

Research Article

# The Roles and Challenges of Corporate Social Responsibility and the Initiatives taken by Indian Public and Private Industries

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## I N F O

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## A B S T R A C T

The idea of corporate social responsibility, also known as CSR, has been around for quite some time in the Indian industrial sector. CSR can be understood as the responsibility of businesses and industrial organizations to be accountable to the society as a whole as well as to the stakeholders they serve. Many organizations, both in the public and private sectors, have a variety of perspectives regarding it, such as “corporate philanthropy, corporate environment responsibility, corporate accountability, corporate science, corporate citizenship, social performance, sustainable responsible business form of corporate, strategic philanthropy, sustainability, corporate moral agency, social entrepreneurship, or Corporate Social Responsibility (CSR)” as a business process. The Corporate Social Responsibility (CSR) of today is an essential component of any successful business strategy, with the primary emphasis being placed on long-term sustainability and engagement with both internal and external stakeholders. CSR leading to a strategy that is centered on people. Business executives and organizations should place a higher focus on health care and education since these areas directly benefit the general public. The notion of CSR is always being refined within the Indian manufacturing sector. It is treated as an essential component of the operations of the business and is given the same Key Performance Areas (KPA) and metrics as the others. When it comes to the planning and monitoring of CSR initiatives, several companies have employed a variety of project management approaches. There is a pressing need for the Indian business industry to place a greater focus on Corporate Social Responsibility (CSR) operations, since this will go a long way toward maintaining organizations’ development and excellence over the long term. In addition, the formulation of novel approaches for the purpose of meeting the growing issues that are being brought up by the accelerating changes that are altering in the long term. Therefore, “Corporate Social Responsibility (CSR) is the commitment or engagement of a business to contribute to sustainable economic development.

**Keywords:** Corporate Social Responsibility, Indian Public & Private Industries, Corporate Philanthropy, Corporate Environment Responsibility, Corporate Accountability

## Introduction

The stakeholder model and the triple bottom line have been significant contributors to the development of CSR. In the stakeholder model, it is acknowledged that effective business practices call for the business of all relevant stakeholders in the operations of the organization. Therefore, it is considered smart business practice to maximize not just the value to shareholders but also the value to stakeholders.

The second idea is known as the “triple bottom line,” and it proposes that businesses are evaluated not just based on their performance in terms of their financial bottom line, as is traditionally done, but also in terms of how well they do in terms of the environmental and social impacts of their operations.

CSR may alternatively be defined as the business of running a business in a way that not only satisfies but also surpasses the commercial, ethical, legal, and societal expectations that society has of businesses. One way to think of it is as an all-encompassing collection of policies, practices, and programs that are woven into the very fabric of a business’s day-to-day operations and decision-making procedures, and that are encouraged and rewarded by the highest levels of management.

According to the European Union, corporate social responsibility (CSR) is the idea that a company should be responsible for the influence it has on all relevant shareholders. It is an ongoing commitment on the part of businesses to act in a responsible and fair manner, contribute to economic business, and improve the quality of life of their employees as well as society as a whole. Companies that acknowledge their social duty are confirming their role in the sociological and territorial cohesion, quality, and environment of their own communities.

There is a wide variety of interpretations for CSR. However, none of them do a good job of explaining its ramifications in a straightforward manner. The most straightforward explanation is found in the vision of Mahatma Gandhi, which states that “wealth created from society must be ploughed back into society.” But with the participation of all relevant stakeholders and the use of contemporary management practices, the meaning of sustainability has shifted from that of charity, philanthropy, and contributing to the betterment of society to include sustainability.

In India, the principle of Corporate Social Responsibility (CSR) is regulated by a section in the Company Act of 2013. The requirements of the CSR Act are applicable to companies that have an annual revenue of at least 1,000 crore Indian Rupees (about \$92.5 million), a net value of at least 500 crore Indian Rupees (about \$92.5 million), or a net profit of at least 5 crore Indian Rupees (about \$78

million). These are the new regulations, and they will take effect as of the beginning of the fiscal year 2014–2015. In addition, the companies that are obliged to establish a CSR Committee will have their Board Members and at least one independent director serve on this committee. Companies are strongly encouraged to invest at least two percent of their average net income over the preceding three years on corporate social responsibility initiatives under the Act.

