in attitudes and reorientation of efforts are required for effective and efficient CSR implementation. They discussed legal, ethical, economic and philanthropic dimensions of CSR. Increased inclination and transparency are needed in a few areas in order to make the CSR concept a hit. The areas are Code of conduct, Standards management, financial reports, audit and reporting (information), Labelling & Socially responsible investment. This behavior can definitely fulfill CSR's objective of Sustainability or Sustainable development.

Saxena (2016) studied various issues and challenges associated with CSR. History of CSR in India before 1900 and after 1900 till present was reviewed by the author. Ethical models, statist models, liberal models, and stakeholder models were discussed in association with history related to each model. Currently, Indian companies work on the Stakeholder model for its CSR. The stakeholder model came into existence during the 1900s and is still continuing. It works on a triple bottom line i.e. people, planet and profit. Under this model, companies try to address and communicate

with all of its stakeholder's examples, employees, customers, government, suppliers, investors, etc. Demands of customers, investors, government and various labor markets are considered to be key drivers of CSR. Issues like transparency, narrow perspective, lack of consensus, lack of infrastructure, visibility factors are considered to be the main challenges to CSR. Creating awareness among the general public is the need of an hour for effective implementation of CSR efforts by various corporate houses.

Arevalo and Aravind (2011) surveyed a number of managers at the top level of a few selected companies that are engaged in CSR activities namely the UN Global Compact (GC), in order to represent various industry factors. Certain research questions on the model of CSR followed by Indian firms and different drivers and obstacles associated with Proper CSR implementation were answered. They found that Indian firms follow the Stakeholder approach for its CSR activities, Ethics and values are important drivers for CSR and lack of resources or sufficient funds is the major obstacle in the effective implementation of CSR initiatives. Researchers believe that Indian firms have the right framework for proper implementation of CSR; it's just that an inclusive strategy that involves a majority of the workforce is needed.

Du *et al.* (2010) analyzed various aspects of CSR communication namely, message content, communication channels, and stakeholder specific factors. According to them, CSR communication is a delicate matter but very important for businesses. The main challenge is to overcome the skepticism of the stakeholders and to generate CSR attributions. A number of ways may be adopted by companies to disseminate information or communicate their CSR initiatives. Corporate sustainability reports, Press Releases, Website Reporting, Advertising Media-Billboards, TV commercials, Magazines, etc., Product Packaging are a few ways companies use to

communicate their CSR activities. Companies must aim for positive media coverage and CSR rating in order to have better CSR associations.

Dubbink *et al.* (2014) discussed the pros and cons of transparency in association with CSR. They evaluated transparency policy based on three key criteria i.e. efficiency, freedom and virtue. Transparency enhances allocation efficiency, dynamic efficiency, and innovative efficiency but on the other hand, maintaining full transparency can be really a costly affair. When information quality is good and good information can be provided at a low cost, then only transparency will be efficient.

Sharma and Mani (2013) conducted a study based on secondary data (annual report of banks) on 30 banks including public, private and foreign banks. The purpose of the study was to analyze different CSR activities carried out by the banks. Some of the activities which they analyzed were rural branch expansion, priority sector lending, environment protection, community welfare, women welfare, farmer's welfare, financial literacy, education, etc. Now, the company's performance is not only judged based on its financial parameters but also on CSR activities initiated by them. They concluded that though Indian Banks are currently continuing with CSR initiatives still there is a dire need of putting more emphasis on Corporate Social Responsibility. Public sector banks contribute more towards CSR as compared to Private sector banks. RBI needs to be more stringent while enforcing regulatory requirements on these banks.

Rajput *et al.* (2012) conducted a study on the largest 500 Indian companies to test the relationship between CSR and financial performance. Sales and profit figures of companies were taken to know their financial performance and CSR rating were considered for their CSR contribution. By analyzing and interpreting the data researchers found that CSR expenditure by

corporate houses leads to improved financial performance. Firms with larger sales and profit figures contribute more towards CSR. They found that a positive relationship exists between CSR rating and the financial performance of the company.

