

A THEORETICAL ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

The New Companies Act 2013 of April 2014 rendered corporate social responsibility (CSR) essential for the first time in the history of the globe, in India. As part of any CSR compliance, businesses can allocate their profits to causes which include hunger, gender equality, poverty, and education. A schedule outlines the items that can be given, to make sure that donations are made to worthy initiatives in general. The company for the sustainability and excrecence of society is demonstrated by its devotion to commercial gregarious responsibility. Now it is necessary to exercise commercial gregarious responsibility. Companies must understand that CSR affects both their foreign (profit excrecency, client fidelity and brand mindfulness) and internal (a hand, productivity, and development) excrecency. By disposing and sharing in social responsibility systems, companies can demonstrate their gut principles and make trust among stakeholders. Beyond a commercial procedure or responding to gregarious expostulations, commercial gregarious responsibility encompasses further. corporate social responsibility (CSR) aims to ensure that companies portray immorally. A company's concern for the sustainability and growth of society is shown by its commitment to Corporate Social Responsibility. It's now needed to exercise corporate social responsibility. Businesses must realize that CSR has an impact on both their external (increased profit, client fidelity, and brand mindfulness) and internal (hand engagement, productivity, and development rate) growth. Companies may show their introductory principles and make confidence with stakeholders by organizing and taking part in CSR systems. Beyond a company policy or a response to social challenges, commercial social responsibility encompasses further. Corporate Social Responsibility (CSR) strives to make sure that businesses operate immorally. The phrase "Corporate Social Responsibility (CSR)" can be referenced as a corporate initiative to analyze and accept responsibility for the company's effects on the environment and influence on social welfare. Generally speaking, the phrase refers to business initiatives that surpass what authorities or environmental advocacy bodies may want. The term "corporate citizenship" can also be used to refer to corporate social responsibility, which might entail paying short-term expenses that do not quickly benefit the corporation economically but instead promote favorable social and environmental change. This article addresses corporate social responsibility (CSR), outlining its advantages and drawbacks as shown by multiple studies that show the importance of financing the aforementioned research goal. As previously said, having extensive knowledge of CSR will help organizations not only survive in the constantly developing business landscape but also advance their interests.

Keywords: Corporate Social Responsibility (CSR), CSR Activities, CSR Challenges.

Introduction

What a firm does for society is referred to as corporate social responsibility. In this context, "responsibility" refers to the company's moral and ethical duties to society. A new age of corporate giving in India began with the introduction of the CSR provision in the Companies Act, 2013. The government

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aims to create equality in our society by enacting laws requiring corporate social responsibility. CSR addresses the business operations of the organization that extend beyond financial metrics. This goes beyond just donations or charity. A corporation that practices corporate responsibility makes a noticeable contribution to societal welfare. Businesses that practice social responsibility do not restrict the resources they utilize to conduct their business, which only serves to boost their earnings. Corporate social responsibility is called CSR. In India, CSR is regulated by law. This law obliges the state and commercial enterprises to do social work. Only social work is enough to strengthen society as a whole, including helping the poor and providing various resources to promote their development.

All companies that successfully implement social responsibility can have one thing in common. It is not possible to anchor social responsibility in the business activities of the company. Companies will fall behind if they view corporate social responsibility as an extra that has little impact on their main operations or company strategy. People are essential to the success of an organization's operations, whether it is in the areas of corporate social responsibility, energy efficiency, staff satisfaction, health and safety at work, or supply chain reliability. A value-based business model often highlights a new definition of corporate purpose that focuses on social values. It is a strategy to develop future markets while strengthening communities and corporate finance.

Objectives of the Study

The following are the goals that this study aims to accomplish:

- To know the conceptual frame work
- To know Principal
- To know the structure & CSR Activities in India.
- How corporate social responsibility (CSR) might help companies.
- To research the difficulties CSR faces in India.

Conceptual Framework

Beyond philanthropy, corporate social responsibility, or CSR, calls on businesses to take legal responsibilities to consideration in addition to social, environmental, and ethical factors in all of their operations. In this scenario, it is no longer necessary of businesses to function as businesses for profit only. business began recognizing the growing effects and demand from civil society to implement rules that are environmentally, socially, and fiscally responsible. company have come under increased pressure from the media, employers, shareholders, civil society, and customers to be more open and responsible. More than ever, businesses understand that they both directly affect society and have a special chance to influence it.

The main enterprises are social justice (poverty, social, health and well-being, and mortal rights), profitable effectiveness (well-being, invention, and an investment) and environmental responsibility (pollution, resource use, climate change, husbandry, and biodiversity). Three-rounded approach to CSR emphasizes operation and its commitment to socially, economically and environmentally sustainable practices. A change from "bare shareholder" focus to multi-stakeholder focus is supported by the burgeoning idea of CSR. Investors, staff members, business associates, guests, authorities, the force chain, near communities, the terrain, and society at large are all included in this.

