

# 1 Corporate Social Responsibilities and Ethics of Business -Issues 2 and Challenges in India

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## 6 **Abstract**

7 CSR and Ethics in business and government today are very important subjects. There are  
8 various reasons for businesses to operate in an ethical and socially responsible manner. There  
9 are government regulations, corporate belief systems, and basic common sense. There needs to  
10 be an overall intent to be ethical and socially responsible in today's business environment in  
11 order to stay successful. In India keeping this in view many big corporate houses like TATA,  
12 Mahindra Mahindra Ltd and Birla started practicing the Corporate Social Responsibility  
13 (CSR) more than a decade ago. Now a day in India CSR is developing but not as much as in  
14 developed countries like America or China. Lack of understanding, inadequately trained  
15 personnel, coverage, policy etc. further adds to the reach and effectiveness of CSR programs.  
16 Large no. of companies are undertaking these activities superficially and promoting/  
17 highlighting the activities in Media. The Main objective of this research paper is to study the  
18 various issues and challenges faced by CSR activities in India.

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20 **Index terms**— CSR, business ethics, labour welfare, societal marketing.

## 21 **1 Introduction**

22 Corporate social responsibility (CSR) refers to business activities which benefit society. These activities are of  
23 three categories, denotes as the triple bottom line, which are social, environment, and economic. Now a days  
24 , a growing number of academics as well as top executives have been allocating a considerable amount of time  
25 and resources to Corporate Social Responsibility (CSR) strategies -i.e. the voluntary integration of social and  
26 environmental concerns in their companies' operations and in their interaction with stakeholders (European  
27 ??ommission, 2001).

28 According to the UN Global Compact -Accenture CEO study1 (2010), 93 percent of the 766 participant CEOs  
29 from all over the world declared CSR as an "important" or "very important" factor for their organizations' future  
30 success. On the demand side, consumers are becoming increasingly aware of the firms' CSR performance: a  
31 recent 5,000-people survey by Edelman revealed that nearly two thirds of those interviewed cited "transparent  
32 and honest business practices" as the most important driver of a firm's reputation. So in this research paper a  
33 detailed study has been made on various issues & challenges faced by various CSR activities by corporate.

34 India become first country in the to make CSR mandatory, by company Act 2009 following an amendment to  
35 The Company Act, 2013 in April 2014.

## 36 **2 II.**

## 37 **3 Objectives**

38 The objective of this paper is mainly concerned with the following objectives.  
39 ? To understand the concept of CSR.

#### 40 4 Research Methodology

41 Descriptive research design has been used to conduct this research. Keeping in view of the set objectives, this  
42 research design was adopted to have greater accuracy and in depth analysis of the research study.  
43 Secondary data was used for the research. Such as Different news articles, Books and Web.

#### 44 5 IV.

#### 45 6 History of Corporate Social Responsibility

46 The term "corporate social responsibility" came into common use in the late 1960s and early 1970s after many  
47 multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have  
48 an impact. It was used to describe corporate owners beyond shareholders as a result of an influential book by R.  
49 Edward Freeman, Strategic management: a stakeholder approach in 1984. Proponents argue that corporations  
50 make more long term profits by operating with a perspective, while critics argue that CSR distracts from the  
51 economic role of businesses. Others argue CSR is merely Window -Dressing, or an attempt to pre-empt the role  
52 of governments as a watchdog over powerful Multinational Corporations.

53 CSR is an aid to an organization's mission as well as a guide to what the company stands for and will uphold to  
54 its consumers. Development business ethics is one of the forms of applied ethics that examines Abstract-CSR and  
55 Ethics in business and government today are very important subjects. There are various reasons for businesses  
56 to operate in an ethical and socially responsible manner. There are government regulations, corporate belief  
57 systems, and basic common sense. There needs to be an overall intent to be ethical and socially responsible  
58 in today's business environment in order to stay successful. In India keeping this in view many big corporate  
59 houses like TATA, Mahindra & Mahindra Ltd and Birla started practicing the Corporate Social Responsibility  
60 (CSR) more than a decade ago. Now a day in India CSR is developing but not as much as in developed countries  
61 like America or China. Lack of understanding, inadequately trained personnel, coverage, policy etc. further  
62 adds to the reach and effectiveness of CSR programs. Large no. of companies are undertaking these activities  
63 superficially and promoting/ highlighting the activities in Media. The Main objective of this research paper is  
64 to study the various issues and challenges faced by CSR activities in India.

65 ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the  
66 recognized international standard for CSR. Public sector organizations (the United Nations for example) adhere  
67 to the triple bottom line (TBL) has donated more than \$820 million for women's empowerment, access to clean  
68 drinking water, and the development of disadvantaged youth. Every year, the company focus to give back one  
69 percent of its profits to communities around the world. In 2017, Coke gave \$250,000 to the American Indian  
70 College Fund for scholarships and community building for young Native Americans. 10. Levi's The company  
71 that made jeans a thing has made sure social responsibility is "sewn into the fabric" through initiatives like  
72 Water Less, which significantly reduces water use in manufacturing by up to 96 percent for some styles. Since the  
73 campaign launched this program in 2011, Levi's has saved more than one billion liters of water. By 2020, the  
74 company expects to manufacture 80 percent of its products through this process, up from 25 percent today.