Dhawan (2019) tried to study the acceptance of Green HR practices by Indian companies and how these practices help the environment. Today, a lot of companies have started practicing Green HRM i.e. incorporating green measures in every aspect of HR practice in the company. The researcher talked about Green recruitment, green selection, green training and development, green performance appraisal, green retention, etc. Companies try to integrate their objectives of profit maximization with environmental objectives by incorporating green measures in each HR activity. Though it is in its nascent stage the future of G-HRM is really bright in India. If it is applied with proper planning and strategy it will be really fruitful. Carbon and environment footprints can be reduced, making an organization a green organization.

Prathima (2015) tried to portray the best CSR Practices of the top 10 companies globally. The researcher studied 115 companies of different industries including automobiles, banks, FMCG, power, steel and many others. Sustainability programs by corporate houses can enhance innovation; retain employees, help in building positive relationships with Government and NGOs, building industry reputation and Brand. Tata group, Infosys ITC, Indian Oil, Reliance industries, etc. are few companies that religiously contribute towards CSR. Carrying out CSR activities is no more an option. It is an obligation of corporate houses to comply with the particular act. Therefore, there is an important need to look at CSR more strategically.

### **CSR Provisions in India**

Section 135 (Corporate Social Responsibility) Rules, 2014 and Schedule VII of the Companies Act, 2013

relates to CSR. Every company including its holding and subsidiary company with a net worth of Rs. 500 crores or more, turnover of Rs. 1000 crores or more and net profit of Rs. 5 crores or more are required to comply with all the provisions of CSR. Every company which is eligible for doing CSR is required to constitute a CSR committee of the board. Board of directors of the company must ensure that the particular company spends at least 2 percent of its average net profits made during the 3 immediately preceding financial years, in every financial year as per its CSR policy. Earlier, companies were required to comply or give reasons for noncompliance and then get away with it. But, as per the new amendment (2019) of Section 135 of the Companies Act, 2013, getting away will not be that easy. Amendment of the section incorporates a provision, according to which if a company is unable to spend the target amount kept for CSR activities then it is required to transfer the amount to a fund which is prescribed under schedule VII, for example, Prime Minister's National Relief Fund. Within 30 days after the date of closure of the 3<sup>rd</sup> financial year, the unspent amount of money has to be transferred to the particular fund. If any company contravenes with the provisions of Section 135, it is required to pay a fine which ranges from Rs. 50,000 to Rs. 25,00,000. Also, as per the provisions officers shall be liable for imprisonment of up to 3 years. The penal provision of the act bounds all the corporate entities fulfilling SR criteria to perform Corporate Social Responsibility (CSR) and define the penalties and imprisonment for the violation of the CSR norms.

The companies may do their bit towards the following causes:

1. Eradication of hunger, malnutrition or poverty
2. Promotion of healthcare and sanitation
3. Offering support for education and employment that can enhance vocational skills
4. Encouraging gender equality

5. Ensuring sustainability
6. Protecting heritage, art, culture
7. Working for the benefits of the country's armed forces
8. Fostering and training for sports activities
9. Contributing to the relief project.

**Hot of the Press:** CSR into CIR: Government now has expanded the scope of mandatory corporate

spending. Corporate entities can now spend on incubators that are funded by central or state governments, etc. and also can make contributions to various institutions that are engaged in conducting research in different fields namely, science, technology, engineering, and medicine. By taking this initiative government has effectively facilitated the concept of corporate social responsibility to be turned into Corporate innovation responsibility i.e. CIR in Table 1.

