

Corporate Social Responsibility: A Boon & Awareness

Abstract

To invest the profits of business in education, gender equality, poverty and hunger, etc CSR can be complied. In this article, we are going to study, CSR working in India and how companies are following it for social and economic growth of the country. It explains the importance and challenges of CSR.

Keywords: Corporate Social Responsibility, Government, Development, Sustainability, Employees.

Introduction

India is a fastest growing economy. However, it has several poverty issues too which act as chronic diseases against development and progress. Hunger, malnutrition, unemployment, illiteracy, casteism, etc. are only some of them. In order to address these problems, Government of India became the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014.

Meaning & Concept

The evolution of CSR as a concept dates back to the 1950's when the first stirrings of social conscience among management practitioners and theorists were felt. Drucker was the true father of modern CSR. In 1953, Howard Bowen, known by some as the "father of CSR", conceptualized the notion as social obligation: "to follow those lines of action which are desirable in terms of the objectives and values of our society".

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing CSR, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

It is also called corporate sustainability, sustainable business, corporate conscience, corporate citizenship, conscious capitalism, or responsible business.

CSR in India

The government of India passed a bill that requires large companies to spend at least 2 percent of their profits every year on corporate social responsibility (CSR). The companies having Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during any financial year shall be required to constitute a Corporate Social Responsibility.

Contribution of CSR

To Society

1. Towards a safer, more secure society.
2. Offers new business models and lifestyles.

To Global Environmental Protection

1. In all business activities.
2. Achieving an environmentally harmonious society through services.

To Respect Employees

1. Respect for diversity
2. Building a workplace environment that enables self-fulfillment.
3. Maintaining high ethical standards with our partners in fulfilling social responsibility through corporate activities.

Objectives of CSR

1. Basic objective of CSR these days is to maximize the company's overall impact on the society and stakeholder.
2. To give back the community in the best possible way in return to the resources.
3. To create awareness about the company & build its public profile.

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4. To support various national campaigns on social & develop issues that need support to have a greater impact. Eg. Sustainable development, education, health & sanitation & helps community to develop at large.
5. To maintain long run success of the business & achieve customer loyalty.

Benefits of CSR companies in India

Following are benefits of Corporate Social Responsibility-

Entering into new markets and increase customer retention. Today's customers prefer transparency. Every customer wants to engage themselves with businesses that are transparent about their business practices. With increased use of the social media and other tools that provide access to business information, customers have easy access to information about what they are paying for. It has been noted that consumers are willing to pay more for products and services from companies that are socially and environmentally responsible and promote them. CSR events and initiatives develop and enhance existing and new relationships with customers, suppliers, and other networks.

Attracts, retains, and sustain employee satisfaction

CSR practices are seen as highly important factors to employee morale, loyalty, retention, and recruitment of top employees. Employees give their hearts and souls to their businesses when the company or firm does work that seek to touch the heart and soul of their employees.

Collaboration

Companies like Unilever, Nike, General Motors, and IKEA have collaborated together internally and externally on issues such as climate change. Collaboration between inter-departmental teams is as important as collaboration between groups outside an organization for CSR success. Many companies support charities and causes that their employees are passionate about to make their CSR programs successful. In these types of situations, the employees directly engage in selecting the type of work the companies are involved with.

Cost saving alternative for a company

Many programs encourage use of less packaging and less energy to cut costs and save money in manufacturing and similar plants.

Unity is strength

CSR activities strengthen the bond among employees. People develop a habit of working together as a single unit to help others. They start enjoying work together and also become good friends in due course of time. They also develop a sense of loyalty and attachment towards their organization which is at least thinking.

CSR Committee

Constitution Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR shall be appointed by the Board of Directors of the Company which must consist of at least two or more Directors.

Powers of the Committee

Following are the Powers of the CSR Committee:

1. Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval;
2. Recommend CSR activities as stated under Schedule VII of the Act;
3. Recommend the CSR Budget;
4. Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules;
5. Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
6. Monitor CSR Policy from time to time;
7. Authorize executives of the Company to attend the CSR Committee Meetings;
8. Create transparent monitoring mechanism for implementation of CSR initiatives in India;
9. Submit the report to the Board in respect of the CSR activities undertaken by the Company.

Frequency of the Meetings of the CSR Committee

1. The CSR Committee shall meet at least twice in a year. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings.
2. Quorums for the meeting have at least three members.
3. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and Rules made under from time to time.
4. Minutes of the CSR Committee shall be placed before the Board for noting.

Publication of CSR Policy & Programs

The Board's Report being a part of the Annual Report shall disclose the composition of the CSR Committee, the contents of such Policy and the CSR initiatives undertaken. This CSR Policy shall also be placed on the website, if any, of the Company.

Challenges to CSR initiative in India

1. Lack of community participation in CSR activities
2. Need to build local capacities
3. Issues of transparency
4. Non-availability of well-organised non-governmental organisations
5. Narrow perception towards CSR initiatives
6. Non-availability of clear CSR guidelines
7. Lack of consensus on implementing CSR issues
8. Centre for the Promotion of Imports from developing countries

Suggestions

Companies can take up various issues happening in the society and work on that under CSR. If cooperation and contribution from employees is absent, the companies cannot work on CSR activities alone. Stakeholders should be encouraged to contribute in the promotion of CSR activities. Various companies should conduct conferences, seminars, workshops and training sessions to spread knowledge and awareness. Existing policies must be reviewed

and implemented which are being laid by various companies. The CSR clause in the Indian Companies Bill is unique, and the first for a big economy.

Aim of the Study

To explain working of CSR, importance and challenges.

Conclusions

Corporate Social Responsibility is an emerging activity which will grow more in the coming years. Internationally, CSR has been accepted as an important concept for image building and for the successful conduction of the business.

But in India, it has to be taken up on a more serious note than a mere tax benefiting activity. The amount projected to be spent on CSR activities should be fixed by government. Social and environmental development programmes must be taken up by various companies as a part of this activity.

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