RESEARCH ARTICLE
Vol.5.Issue.1.2018
Jan-Mar

www.ijbmas.in

ISSN:2349-4638

INTERNATIONAL JOURNAL OF BUSINESS, MANAGEMENT AND ALLIED SCIENCES (IJBMAS)

A Peer Reviewed International Research Journal

A STUDY ON CORPORATE SOCIAL RESPONSIBILITY ROLE IN INDIA

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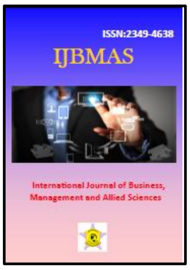


ABSTRACT

CSR has become a basic business practice and has gained much concentration from the board of large companies. It assists the position of business operations with social values. CSR is deemed as a point of meeting of different initiatives aimed at ensuring socio-economic development of the community. Continuing change in the insight of business, from a narrow view of profit making to a wider view of comprehensive responsibilities towards its stakeholders, is challenging for enterprises at the national level.

The present study is to discuss the role of CSR in community development, because the logic of CSR is towards considering its impact in community socially, environmentally and economically. The paper also discusses CSR expenditures of recent years. For this paper an attempt to study the concept of Corporate Social Responsibility in management Students and Executives, adopting a qualitative approach to research is made. There are several challenges facing CSR in India and the paper provides suggestions to overcome them and accelerate the CSR proposals in India.

This article concludes with a discussion on the research outcomes, suggestion to corporate which is setting agenda for further research.

Introduction

The concept of Corporate Social Responsibility (CSR) is different to different companies. CSR is a new business phenomenon which is not totally-understood yet and investigated compared to environmental issues and many of its features are still discussed upon and a subject of different business debates so far.

Today, CSR in India has gone away from simply charity and donations, and is moved toward in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that formulate specific rules, strategies and goals for their CSR programs and set aside budgets to support them. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders.

India`s new Companies Act 2013 has introduced several new provisions which change the face of Indian corporate businesswhich has come into effect from 1 April 2014, has introduced several new provisions which change the face of Indian corporate business. Corporate must contribute 2% of their net profits towards CSR which made Indian companies to consciously work towards CSR, as it required a prescribed class of companies to spend a portion of their profits on CSR activities. The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc from the society. By performing the task of CSR activities, the companies are giving something back to the society

With the enactment of the Companies Act, 2013, India has become the forerunner to mandate spend on Corporate Social Responsibility (CSR) activities through a statutory provision.

While many corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies in India to set out clear framework and processes to ensure strict compliance. The Companies Act brings more companies into the crease and increase the total CSR spend.

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business

The ministry of corporate affairs proposed Voluntary CSR guidelines which create a common standard for companies to improve their CSR efforts. The adoption of a common set of standards creates an expectation that companies will strive to meet the guidelines, and can create public pressure for companies failing to obey. In this regard, the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, have been arranged by the Ministry of Corporate Affairs in order to present companies with guidance in dealing with the expectations of inclusive growth and imperatives of climate change, while working closely within the framework of national aspirations and policies. These are applicable to all businesses irrespective of size, sector or location. The NVGs were designed with the intent of supporting enterprises to become responsible body whereby they formulate their business objectives while considering the impact on various stakeholders including society and environment at large.

The nine principles of National Voluntary Guidelines are: (www.itcportal.com)

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the wellbeing of all employees.

Principle 4: Businesses should respect the interests of, and be responsive toward all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle5: Businesses should respect and promote human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

Principal 7.Business which influence public and regulatory policy should do in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

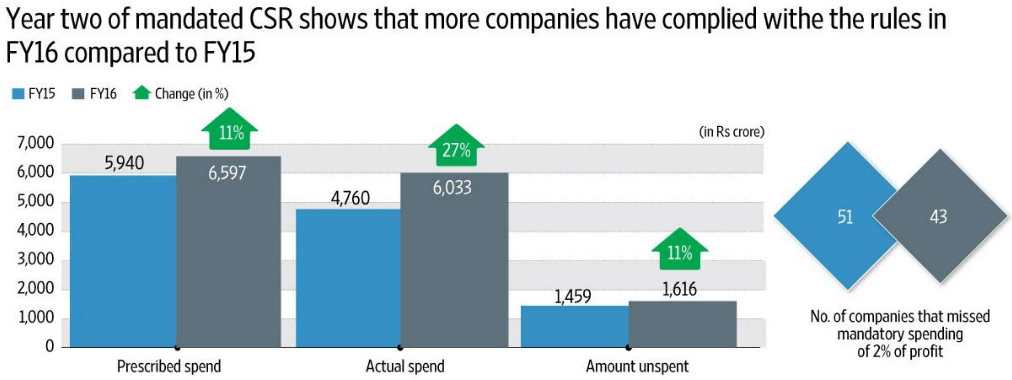
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The relevance of CSR within an organization

CSR is not only relevant because of a changing policy environment but also because of its ability to meet business objectives. Undertaking CSR initiatives and being socially responsible can have benefits to the companies also.