**Table 1: CSR initiatives and green measures by Indian companies**

S.No	Company	Cases
1	Honeywell India	<p>Honeywell has its presence in fortune-100 software-industrial companies. Industry-specific solutions (also includes aerospace and automotive industry), technology controls and performance materials are provided by this company. The company is committed and dedicated to building a better world by incorporating sustainable activities in its operations and contributing to CSR. Honeywell Hometown Solutions India Foundation (HHSIF) is a non-profit organization that supplements the CSR schedule of the Indian Government with its global CSR framework. Their CSR efforts are towards:</p> <ol style="list-style-type: none"> <li>1. Science and math education,</li> <li>2. Family safety and security,</li> <li>3. Housing and shelter,</li> <li>4. Sustainability,</li> <li>5. And Humanitarian relief.</li> </ol> <p>HHSIF is awarded the winner of the “CSR Foundation of the Year Award” at the Dalmia Bharat-CSRBOX 6th CSR Impact Awards. Honeywell’s top CSR programs:</p> <ol style="list-style-type: none"> <li>1. Safe Kids at Home</li> <li>2. Honeywell Science Experience (Education Program)</li> <li>3. Honeywell-Safe Water Network Initiative</li> <li>4. Honeywell Safe Schools</li> <li>5. Honeywell Centre for Advancing Girls in Science</li> </ol> <p>(Source: India Education Diary.com)</p>
2	TATA Group	<p>A leader in technology and Consultancy, Tata Consultancy Services (TCS) has contributed Rs. 434 crores towards various sustainable development programs thereby doing their bit for the society and environment. Domains of CSR efforts include health, environment, education, and skill-building. The Company has a CSR committee of directors comprising N Chandrasekaran, Chairman of the Committee, O P Bhatt, Rajesh Gopinathan and Aarthi Subramanian. The meetings of the committee are conducted regularly thereby creating a considerable social impact.</p> <p>(Source: India CSR Network)</p>
3	ITC Group	<p>The multi-business conglomerate has spent Rs. 291 crores towards CSR as per their 15<sup>th</sup> sustainability report in the year 2017-18. Their area of work includes:</p> <ol style="list-style-type: none"> <li>1. Health &amp; Sanitation,</li> <li>2. Drinking-Water,</li> </ol>

Table 1 contd...

S.No	Company	Cases
		<ol style="list-style-type: none"> <li>3. Eradication of Poverty,</li> <li>4. Education,</li> <li>5. Vocational Training,</li> <li>6. Livestock Development,</li> <li>7. Livelihood Generation,</li> <li>8. Women Empowerment,</li> <li>9. Environment Sustainability,</li> <li>10. Soil &amp; Moisture Conservation,</li> <li>11. Social Forestry,</li> <li>12. Protection of national heritage, art and culture</li> <li>13. And Agriculture Development. The company follows a comprehensive CSR policy and has also constituted a CSR committee.</li> </ol> <p>(Source: India CSR Network)</p>
4	Reliance Industries	<p>As per their annual report the company has spent Rs. 904 crores towards CSR initiatives and programs in the financial year 2018-19. Their area of work includes:</p> <ol style="list-style-type: none"> <li>1. Rural Transformation,</li> <li>2. Health,</li> <li>3. Education,</li> <li>4. Sports for Development,</li> <li>5. Disaster Response,</li> <li>6. Arts, Culture and Heritage, and</li> <li>7. Urban Renewal</li> </ol> <p>Reliance industries are doing their share for the society and environment. They are trying to keep up with the Development Goals (SDGs) stated in the UN's 2030 Agenda for Sustainable Development and national goals on sustainable development.</p> <p>(Source: India CSR Network)</p>
5	IBM	<p>It is the biggest multi-national exporter of software in India. The company lays great emphasis on values and ethics in business operations and was awarded the Golden Peacock Award for CSR in the year 2010.</p> <p>IBM programs:</p> <ol style="list-style-type: none"> <li>1. IBM Reinventing Education Program: it has helped up to 50 government schools both in rural and urban under-developed areas till now. It helps schools in integrating ICT and pedagogy tools thereby leading to effective and smart learning.</li> <li>2. Smart Rural Aggregation Platform: ICT enabled program provides smart solutions to rural entrepreneurs present in Lucknow.</li> </ol> <p>(Source: India CSR Network)</p>
6	Mahindra Group	<p>It is an Indian Multinational Conglomerate. Mahindra group with Tech Mahindra and its other subsidiaries contributed Rs. 240 crores towards CSR activities in the financial year 2019. Domains include health, education, and the environment. The company believes in driving positive change and contributes towards the betterment of society. They are doing their bit for the society and environment since 2005.</p>

Table 1 contd...