Under schedule 7th, the following activities are included on the list of CSR projects: the elimination of extreme hunger and poverty; the promotion of education; the reduction of child mortality and the improvement of material health; gender equality and the empowerment of women; the fight against HIV/AIDS, malaria, and other diseases; environmental sustainability; social business projects; contributions to the prime minister’s relief fund and other similar state and central funds; and such other matters as may be prescribed; and employment enhancement through vocational training.

First and foremost, it is abundantly obvious from the aforementioned definitions that the CSR approach is comprehensive and integrated with the primary business strategy for the purpose of addressing the social and environmental effect of business. Thirdly, charitable efforts are just a portion of CSR, which otherwise comprises a much bigger collection of actions entailing strategic business advantages. The second need of CSR is that it has to address the well-being of all stakeholders and not only the shareholders of the firm.

It is necessary to promote and encourage business executives to go beyond the walls of their corporations and develop a CSR strategy with the goal of improving the quality of life of all stakeholders. This is something that should be done. In addition, a fully defined CSR policy that will offer intricate information and make it possible to precisely organize CSR activities for a firm.

CSR should be a management effort, and its policies should be pushed by senior management in cooperation with the implementation team, which should ideally comprise of all heads of department incorporating CSR in the business model to assure management support. It is sometimes necessary for a corporation to choose a non-corporate organization as a partner; however, this is contingent upon the nature of the activity and the need to outsource expertise; for example, senior citizen programs, water management, etc. Corporations are required to prepare the monitoring strategy in order to monitor their programs, since monitoring needs corporations to define the roles and duties of the monitoring team, as well as the frequency of monitoring and the data analysis.

As a result, CSR actions and policies are an umbrella that encompasses a variety of different topics, including

challenges relating to business ethics, corporate governance, the environment, and ecological concerns. These are all components of the more comprehensive notion of CSR.

### Literature Review

Laura (2014) concluded development on the Corporate Rural Responsibility (CSR) practices of three Indian companies: the National Thermal Power Corporation (NTPC), the Steel Authority of India Limited (SAIL), and the Airport Authority of India (AAI). She found that the CSR activities performed for rural development had a positive impact on the overall development of society as well as business.

Gupta and Arora (2014) concluded a study on corporate social responsibility (CSR) activities carried out by public sector enterprises in India. They considered five Maharatna companies and two Navratna companies as part of their research, and they came to the conclusion that all Maharatna and Navratna companies engage in the same kinds of CSR activities and that they are doing an excellent job with regard to CSR. They said that the combined efforts of the government and private actors should be used to accomplish the necessary degree of corporate social responsibility activities in society to facilitate an improvement in societal companies. Yadav and Gupta (2015) wanted to investigate the impact that CSR initiatives had on the financial performance of five private companies operating in India over the period of 2010-2014. These companies were Infosys, Mahindra & Mahindra, Larsen and Toubro, RIL, and Tata steel. They have chosen return on net worth, profit before tax, and earnings per share as the primary indices of financial success. Using regression analysis and analysis of variance, we can see that there is no meaningful link between CSR and these firms' EPS.

Singh (2016) describes the importance of CSR and the resistance experienced in its adoption and corrective approach for it in her paper titled "corporate social responsibility: Its roles and challenges in Indian context." It acknowledges that companies have engaged in CSR activities with the intention of maximizing the positive influence they have on stakeholders and society as a whole. But there are challenges, such as a lack of engagement from the community in CSR efforts, issues related to the absence of clear guidelines, etc. It is essential for the corporate sector to identify, promote, and support effective and successful policies and practices that deliver triple bottom line objectives. It is also essential for the corporate sector to put these policies and practices into action.

Chatterjee and Mitra (2017) explained in their paper that India faces its own unique challenges and dilemmas. On the one hand, the country's high population means that it has a low life expectancy, education, and other similar factors. On the other hand, the country must bear the burden of an underdeveloped and distributed population.

