

Corporate Social Responsibility: Relevance and Challenges with special reference to Selected Large Scale Organisations in Pune, India

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Abstract: After CSR mandate, corporate social responsibility becomes buzzword in India. Large scale organisations usually have well defined vision and mission statements, objectives as well as strategies to achieve these objectives. Organisational objectives usually covers economic, social as well as environmental concerns of the organisation. Corporate social responsibility covers social and environmental concern of the organisation's practices adopted by organisations vary in depth and scale. This research paper is an attempt to study the CSR practices adopted by large scale Organisations in Pune after CSR mandate and challenges therewith. To study CSR performance evaluation system along with relevance of CSR practices with organisational objectives.

Keywords: CSR, Companies Act 2013, CSR Implementation, CSR challenges, CSR mandate

Introduction: Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives. With the changing world these social responsibility practices have to change according to the needs of the economy. Combination of four of Carroll's responsibilities, including education, health, and environment will help in the formulation and implementation of social responsibility practices.

According to Sec.135 of Companies Act 2013 every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

Many organisations across the globe have realised the benefits of integrating CSR practices with Organisational objectives. It helps the organisations achieve its economic, social and environmental

objectives in cost efficient and sustainable way. Intergrading social and environmental concerns with organisational objectives is a difficult task. Formulation and implementation of CSR practices in a prevailing framework of law creates challenges in front of the organisations. The most significant obstacles to CSR implementation are those related to lack of resources, followed by those related to the complexity and difficulty of implementing CSR.

According to Kasturi Rangan Not all members of the community are investors in the company or its customers. But they are impacted by what the company does. Businesses operate in a social, cultural and regulatory context, a lot of which is not directly in the value chain. If that is the context in which a business operates it is absolutely important for business to have a CSR strategy.

The current state of CSR operates at three levels .First Philanthropy, second hared value and third transforming the business. The philanthropic CSR programmes are usually run by their community affairs director or the CSR manager or the foundation head. The operation stuff is usually run by the line managers, the factory head, the functional manager etc. and "change the business" is run by the executive committee of the CEO. These three rarely talk to each other on CSR. When the three talk to each other, a CSR strategy emerges.

Every organisation should enact a framework related to CSR and include them in their vision, mission and strategic planning. CSR initiatives, if being implemented by all the corporations for rural development will have a positive impact in overall development of the society and their business (Fakay & Buragohain, Feb 2015)

Objectives of the research:

- To study CSR Practices of the organisations.
- To study relevance of CSR Practices with organisations objectives.
- To study the Challenges faced by organisations in CSR implementation.
- To study CSR performance evaluation system of the organisations.

Hypotheses:

The following hypotheses are formulated for the study:

H1: CSR practices of large scale organisations in Pune are relevant with its corporate objectives.

H2: Large scale organisations in Pune are facing difficulties in CSR implementation.

H3: There is no systematic CSR performance evaluation system.

Research Methodology:

Research Type: Qualitative research

Research Instrument: Structured Questionnaire

Sources of data: Primary and secondary

Sampling Technique: Judgement Sampling

Sample Size – 5 Large Scale Organizations

Scope of the Study: The scope of the study is limited to the five large scale organisations from Pune selected for the study namely Tata Motors, Thermax Ltd., and Persistent Foundation. Zensar Technologies and Bajaj Auto.

Findings:

The researcher collected data from the 5-large scale organizations. The Analysis shows that, as per Companies Act 2013, the organization having their CSR committee in place to carry out CSR activities.

A p-value analysis is used to determine the significance of the results. The p-value is a number between 0 and 1 and interpreted in the following way: A small p-value (typically ≤ 0.05) indicates strong evidence against the null hypothesis, so you reject the null hypothesis.

I.CSR Practices –

The Analysis shows that, CSR practices are appropriately placed in the organization under study. (as p-value < 0.05). It includes disclosing the composition of the Corporate Social Responsibility Committee, decision regarding CSR policy, average net profit calculation and the type of CSR activities to be carried out by the organization as per Companies Act 2013.

II.CSR and its Relevance –

In the case of P value analysis, there was no significant difference observed as $P > 0.05$ though there was well defined mission, vision statement incorporating Corporate Social Responsibility there was no significant relation observed regarding CSR policy and CSR activities for enhancement of brand image, optimum utilization of resources, stakeholder satisfaction and improvement in overall effectiveness.

III.CSR and Challenges –

The analysis was not significant to comment on challenges faced by the organization (considered for the study) about following CSR as per Companies Act 2013 as $p > 0.05$. But it was observed that, most of the cases the respondents were not having idea about the challenges like transparency, the way CSR activities may be supported by NGO or trust.

IV.CSR Implementation –

It was observed that, all the organization considered for the study, having CSR policies. CSR is collaborative efforts of employees as well NGO/trust along with organization may tie up for carrying out CSR activities. But it was time consuming activity according to one of the respondents. According to

respondents, CSR implementation is extremely effective and it resulted in increase in Goodwill of the company and useful for employee retention.

V.Evaluation of CSR practices –

It can be stated that, the feedback system is well placed in all the organizations under the study. The social audit is conducted by 90% of the respondents and CSR report is a part of AGM report. The website is another preferred media to publish the report. In the case of all the respondents it was observed that, they are willing to carry out CSR activities more effectively in the future and agreed that, the level of engagement will be more in the coming years.

Conclusion

It can be stated that, CSR policies are well defined but implementation needs to be taken care. The evaluation of CSR is taking shape but the relevance and challenge part needs to be explore further. Although it is mandatory for large scale organization to do CSR as per Companies Act 2013, organizations are ready to go beyond for community welfare.

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