S.No	Company	Cases
		<p>Few programs:</p> <ol style="list-style-type: none"> <li>1. Celebrate Differently- Rise against climate change.</li> <li>2. Hariyali- Plant a tree.</li> <li>3. Nanhi Kali- For girl child education.</li> <li>4. Employee Social options or ESOPs- An initiative through which employees give back to society by participating in different initiatives</li> </ol> <p>(Source: Economic Times)</p>
7	Maruti Suzuki	<p>It is the pioneer in Indian Automobile Sector. Maruti Suzuki has contributed a lot towards Corporate Social Responsibility initiatives. Areas of work include road safety, employee engagement programs, skill development, and community development. (Source: India CSR Network)</p>
8	Coca Cola India	<p>Coca Cola India Private Limited (CCIPL) has established a wholly owned subsidiary known as Coca Cola India Foundation which is a not for profit company. The foundation has been carrying out various projects in different states in India and few of them are:</p> <ol style="list-style-type: none"> <li>1. Initiatives towards waste resource and waste management- “Doh Bin” is one of them.</li> <li>2. Solar energy projects.</li> <li>3. VEER Campaign in collaboration with CNN-IBN, Being Human Foundation and American India Foundation (AIF).</li> <li>4. Parivartan: A training program for retailers.</li> <li>5. Support My School (SMS) Campaign: To promote education.</li> <li>6. Lake rejuvenation projects. This foundation works on a systematic plan in order to fulfil its objectives of water conservation, energy conservation, promotion of healthy and active lifestyle and social welfare.</li> </ol> <p>(Source: cocacolaindia.com)</p>
9	SAIL	<p>The company carries the prestigious title of “Maharatna” and is the largest steel maker of India. SAIL tries to integrate its business objectives with social and environmental objectives. It is committed and dedicated towards holding high ethical standards within the company. The company has contributed a lot in these areas namely health, education, water conservation, Villages development, solar energy (alternate sources of energy) projects, calamity aid, vocational training in agriculture, sports, preservation of art and culture. The company has won various awards and recognitions for being a responsible corporate citizen and contributing to nation building.</p> <p>(Source: India CSR Network)</p>
10	Infosys	<p>Infosys limited is a conglomerate of digital and consulting services. It has spent Rs. 340 crores towards CSR activities in the year 2018-19 as per its annual report. The company was an early adopter of CSR policy and initiatives. They formed the Infosys Foundation which is a not for profit company. Aim of the foundation is to develop the community and fulfil its CSR commitments.</p> <p>Focus areas include:</p> <ol style="list-style-type: none"> <li>1. Health (including hunger, poverty and malnutrition)</li> <li>2. Education</li> <li>3. Rural development</li> <li>4. Gender Equality initiatives and empowering women</li> <li>5. Environment sustainability</li> <li>6. Preservation of art, culture and national heritage. They have constituted a CSR committee in order to implement CSR programs.</li> </ol> <p>(Source: India CSR Network and infosys.com)</p>

## Issues and Challenges

Running a business and keeping in mind the social responsibility is really a challenging task. The companies today have to consider more than just profits if they want to keep their stakeholders happy. They are still trying to master the art of maintaining a balance between the company's strategic objectives and Social/Environmental concerns. Some of the challenges that the company face during CSR implementation are:

### **Failure to Consider CSR's Holistic View:**

Companies still have a narrow perception of CSR. They fail to understand the holistic view of CSR, that CSR has its impact on mostly all of the stakeholders of the company and it impacts both society and the environment as a whole. It is very important for businesses to realize new opportunities and use them in solving public problems. They must try to create shared-value i.e. they must integrate business objectives with sustainability and social objectives. The business should embrace CSR in their business operations and should clearly identify the areas of priority and investment.

