CORPORATE SOCIAL RESPONSIBILITY: ISSUES AND CHALLENGES: A CRITICAL STUDY

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ABSTRACT

Today, Companies have a vital role in their communities. According to Michael Sabia, President and CEO of BCE Inc., "Corporations are social organizations. This model states that a company's responsibility is to generate value for its owners as well as provides value for society and offers a win-win scenario. Corporate success is highly based on continued good relations with a wide range of individuals, groups and institutions. Corporate Social Responsibility plays an important role in winning the consumer's confidence that will help growing the businesses and earn more profit. Multiple organizations launch campaigns to raise awareness of the value of corporate social responsibility among businesses, civic organizations, and governmental agencies about the role of corporate social responsibility (CSR).

The definition of corporate social responsibility is given by Richard Watts and Lord Holme in "Making Good Business Sense." Businesses are expected by society to actively contribute to the resolution of social issues, regardless of whether they are the cause of the issues. The process by which all businesses collaborate and contribute to the well-being of society is known as ''Corporate Social responsibility''. It's also known as corporate social responsibility and the way a company handles moral, social, ethical, political, social and economical issues.. Corporations that comply to high corporate social responsibility requirements are able to show their commitments to the public, consumers, employees, and stockholders.

According to the European Commission and the United Nations, corporate social responsibility, or CSR, boosts profitability while simultaneously promoting social justice and protection of the environment.

Keywords: Corporate social responsibility, issues, challenges, remedial measures

Introduction:

"……..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 Renaults

Today, Corporations have an important position in their surroundings. It's obvious that trade influences societies. Corporate Sectors plays an important role in the socio-economic development of the nation. Through their corporate social responsibility initiatives, corporations have played an important role in addressing issues related to livelihoods, health, education, the environment etc across the world. The corporate sector must recognize, support, and implement to practice effective policies and procedures. According to the European Commission and the United Nations, corporate social responsibility, or CSR, boosts profitability while simultaneously it promotes social justice and conservation of the environment.

According to Indian Corporate Sector "Sustainable Development implies optimizing economical position while not reducing social and environmental aspects, and corporate social responsibility (CSR) requires supporting concerns associated with children, women, and the preservation of the environment,".

Theoretical Background:

The concept of Corporate Social Responsibility (CSR) has developed since its inception in the 1950s. The idea of CSR developed greater acceptance in Europe than in the US. The concept of CSR has achieved broad acceptance, largely due to the efforts of the United Nations.

Numerous terms have been used to describe the concept of corporate social responsibility, including corporate citizenship, strategic philanthropy, corporate conscience, social responsibility, and sustainable responsible enterprise. Dr. Ratnam asserts that the definition of corporate social responsibility (CSR) varies based on the stakeholder and the circumstances. The various types of corporate social responsibility is different according to region.

The process of analyzing an organization's social responsibility involves determining its impact on society and its obligations. Corporate social responsibility is a form of corporate self

regulation integrated into a business modal.

Sustainable corporate social responsibility involves initiatives that a company can take without impairing its ability to achieve its objectives. The first step in implementing corporate social responsibility is to evaluate business on following aspects:

- Consumers

- Suppliers

- Environment

- Communities

- Employees

Why Corporate Social Responsibility:

The goal of corporate social responsibility is to accept ownership of the company's actions and promote beneficial effects on the environment, customers, workers, communities, stakeholders, and other members of the public through its operations. Numerous business strategies have been established to meet corporate social responsibility goals. Companies must be responsible both externally and internally to be adequate corporate citizens. Corporate Governance and Corporate Social Responsibility are two different sides of the same coin.

Some of the factors influencing businesses to adopt corporate social responsibility include the followings.

- **The Shrinking Role of Government:-** A mistrust of regulations and declining government funding has prompted exploration of voluntary and non-regulatory assignments.

- **Demands for Greater Disclosure: -** It includes customers, suppliers, employees, communities, investors, and activist organizations.

- **Increased Customer Interest**: More than half of customers said they have either praised or punished businesses based on their perceived social performance in a

recent International survey.

- **Competitive Labor Markets:** Workers are more searching for companies whose values and methods of operation align with their own, looking beyond benefits and salary. Businesses are under pressure to provide better working conditions in order to attract and keep talented workers.