Fundamentals of Corporate Social Responsibility

It is challenging to define CSR because of the ambiguity around the nature of CSR activity. The following categories apply to the fundamentals of CSR:



- **Accountability**

It applies to an organization that accepts accountability for the consequences of its actions after realizing that such actions have an impact on the outside world. This idea refers to measuring the effects of actions taken both inside and outside the company. This idea specifically entails telling everyone impacted by these acts of these amounts. Establishing suitable environmental protection measures and disclosing the company's operations are necessary components of responsibility.

- **Sustainability**

As stated by the World Council for Economic Development, sustainable development is defined as "development that satisfies current demands without endangering the capacity of future generations to satisfy their own needs." It is especially concerning when resources are limited in quantity since once they are used up in the present, they cannot be used again in the future.

- **Transparency**

As a principle, transparency ensures that pertinent facts are not withheld from the public and that it is feasible to determine how an organization's actions affect the outside world through its reporting. As a result, depending on the data supplied by the organization's reporting mechanism, all consequences of the operations of the organization, including external consequences, ought to be apparent to everybody.

CSR Activities in India

The Act outlines the range of activities that are under CSR's jurisdiction. The seventh schedule of the Act contains this list. These activities consist of:

- Elimination of hunger and poverty
- Conditioning related to relief, rehabilitation, and reconstruction are included in disaster management.
- Measures to combat conditions similar as acquired immune deficiency syndrome and the mortal immunodeficiency contagion.
- A donation to the prime minister's national relief fund or any other fund established by the federal or state governments to support women, nonages, slated gentries and lines, and other economically underprivileged groups. Advancing women's empowerment, gender equality, and education
- Projects for rural development
- Urban slum development.
- Conditioning related to relief, rehabilitation, and reconstruction are included in disaster management.
- Maintaining equilibrium environment section 135 of the companies act states that csr initiatives that solely assist the company's employees and their families are not to be counted as csr initiatives [13].
- The goal of the CSR fund is to advance society, not any particular political party. Any amount of direct or indirect support for a political party is not regarded as a CSR activity [14].

CSR Amendment Guidelines 2022

- After spending on CSR initiatives became required in 2014, a number of changes were proposed. One such set of revisions was the Companies (CSR policy) Amendment Rules, 2022, which the Ministry of Corporation Affairs introduced on September 20, 2022 ("Amendment rules"). The Amendment Rules have resulted in the following modifications [15]
- Companies must establish a CSR committee to monitor the fulfillment of their obligations related to CSR, in particular the accounting and financing of all their funds and unused CSR. Companies can keep unused funds earmarked for CSR in this designated account if they use them within three fiscal years. Its use is monitored by the CSR Committee. The assistance given to companies not to form a CSR committee if they no longer meet the required criteria was also removed from the amended regulations [16].
- The CSR rules before allowed a outside of 5 of total CSR expenditure or Rs 50,000, whichever was lower for concussion assessment. The amended rules stipulate that the cost of social

impact appraisal that can be accounted as CSR charge shouldn't exceed 2 percent of the total CSR charge for the applied financial time or Rs 50,000, whichever is advanced (17). The amended rules provided for a new format for the annual report on corporate social responsibility.

- Brief explanation of social responsibility policy.
- Details of the members of the Social Responsibility Committee, for example, the name of the director, title, no. of the corporate social responsibility committee meetings held and not. of meetings attended by managers.
- Web links to companies and websites.
- CSR project impact assessment summary and web links [18].

The Corporate Responsibility Committee's Structure

Three or more directors are required for the committee, with at least one of them being an independent. With the exception that a public business must have two or more directors in its CSR committee even if it is exempt from the requirement to nominate an independent director under section 149, subsection 4. According to section 134 (3) [19], the makeup of the CSR committee must be revealed in the Board's report.

Role of CSR Committee

- Creation of a corporate social responsibility plan and recommendation of action to the Board that will include the project that the company will undertake in the area or subject as listed in Schedule VII.
- Periodically checking the CSR policy.
- Submit to the Board an annual report detailing the activities of your CSR projects.
- Review quarterly financial statements with CSR management before presenting them to the board for approval.
- Suggest the amount of expenses arising from the CSR project / Activities.
- To create a management committee to oversee the execution of CSR projects and activities.
- The company will establish an open monitoring system to oversee the execution of its CSR initiatives and projects.