In addition to this, they devised an additional model of CSR known as the Chatterjee Model. This model places a focus on the privatization of CSR operations by stable and big organizations in order to guarantee total transparency and accountability. In India, there is a greater need to construct a system that can service the social demands for things like education and medical treatment, among other things. It is abundantly obvious that corporate social responsibility should make a contribution to the national agenda of the country and aid it in accelerating its transition from an emerging to a developed nation.

### Research Methodology

The present study is exploratory in character. The research for this paper was conducted utilizing secondary sources such as a variety of journals, publications, text books, websites, news papers, as well as the opinions and recommendations of specialists and business policies, etc.

### Significance of the Study

An effort has been made to study and investigate the viewpoints of a variety of projects and perspectives on CSR practices by Indian companies. This study will be helpful in discovering new topics and perspectives of CSR on which either very little or nothing has been done thus far. In addition to this, it will place a focus on and highlight new perspectives or elements for future research.

### Measuring CSR

It is crucial to measure CSR actions in order to guarantee that the intended strategy is effectively implemented and to establish future action plans. Each organization has the ability to devise measuring strategies depending on the CSR subject areas they have chosen to prioritize. There are many different approaches to measuring the effectiveness of CSR programs, some of which are covered here. These approaches include community initiatives, environmental initiatives, marketplace initiatives, and workplace initiatives:

#### Measurement of community Initiatives

- Cash value of community support as a percentage of pre-tax profit
- Impact of evaluations carried out on community programmes
- Project progress
- Perception measures
- Positive and negative media comments

#### Measurement of Environment Initiatives

- Overall energy consumption
- Water usage
- Quantity of solid waste produced
- Use of recycled material
- Environment impact

### Measurement of Market Initiatives

- Number of product complaints regarding products and services
- Advertising complaints upheld
- Complaints about late payment of bills
- Upheld cases of anti-corruptive behaviour
- Customer satisfaction levels and customer retention

### Measurement of workplace Initiatives

- Workplace Profile
- Staff absenteeism
- Legal non-compliance
- Staff grievances
- Staff turnover

## CSR Perspectives and Initiatives in Indian Industry

### National Thermal Power Corporation (NTPC)

NTPC has devised a multi-dimensional framework for CSR activities. The focus of the strategy is placed on environmental sustainability. The parameters are listed as follows:

- To make a contribution to an underserved part of our society that is significant and long-lasting
- To contribute in a substantial and sustainable way in the area of its expertise, which is the production of power, with the purpose of delivering electricity to homes in those isolated communities that have never had the opportunity to enjoy the advantages of electricity
- To improve the quality of life in the neighborhoods around its power plants; to provide assistance to and alleviate the suffering of those who have been impacted by catastrophic events on a national scale

Thus, CSR activities at NTPC are community development, distributed power generation in villages; uplifting of a neglected segment of society and national calamities.

### Oil Natural Gas Commission (ONGC)

ONGC has a corporate citizenship policy that is extensively thought out and outlined in detail. As responsible members of the community and as good corporate citizens, the ONGC group of companies supports local initiatives to promote education, healthcare, and entrepreneurial activity, as well as national initiatives to improve water management and disaster relief.

ONGC Scheme is to establish, promote, sponsor, administer, build, and help in any initiative to give facilities to rural regions such as schools, colleges, educational and technical scientific institutions, etc., Distribute help and relief to the rural population, as well as to rural hospitals, clinics, dispensaries, creches, and other such institutions.

Agriculture, horticulture, dairy farming, animal husbandry, helping small and marginal farmers to promote their methods, breeding of plants, animals, and other such things, all types of development programs, family welfare, health care, and community development programs, distributing suppliers of all essential commodities, promoting cottage industries and cooperative ventures of production, manufactures sales and distribution of products; industrial and vocational training and production projects Elimination of slums, improvement of cleanliness and living conditions via increased access to clean supplies of electricity and gas services, Assistance to local bodies, rural community welfare, and overall improvement of rural areas are all part of the development and urbanization of rural communities.