1. Strengthening associations with stakeholders
2. Facility of continuous improvement and encouraging innovation
3. Drawing the best industry talent as a socially responsible company
4. Additional motivation to employees
5. Risk mitigation because of an effective corporate governance framework
6. Enhanced ability to manage stakeholder expectations

A comparative study of CSR expenditures forFY15 and FY16



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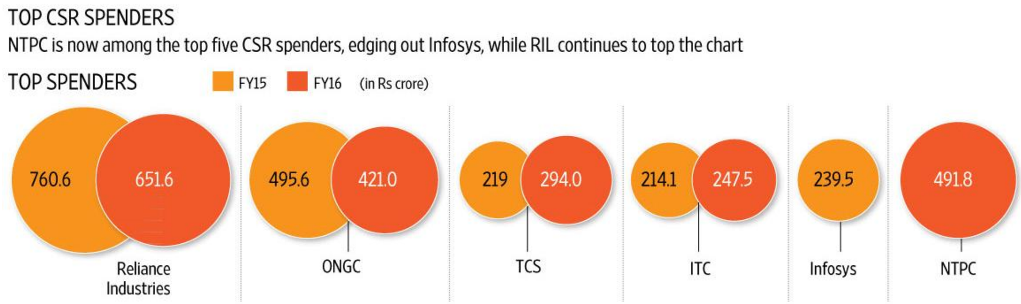
Top 91 NSE firms spent Rs6,033 crore in the second year since CSR Rules came into effect, up from Rs4,760 crore in 2014-15 The last financial year saw an overall increase in fund allocation for corporate social responsibility (CSR) activities and focused expansion of CSR projects.



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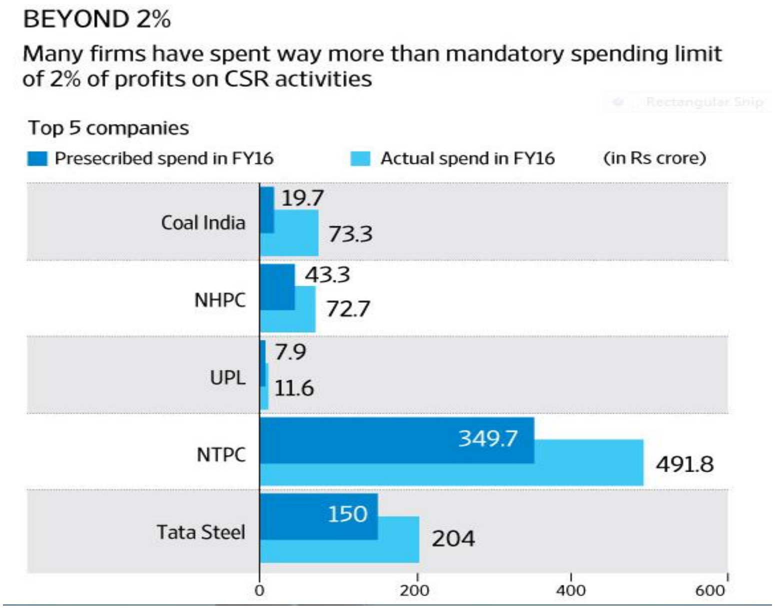
Reliance Industries Ltd (RIL), which was the highest spender in FY15 at Rs760.6 crore, remained on top with an allocation of Rs651.6 crore to CSR in FY16.

Similarly Oil and Natural Gas Corp. Ltd (ONGC) was the among the top five spenders in FY15 at Rs495.2 crore and was among the top five in FY16 at Rs421 crore.