When it comes to CSR regulations, the Indian government frequently changes the laws and guidelines, even during pandemics like Corona. By altering the regulations, the Indian government greatly benefited both people as a whole and enterprises. Organizations can now give the PM Cares Fund directly with their CSR contributions. The money granted to the State Government is not going to be covered by CSR, as the Central Government has made very clear [20].

Circular No. 10/2020 of the Ministry of Enterprise of 23.03.2020 explains that the costs of activities related to COVID-19 are eligible under CSR. Not only that, but also explained that health expenses related to the prevention of COVID-19 are also considered corporate social responsibility [21].

How Corporate Social Responsibility (CSR) might help Companies

In recent times, the conception of "corporate social responsibility" (CSR) has acquired important traction. Numerous debates have been held about whether corporate social responsibility (CSR) truly helps businesses increase their profit perimeters and character, if it's an profitable burden for enterprises, and whether companies engage in CSR primarily as a marketing tactic or authentically to help the terrain and community. Enforcing social media programs can play an important part in attracting and retaining guests, which is essential to the long-term success of your business. Social responsibility is an effective tool for adding hand performance. These companies attract workers who want to contribute to the world in addition to earning a payment. Social responsibility is a principle for businesses and consumers to profit original and global communities.

Despite the debates, a lot of businesses have discovered that corporate social responsibility (CSR) benefits them financially, enhances their character, and draws in better workers. While all enterprises must go by the law (similar as mortal rights regulations, emigrations limits, and health and safety norms), numerous are now taking the action and going over and beyond what' required. However, CSR should produce value for all of company's stakeholders (e.g., anyone with a direct or circular interest in the company), If used rightly.

Difficulties CSR faces in India

- Though they are developing, social responsibility programs in India face several hurdles to their viability and growth. Authentic knowledge and particular details regarding CSR exercises, scope, plans, etc. are just a few of the obstacles faced in CSR activities because of a need for legitimate knowledge about the concept of CSR. The additional challenge generated by a drop in corporate social responsibility is the need for strategic and skilled staff. A few of the concerns outlined below are seriously undermining social responsibility (CSR) efforts in India.
- Deploying CSR initiatives consistently and appropriately is another problem. Sometimes there is ignorance or duplication of effort among the implementing agencies due to a lack of coherence.
- Certain businesses are afraid to be honest about their CSR implementation, funding, and reporting. This makes it harder to create trust, which is vital to any CSR initiative's success.
- Locals have no interest in assisting organizations engaged in social responsibility. This is mainly because local communities haven't made any genuine attempts to spread the word about these kinds of projects. After that, the lack of contact between the community and the organization contributes to the situation.
- The concept of corporate social responsibility is unknown to Indian society. CSR activity participation is still low and often ignored. Businesses that engage in social responsibility may fail to establish appropriate channels of contact with the impacted community.
- Good and relevant advertising can draw attention to social responsibility projects. Disclosure should not lead to the potential description.
- The number of NGOs that can take up the work of CSR operations in rural and isolated areas—where this is most needed—is still insufficient.
- Nearby offices with relevant CSR initiatives lack kindness. This leads to problems such as competition and duplication of activities.
- The CSR guidelines lack clarity. The priority of CSR issues, the initiatives, and the allocation of money from CSR to each type of operation are lacking. Effective implementation of corporate social responsibility will require clear directives and requirements.
- NGOs, who act as instrumentalists in the execution of CSR, lack the required resources. NGOs are not adequately or sufficiently educated to handle the implementation and follow-up of CSR. It is essential to set up this machinery to improve its expertise and efficiency.
- It is essential that the media distributes positive narratives, demonstrates proper social responsibility efforts, and educates people about different kinds of continuing corporate social responsibility.

Conclusion

CSR efforts help recognize social issues that affect a large number of local people in India, such as access to livelihoods, medical care, and educational opportunities. This article examines corporate social responsibility (CSR), its benefits and problems. It is backed by multiple studies that illustrate the need to pursue the aforementioned study goal. As was previously mentioned, firms would benefit from having an adequate understanding of CSR not only to promote themselves but also to succeed in the dynamic commercial world. According to the survey, raising awareness of the proper application of social responsibility is essential for the long-term growth of businesses. This would undoubtedly guarantee social inclusion, environmental sustainability, and justice for all parties involved.

Informing people about the Corporate Social Responsibility (CSR) initiative and the way it is being executed in the target society is similarly important. NGOs that are active in the implementation process ought to be objective, attentive, and considerate. A professional approach is crucial to NGOs' functioning. Since CSR is still in its development in India, it must be fully developed. However, it is commendable that India is the world's largest industrialized country in this area and converted its business into one that is socially responsible.

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