ONGC has a corporate and unwavering dedication to the CSR principles, and the company is acutely aware of the role that it plays as a responsible member of the business community. The advancement of the socioeconomic standing of the country is the driving force behind the Genesis of ONGC concept. ONGC has been faithful to its mandate during the sixty-five years it has been in business.

### INFOSYS

INFOSYS is assisting and supporting large companies in their efforts to modernize their operations by consolidating existing ERP landscapes, updating their infrastructure, and developing alternative business models in model with new partners. These companies enable the development of new goods and services via cost optimization and increased agility, both of which are utilised in the process. In order to develop a robust business model, the firm is using a three-pronged strategy, which includes firstly, the provision of outsourced services; secondly, the rendering of transformational consultation; and thirdly, the generation of intellectual property.

The Corporate Social Responsibility (CSR) activities that INFOSYS participates in are not tied to charitable giving in any way; rather, they include Holistic community development, Institution building, and Sustainability related efforts. A policy has been adopted by the company Board of Directors committee on CSR that intends to strive for economic development that positively effects society at large with a minimal research footprint. Additionally, he is responsible for corporate action, and encourages a positive impact through the activities of the company on the environment, communities, and stakeholders.

It does its own CSR work through an organization called the INFOSYS Foundation, which has launched, guided, and overseen a number of activities in the areas of education, health care, disaster relief, and rural development. These programs have been successful in bringing about a positive change in the lives of people who are a part of the underprivileged section of society. The activities taken to

promote sustainability are centered on the following three themes: the social contract; the intensity of resource use; and green innovation.

### Wipro

“Biocon Foundations” of Biocontrol is delivering excellent primary health care services to the door steps of the underprivileged in both rural and urban regions. The Premji Foundation of Wipro focuses on building Models that significantly increase the quality of learning in schools.

### Bharat Petroleum Corporation Limited (BPCL)

BPCL is a downstream oil refining and marketing corporation that has been implementing new technology as part of its ongoing commitment to the conservation and enhancement of the natural environment. It has constructed a one-of-a-kind, high-tech facility in order to conform to the strict standards outlined in the Minimum National Standards for Effluents from Oil Refineries (MINAS). The restrictions that were established by the Pollution Control Board are significantly lower than the standards that have been established by BPCL. On addition to this, BPCL has spent around 220 crore Indian rupees in pollution control and energy conservation technologies. When it came to refining and marketing activities, BPCL made it clear that safety would be given the greatest priority possible. It is a sponsor of several athletic events like as the Santosh Trophy and the National Football Tournament. Additionally, it has a coaching facility for young people. A contribution to social welfare, the Lifeline Express is a fully-equipped train that brings the most cutting-edge medical equipment to India's most distant areas.

### Bharat Heavy Electronics Limited (BHEL)

A CSR scheme has been designed by BHEL, and the company's mission statement about CSR reads as follows: “Be a committed corporate citizen alive towards it's CSR.” BHEL participates in a number of social, economic, and community development programmes in order to enhance rural villages in terms of education, the quality of living circumstances, and cleanliness.

### Maruti Suzuki

Maruti Suzuki has been actively investing in environmentally friendly products and producing the greatest products for society, in addition to working on global warming and other global challenges such as climate change. The emphasis is placed on the protection of the natural environment as well as the conservation of the natural environment. The principles of waste reduction, reuse, and recycling have been pushed by the company across all of its manufacturing units.

### Analysis

As a result of the study described above, we came to the

conclusion that public sector organizations in India have a policy in place for conducting CSR activities. The following are some of the reasons that emerge from an investigation of Indian companies who are doing CSR:

- In order to build a positive corporate image for the company
- In order to improve relations with the surrounding community
- In order to pursue the principles and values established by its founder
- In order to further our long-term commercial interests
- To promote the value to the stockholders
- To improve relations with the company's internal customers
- To build a strong corporate presence for the company's brand
- To ensure that one is in conformity with applicable laws or to qualify for a tax or duty exemption
- To enter global market
- In order to satisfy the requirements imposed by their business partners
- To have advantages over other competitors

Despite this, a private number of privately held and small to medium-sized businesses are unable to establish a business between their operations and CSR activities. In organisations like these, corporate social responsibility is satisfied either by adhering to the law or by engaging in occasional acts of philanthropic giving.