**Lack of Transparency:** For the success and proper implementation of CSR policy within a company, Transparency is an important condition. CSR and Transparency are closely linked. This helps various stakeholders involved with a company to get a proper insight into different issues that are relevant to them. Practicing window-dressing within the organization can hide a lot of information from the stakeholders. If society today, needs CSR then they also need CSR transparency. The present level of transparency by corporate houses is completely insufficient. Companies do not make adequate efforts to disclose relevant information. This comes in between the trust-building among corporate houses and communities. Transparency is crucial for the success of any CSR initiative therefore; lack of transparency is the biggest challenge faced by CSR.

### **Harmonizing the Company's Development Goals with the Interests of its Shareholders:**

It is really important to reconcile social responsibility and economic performance and is, therefore, a big challenge too. The creation of shared and sustainable value thereby integrating the company's development goals with the interests of its stakeholders is a big challenge in the road of CSR.

**Greenwashing:** Inequality in India is really high. The CSR law does not go far enough in reducing inequality and doesn't have a coercive enforcement mechanism. CSR is not that transparent enough and therefore gives an illusion of progress. This leads to Green Washing on a national scale. This is one of the biggest challenges for CSR compliance and effectiveness.

### **Lack of Sufficient Financial Resources, Local Capacities, and Infrastructure:**

CSR may involve a hefty amount of investments. Therefore, companies must properly plan and prioritize their investments. Proper planning of resources to be involved and issues to be tackled must be done before executing initiatives. Also, there is a lack of local capacities and proper infrastructure. There are no good governmental and non-governmental organizations which can contribute towards CSR therefore; there is a dire need to build local capacities and infrastructural facilities for effective implementation of CSR.

**Lack of Consensus:** There is a lack of consensus among different local agencies and corporate entities which results in duplication of efforts by the firms in terms of CSR initiatives. This leads to unnecessary competitive spirit among the firms which go against the main objective of building value for the society.

### **Lack of Participation by Communities:**

Communities for which CSR is to be done to show less interest in the programs and initiatives scheduled by organizations. Also, not proper efforts are undertaken to spread the activities of CSR among the

communities and thereby not instilling needed confidence in the people. The inadequate communication between the organizations and communities is one of the major challenges for CSR.

**Lack of Strategic Planning:** Due to a lack of strategic planning, proper experimentation, innovation, and engagement, companies aren't able to make a meaningful impact on their CSR efforts. They are not able to identify ideal investment projects and therefore cannot provide high impact results. Corporate houses must understand the challenges faced by its citizens and then invest properly.

**Faulty Execution and Implementation:** Companies fail massively when it comes to the execution and implementation of CSR strategy. Companies must go in with a commitment of long term, they must try to engage the workforce, and leaders should personally commit and plan effectively. Don't just speak about it, act upon it make it happen. For increased effectiveness and efficiency it is important to execute CSR efforts strategically.

## CONCLUSIONS AND SUGGESTIONS

Dealing with Challenges:

- Creating awareness about Corporate Social Responsibility amongst the general public.
- Building a long-term goal and sustainable perspective on CSR activities in order to bridge the gap between all the important stakeholders in order to effectively implement CSR activities.
- Companies must think of some diverse issues to be tackled by their CSR practices. They should

consider the development agenda in a much broader way to avoid duplication of efforts.

- The pooling of resources and building of synergies by both companies and non-governmental organizations for more efficient plus effective implementation of CSR activities.
- Efforts should be taken for poor and underprivileged people of both Urban and Rural areas.
- The government should give awards and accolades to corporate houses that are doing their bit for the needy and poor.
- Sensitization of students by making CSR a compulsory subject or discipline in schools, colleges or universities. This approach will motivate young blood and help them to face future challenges. And also, to provide more innovative solutions for the betterment of society and the environment as a whole.
- Sustainability Reporting: Sustainability reporting is gaining importance these days because of the growing recognition of issues relating to sustainability. Framework for sustainable reporting is provided by an organization known as the Global Reporting Initiative (GRI). Guidelines on sustainability reporting provided by GRI are widely used by the corporate houses. A sustainability report is a proper presentation of the sustainability performance of the company. It includes both positive and negative contributions by an organization towards sustainability. It discloses all the material information relating to the organization's goals, strategies, commitments, and approaches followed.

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