#### 75 7 List of Top 10 Indian companies in CSR

#### 76 a) Issues & Challenges of CSR

77 Many companies think that business social responsibility is a peripheral issue for their business and customer  
78 satisfaction more important for them. They imagine that customer satisfaction is now only about price and  
79 service, but companies fail to point out on important changes that are taking place worldwide that could blow  
80 the business out of the water. The change is named as business responsibility which is an opportunity for the  
81 business. Some of the driving forces which push business towards BSR include:

#### 82 9 i. Shrinking Role of Government

83 In the past years, governments have relied on legislation and regulation to deliver social and environmental  
84 objectives in the business sector.

85 Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary  
86 and non-regulatory initiatives instead.

#### 87 10 ii. Demands for Greater Disclosure

88 The growing demand for corporate disclosure from including customers, stakeholders, suppliers, employees,  
89 communities, investors, and activist organizations.

#### 90 11 iii. Increased Customer Interest

91 There are so many evidence that the ethical conduct of companies exerts a growing influence on the purchasing  
92 decisions of customers. In a recent survey by Environics International, more than one in five consumers reported  
93 having either rewarded or punished companies based on their perceived social performance.

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## 94 12 iv. Growing Investor Pressure

95 Investors are getting aware about their rights. They are changing the way they assess companies' performance,  
96 and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports  
97 that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens  
98 linked to the environment and responsibility. A separate survey by Environics International revealed that more  
99 than a quarter of shareowning Americans took into account ethical considerations when buying and selling stocks.

100 v. Competitive Labour Markets Employees are increasingly looking beyond paychecks and benefits, and seeking  
101 out employers whose philosophies and operating practices match their own principles. In order to hire and retain  
102 skilled employees, companies are being forced to improve working conditions.

103 vi. Supplier Relations So many companies are introducing codes of conduct for their suppliers, to ensure that  
104 other companies' policies or practices do not tarnish their reputation.

105 In India, over time, the expectations of the public has grown enormously with demands focusing on poverty  
106 alleviation, tackling unemployment, fighting inequality or forcing companies to take affirmative action.

107 The historical driver of CSR has been philanthropy or a sense of ethics. After the Second World War, a variety  
108 of national and international regulations arose through bodies such as the International Labor Organization (ILO)  
109 emphasizing the need for an active social policy for transnational companies (TNC's). This additional driver,  
110 international institutions, has relevance for India through the work of the ILO, the OECD, Socially Responsible  
111 Investment (SRI), the SA8000 Social Accountability scheme and through the work of the UN Commission on  
112 Human Rights which tackled the human rights responsibilities of TNC's.

113 In India, some public sector companies can spend up to 5% of their profits on BSR activities.

114 The survey conducted by Times of India group on CSR used a sample size of 250 companies involved in  
115 CSR activities through a method of online administration of questionnaire. The questionnaire was evolved after  
116 due diligence including focus group meetings, consultations with key stakeholders and a pilot in four metros.  
117 Finally 82 organizations responded to the questionnaire. These comprised 11 public sector undertakings (PSUs),  
118 39 private national agencies and 32 private multinational organizations. The respondent organizations form a  
119 satisfactory percentage of 33 per cent of the sample size, given the fact that only those companies that had direct  
120 or indirect involvement in CSR activities were chosen to be approached for the survey.

121 The survey analysis responses from participating organizations about various challenges facing BSR initiatives  
122 in different parts of the country. On the basis of responses obtained from the organization following challenges  
123 has been listed: ? Lack of Community Participation in CSR Activities:

124 Local community's shows lack of interest in participating and contributing to BSR activities of companies. This  
125 is largely attributable to the fact that there exists little or no knowledge about BSR within the local communities  
126 as no serious efforts have been made to spread awareness about BSR.

127 There is also lack of communication between the company and the community at the grassroots.

128 ? Need to Build Local Capacities: Capacity building of the local non-governmental organizations is required  
129 for effectively contribution to the ongoing BSR activities initiated by companies.

130 ? Issues of Transparency: Lack of transparency is one of the key issues. There is an expression by the  
131 companies that there exists lack of transparency on the part of the local implementing agencies as they do not  
132 make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization  
133 of funds. This reported lack of transparency impacts the process of trust building between companies and local  
134 communities, which is a key to the success of any BSR initiative at the local level.

135 ? Non-availability of Well Organized Nongovernmental Organizations: The survey lso reported that there is  
136 non-availability of well organized nongovernmental organizations in remote and rural areas that can assess and  
137 identify real needs of the community and work along with companies to ensure successful implementation of BSR  
138 activities. This also builds the case for investing in local communities by way of building their capacities to  
139 undertake development projects at local levels.

140 ? Visibility Factor: Media also play a good role in highlighting good cases of successful BSR initiatives .This  
141 apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations  
142 to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots  
143 interventions.

144 ? Non-availability of Clear CSR Guidelines: There are no clear Government guidelines or policy directives  
145 to give a definitive direction to BSR initiatives of companies. It is found that the scale of BSR initiatives of  
146 companies should depend upon their business size and profile.

147 v.

## 148 13 Conclusion

149 The concept of CORPORATE social responsibility is now rooted on the global business agenda. But there are  
150 many obstacles need to be overcome. A key challenge facing business is the need for more reliable indicators of  
151 progress in the field of CSR, along with the dissemination of CSR strategies. Some of the Benefits of adopting  
152 the practice of CSR include:

*[Note: ? To examine role of Corporate Social Responsibility Practices in Business. III.]*

Figure 1: ?

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