- **Supplier Relations:** With the growing interest of stakeholders in business matters, many companies are implementing codes of conduct for their suppliers to guarantee that their partners behave responsibly in social environments and that their reputations are not damaged by the policies or practices of other companies.

- **Opportunities for Stakeholders:** The most important aspect of corporate social responsibility (CSR) is its ability to increase the pace of national growth. India, the second-most populous nation in the world and the place where the greatest number of people live in poverty, need more extensive CSR initiatives throughout the entire nation. The growing importance of investment funds and bond rating firms can be caused by the size and power of multinational businesses. Among the benefits that companies may experience from implementing a social responsibility policy are:

Advantages for Corporate:

- Improved financial performance

- Lower operating costs

- Enhanced brand image and reputation

- Increased sales and customer loyalty

- Greater productivity and quality

- More ability to attract and retain employees

- Reduced regulatory oversight

- Access to capital

- Workforce diversity

- Product safety and decreased liability

Advantages to the Community and the General Public:-

- Contribution for Charitable purposes.

- Employee volunteer programs.

- Corporate involvement in community education, employment and homelessness.

- Programs, product, safety and quality.

Environmental Benefits:-

- More material recyclability.

- Better product durability and functionality.

- More use of renewable resources.

- Including environmental management standards, ecological labels, life cycle assessment and costing, along with additional environmental management tools in corporate strategies.

The formation of dedicated committees within the board of directors to supervise Corporate Social Responsibility and sustainable business practices is a developing trend in large global companies. There are a lot of advantages to businesses who have effectively managed their CSR initiatives and have witnessed outcomes.

Challenges for Indian Corporate:

These days, corporate social responsibility is a well-established notion on the agenda of multinational companies. But there are a lot of challenges to be accomplished before idea is able to implemented action. One of the main issues facing business is the need for more reliable measures for assessing developments in corporate social responsibility (CSR) and for CSR

strategies to be broadly accepted. Transparency and open communication can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.

Inadequate knowledge, undertrained staff, a lack of real data and precise information on the types of CSR activities, coverage, policies, etc. all contribute to the efficacy and reach of CSR programs. However, things are changing day by day.

David Henderson made a strong argument against the manner that CSR deviated from conventional corporate value-setting in his book "Misguided Virtue: False Notions of Corporate Social Responsibility (2001)". The "lofty" as well as "unrealistic expectations" in CSR were questioned by him. Some contend that corporate social responsibility (CSR) is little more than an attempt to sidestep governments' oversight of large, multinational firms.

According to "The Times survey" Various challenges or responses are pointed out from various Organizations. They are as follow-:

- Absence of community involvement in corporate social responsibility initiatives.

- Transparency concerns.

- The requirement to develop local capabilities.

- The absence of efficiently structured non-governmental organizations.

- Factor of visibility

- Lack of agreement on how to implement Corporate Social Responsibility problems.

- Absence of specific Corporate Social Responsibility norms.

- Limited perspective on corporate social responsibility initiatives.

India's quest for its the future predicted almost 70 years ago, still has not been achieved. In India's villages, in spite of the apparent development that has been accomplished, it appears as though time has ceased. Although corporate India, which is concentrated in and around towns, has been prospering and progressing, rural India is still underprivileged to a great extent. In

this regard, the corporate sector has a significant opportunity to reduce the geographical gap between urban and rural India.

CSR is only successful when it is implemented as a fundamental component of a business's growth plan. It is essential that companies recognize, support, and put into action efficient policies and procedures that result in triple bottom line outcomes. The government, business sector, activist groups, and civil society all have shared and collective obligation to provide the underprivileged with appropriate means and possibilities so they can enter the mainstream of society.

Unsurprisingly, the CSR survey showed that these organizations focused the majority of their efforts on serving residents of the towns, villages, and districts in which they operate. The environment, health, and education are the most important things. These priorities will probably remain in effect.

Suggestions

We need the support of every segment of the business and society to fulfill the demands of all our stakeholders. Part of what makes a company successful is its capacity to adjust management, services, and goods to the demands of dynamic societies. In order to accomplish this, we must recognize, encourage, and grow the top CSR projects.

A few suggestions are made in order to look ahead to CSR in India and go ahead and implement bound by time measures to promote it. They are as follow-:

- To enhance public awareness of corporate social responsibility (CSR) in order to increase the effectiveness of CSR projects.