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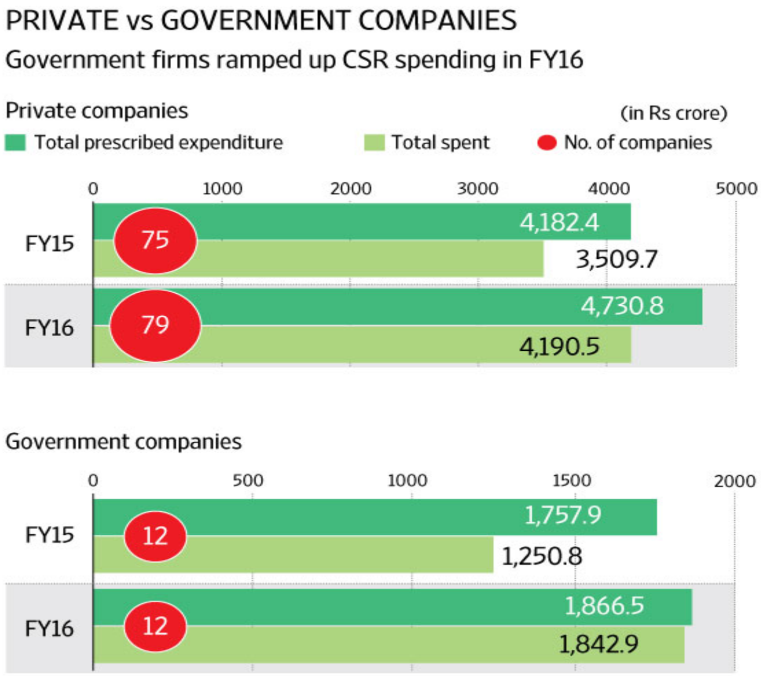
Number of firms that failed to meet the 2% target in FY15 exceeded that in FY16. Coal India Ltd (CIL), which was required to spend only Rs19.7 crore in 2015-16, spent Rs73.3 crore instead. Similarly, India's largest power producer NTPC Ltd missed the 2% target in FY15, when it spent Rs193.05 crore instead of the Rs271.35 crore it was required to allocate to social development activities. In FY16, NTPC spent Rs491.8 crore, which was 3.62% of its profit.



The increase in CSR spending from FY15 to FY16 was most clear among public sector undertakings (PSUs) . Twelve PSUs together spent Rs1,250.8 crore in FY15, which went up to Rs1,842.9 crore in FY16. While 75 private incorporated entities spent Rs3,509.7 crore in FY15, 79 such firms spent Rs4,190.5 crore in FY16.

For the majority PSUs, the schemes and projects pushed by the union government and ministries become a priority.

Methodology: This paper is based on qualitative research design through Dual moderator focus group interview and consisting of review of literature through secondary sources of data collection. The data has been examined through content analysis process from various books, newspaper articles and journals.

Competencies required by CSR managers are also analyzed in order to have a better understanding of the practical aspects of CSR.

Sampling Method and Plan: The method of sampling adopted for this study was 'Purposive Sampling', owing to the specific nature of research problem under investigation. The sampling plan adopted for the sample consisting of students contacted approximately 10% of the total students of different management colleges attended a seminar. Among these, the students who voluntarily agreed to participate and who were in the final year in MBA comprised our sample. The second set of sample consisted of executives belonging to two public sector organizations in India, who were attending a seminar conducted at a technical university. Among them, the executives who voluntarily agreed to participate in the study comprise our sample.

Procedure: The data was collected by 'focus group interview'. A focus group is an interview conducted by a trained moderator in a non-structured and natural manner with a small group of respondents. The main purpose of focus groups is to gain insight by pay attention to a group of people from the appropriate target market talk about issues of interest to the researcher. A focus group generally includes 8 to 12 member. Focus group members should be homogeneous in terms of demographic and socioeconomic characteristics. Harmony among group members avoids interactions and conflicts among group members on side issues. A total of four focus groups were conducted as part of this study.

The following thoughts were generated by the respondents in the discussion held. They are:

1. As Corporate Social Responsibility is required feature of business, which the organizations have a responsibility towards the environment.
2. The members expressed pleasure on the Corporate Social Responsibility Company Act for the improvement of the community.
3. Corporate Social Responsibility is the requirement by the law for an organization to engage in welfare measure in the society.
4. Corporate Social Responsibility is the responsibility of an organization towards helping the government in the development of the society.
5. Consumers prefer socially responsible brands to purchase.
6. Corporate Social Responsibility in the outcome of ethics and satisfaction of the employees of an organization towards the society.

Corporate Social Responsibility (CSR) is a concept, which states that Private Corporation or public organization has a responsibility to society. It minimizes the cost as well as risks thereby, increasing the brand value and reputation of the company. According to Bowen, "CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society." The CSR activities need to be in tune with effective strategic policies so that the aim of sustainable environmental, social and economic progress may be achieved.

Conclusion

But although many companies hold this broad vision of CSR, they are hindered by poor coordination and a lack of logic connecting their various programs. Although many surveys have advertized the increased involvement of CEOs in CSR, the study says that CSR programs are often initiated and run in an uncoordinated way by a variety of internal managers, frequently without the active engagement of the Top management.

To maximize their positive impact on the social and environmental systems in which they operate, companies must develop coherent CSR strategies. Aligning CSR programs must begin with an inventory and audit of existing initiatives.

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