### Merits and Demerits of CSR

#### Merits

- Improvement of the image of the company as well as the image of the public by bringing attention to the work that is being done to make society better, which in turn increases the likelihood that consumers will see the company favorably
- An increase in the organization's ability to recruit new personnel and retain existing ones
- Brings in more investment from a variety of different places
- Environmental Corporate Social Responsibility (CSR) programmes that encourage the production of clean and renewable energy
- Promotion in a positive direction
- Builds a socially robust connection with customers, which results in an increase in the brand value of the organization

#### Demerits

There are various advantages of CSR but on the other side there are some disadvantages as follow as:

- There is a risk to the company's reputation

- The conviction of the consumer or customer
- Competitive disadvantage
- A departure from the goal of producing a profit
- An increase in the overall cost of production

### Action Plan for CSR

There are various areas of action plan for CSR. Some of them are discussed below:

#### Community

Participation in community service by employees; provision of cash and in-kind assistance via payroll deductions and matching funds; Make some of your business's products or services accessible to charity products without cost or at a reduced rate; Look for ways to make surplus products and equipment accessible to community organizations, local institutions, and schools in the area; Provide school children and students with access to high-quality work experiences; Work in conjunction with the educators in the surrounding area to make the operation of businesses the focus of school initiatives; Make advantage of the marketing budget to identify your business with a social cause.

#### Diversity and Human Rights

Work with charitable organizations and employment centers to reimagine occupations so that people with disadvantages may access them; establish the tone by not tolerating jokes that are sexist, racist, or homophobic; Donate to organisations that promote to ensure human rights are respected and fair trade practices are followed; Make sure that the staff member is aware that there are clear policies in place that prohibit discrimination on the basis of gender, race, age, ethnicity, or disability in the hiring, compensation, promotion, training, or termination of any employee.

#### Environment and Ecology

Cut down on your use of energy, water, and other natural resources, as well as your production of potentially harmful byproducts. Establish environment management system; Utilize recycled materials and products that are recyclable; Enhance the longevity of products and reduce the amount of packaging used; Educate staff about environmental concerns and problems.

#### Health and Well-being being

Establish policies that are communicated to employees in order to protect the health and safety of all employees; Participate with your employees in any business choices that may have an impact on them; Maintain policies of open bookkeeping; Holding staff meetings to discuss how to respond to a slowdown in business is one way to prevent having to lay employees off. Offer outplacement services; Benefits related to retraining and services; Give them the training to become trained; Training should be expanded

to include life management, retirement planning, and caring for dependents.

### Conclusion

CSR, or corporate social responsibility, is a highly important and beneficial tool for an organization's and is all about a corporation giving back to society. Not only does it benefit society and stakeholders in general, but it also helps businesses build good will and improve their brand image, which in turn helps them recruit talented employees. In addition, CSR plays an important role in the process of building a devoted customer or client base.

Increasing one's ability to maximize profits is no longer the only sign of one's company's overall business success for corporate sector organisations. In addition to this, they are obligated to perform an important function as responsible corporate citizens since they have incurred a role toward both the society and the stakeholders. Therefore, corporate social responsibility (CSR) is a wide word with a broad meaning that is used to represent the efforts that a company does in order to improve society in any other manner. It is vital that the corporate sector discover, promote, and put into action viable policies and practices that attain triple-bottom-line objectives (that is, social, environmental, and financial).

### Recommendation

A central working group or committee should be established by management in order to put CSR policy into action. Also, this core group would be in charge of the planning, execution, monitoring, and evaluation of CSR programs, as well as the reporting and communication of their progress and effect.

In today's community, there is a pressing need that privately held businesses fulfill their responsibility to guarantee that their operations do not have a detrimental impact on the way of life in the communities in which they are located. In addition, the corporation in question should not be the source of pollution; it should not practice discrimination in its hiring practices; it should not profit from unsavoury or immoral activities; and it should not conceal information about its wares from its consumers. Not the least of these requirements is that they should be a positive part of the community's ongoing activities.

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