- To increase student awareness of social and development issues, CSR should be required at B-schools, colleges, and universities.

- To create partnerships amongst every stakeholder involved, including the government, the business communities, local communities, workers, and public.

- To enhance corporate social responsibility initiatives/activities to small, medium and large corporate sector.

- In major cities and local communities, corporate social responsibility projects and programs are implemented.

- NGOs and corporate entities should take a proactive approach to integrating their resources and creating efficiencies in order to apply best practices in corporate social responsibility. This will help to expand existing programs and create new ones that will reach a larger number of beneficiaries.

- Governments need to recognize and reward businesses, non-governmental organizations, and their associates for successfully carrying out initiatives that benefit those who are poor and vulnerable.

- Government and other interest groups have established clear partnerships in policy texts at all levels, and they have worked together to create shared procedures for turning policy declarations into actionable agendas.

- Increase your attention to matters that are essential to the community and society, such as green marketing, disaster management, women's empowerment, livelihood, education, health, and the environment. Put greater emphasis on women's livelihood, education, health, and environmental protection empowerment, eco-friendly marketing, disaster relief, moral behavior, etc., as well as other pertinent social and other local issues.

- To emphasize the government's policy guidelines that guarantee "public co-operation" in the CSR project development process.

- Corporate in these domains should adopt innovative models.

- It is advised that realistic and operational models be collaboratively explored and addressed in order to forward the development agenda in an aggressive mode.

- An increasing number of corporations believe that corporate social responsibility (CSR) is essential for preserving goodwill and reputation, defending off attacks, and boosting competitiveness.

- Global organization's research revealed that company executives need to be the most

reputable, moral, honest, and values-driven people on the planet. Whatever the term, corporate social responsibility is based on a dominant paradigm that is focused on the concept of generating "shared value"

- Establishing partnerships among corporations, non-governmental organizations, and the government is imperative for using their collective skills, including experience, strategic thinking, financial resources, and personnel, to drive significant social improvements and contribute to the socio-economic development of India expanding aggressively.

"Corporate Social Responsibility Practices in India sets a realistic agenda of grassroots development through cooperation and collaboration with sustainable development approaches," stated Indu Jain, Chairperson of The Times of India Group New Delhi, in this regard. The key to finding a solution is for all parties involved to come together and work together to provide a clear path towards a fair and just social structure. This ultimately creates the conditions for the harmonious convergence of creative ideas with the right execution strategies.

Corporate Social Responsibility: A Path Forward...

Corporate Social Responsibility (CSR) is becoming more popular as businesses recognize that investing in workers' communities, health, and environments benefits them as well as the company. Indian corporations such as Tata are veterans of corporate social responsibility. Even before corporate social responsibility (CSR) gained popularity, a number of companies, like the Aditya Birla Group, Infosys, Indian Oil Corporations, and others, had been actively committed in serving the society for social welfare through their operations.

Despite these enormously successful examples, corporate social responsibility (CSR) in India is still in the early stages of development. In the Indian context, there is much to find out about developing excellent CSR initiatives. Renault's Chairman and CEO, Carlos Ghosn, stated: "It is our obligation, because it promotes our own best interests to engage with the social and cultural environments of the nations in which we conduct business. The ongoing dedication of business to act morally, promote economic growth, and enhance the standard of living for employees and their families, as well as for the neighborhood and society at large, is highlighted.

CONCLUSIONS:-

There is confirmation that stakeholders' decisions are increasingly influenced by a company's code of conduct. Establishing philanthropic trusts and charities in the face of an adverse work atmosphere is not compatible with the purpose of the organization. Currently in India, because the measurement is so large, it is difficult for one single entity to bring about change. Big businesses can no longer disregard outside factors in favour of focusing exclusively on their financial performance. Therefore, the primary conclusion is that businesses need to be sophisticated and understand the need of implementing socially responsible practices.

To conclude, CSR as a corporate necessity, that cannot be embraced unwillingly or mediocrely. Rather, it must be carried out with all of the enthusiasm and genuine interest that comes from the heart, and it enables the companies' long-term significant impact on society and its future is bright in upcoming years. The upcoming years have a promising future. Ultimately, commerce is conducted by the people, for the people, and by the people.

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