
Challenges and Opportunities of Corporate Sector (CSR) in Rural India

*Indal Kumar**Ph.D. Scholar - NGBU.Allahabal***Abstract**

Today Businesses are an integral part of the society in rural India. The Corporations are also social institutions. The role of business, according to this model, is to create value for its shareholders and also creates value for society, manifesting itself as a win-win proposition. Corporate success during these days is highly based on continued good relations with a wide range of individuals, groups and institutions in rural areas. Corporate Social Responsibility plays vital role in winning the rural customer's confidence that will help growing the business. Many organizations actively conduct campaigns to create awareness among corporate, civic bodies, and government bodies about the importance of corporate social responsibility towards rural society. The term corporate responsibility has been captioned under many names including corporate citizenship, social responsibility. Rural Society began to expect business to voluntarily participate in solving societal problems whether they had caused those problems or not. Report on Business Magazine recently noted that many business leaders now believe that doing well for others means doing well for shareholders as well in rural areas because growth of rural areas increasing. Corporate social responsibility is a process in which all companies come together as one and take part in the welfare of the rural society. It is often referred to as business responsibility and an organization's action on environmental, ethical, social and economic issues. New legal mandates were imposed to ensure equal employment opportunities, product safety, worker safety, and environmental protection. Companies with high CSR standards are able to demonstrate their responsibilities to the stock holders, employees, customers, and the general public. Corporate Social Responsibility leads to triple bottom-line: profits, protection of environment and fight for social justice. Economist and philosopher suggested that the needs and desires of society could best be met by the free interaction of individuals and organizations in the rural marketplace. A recent survey reveals that 45 percent of rural consumer prefers to buy products of companies that actively engage in corporate social responsibility events. In this connection Indian business world should go beyond their economic and legal obligations to establish mutual trust and accept responsibilities related to the betterment of society. The papers discuss the opportunities and challenges of corporate social responsibility in rural India.

Key words: Corporate social responsibility, opportunities & challenges, rural development.

Introduction

No doubt, vast majorities of the India's poorest people lives in villages and these villages are in a state of neglect and underdevelopment with impoverished people. The problems of hunger, ignorance, ill health, high mortality and illiteracy are most acute in rural areas. This is not only because of shortage of material resources but also because of defects in our planning process and investment pattern. India has the potential to meet these challenges in rural areas. However, the efforts of Governments may not be adequate to provide basic services to its citizens. It is being increasingly recognized that progress and welfare of a society is not only the responsibility of the Government alone, but many more stakeholders need to be involved to attain the development goal. The corporate sector has a pivotal role to play in ensuring private investment flows to those rural areas that have been left out of the development process so far and also to work for sustainable development of rural areas in general. Over the past few years, as a consequence of rising globalization and pressing ecological issues, the perception of the role of corporate in the broader social context within which it operates, has been altered. Corporate considers

themselves as an integral part of society and accordingly act in a social responsible way that goes beyond economic performance (KPMG and ASSOCHAM, 2008). As a result of this shift from purely profit to profit with social responsibility, many corporate are endorsing the term 'Corporate Social Responsibility (CSR)'. It is essentially a concept whereby companies decide voluntarily to contribute to the society to make it better and environmentally cleaner (European Commission, 2001). Generally, CSR is understood as "the commitment of business to contribute to sustainable economic development by working with employers, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development. A widely quoted definition by the World Business Council for Sustainable Development state that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (WBCSD, 1999). Thus, the meaning of CSR has

two fold. On one hand, it exhibits the ethical behaviour that an organization exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates. CSR is regarded as vehicle through which companies give something back to the society. It involves providing innovative solutions to societal and environmental challenges. But the challenge for development professional and business community is to identify CSR priorities and the areas of interventions which are meaningful in the context of rural development sector. Therefore, there is a need to study and understand how corporate enterprises are using CSR initiatives and what is the impact of CSR actions on socio-economic development of people in rural areas. Divided into four sections, the present paper shall review literature related to CSR practices of corporate enterprises in section one. Section two describes the present study which includes objectives, methodology and limitations of the study. Section three discusses important results and section four concludes the study.

Opportunities for Stakeholders:

Corporate social responsibility (CSR) is an important function to accelerate the process of overall development and nation-building. India, the second most populous country in the world and home to the largest number of people in need of basic amenities, needs more intensive efforts as part of CSR covering the length and breadth of the country.

Because of the growing size and power of multinational corporate houses, bond rating agencies and investment funds are exerting increasing influence. Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include:

Benefits 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

Benefits to the Community and the General Public:

- Charitable contributions
- Employee volunteer programs
- Corporate involvement in community education, employment and homelessness programs
- Product safety and quality
- Greater material recyclability;
- Better product durability and functionality;
- Greater use of renewable resources;
- Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labelling.
- A growing trend in large multinational corporations is the establishment of special committees within the board of directors to oversee CSR and sustainable business practices. There are many positive aspect of how companies have managed their CSR strategies well and are reaping the benefits.

Challenges for Indian Corporate:

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.

A lack of understanding, inadequately trained personnel, non availability of authentic data and specific information on the kinds of CSR activities, coverage, policy etc. further adds to the reach and effectiveness of CSR programmes. But the situation is changing. In his widely-cited book entitled *Misguided Virtue: False Notions of Corporate Social Responsibility* (2001) David Henderson argued forcefully against the way in which CSR broke from traditional corporate value-setting. He questioned the "lofty" and sometimes "unrealistic expectations" in CSR. Some argue that CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

The Times survey pointed few of the following challenges/responses from participating organisations.

- Lack of community participation in CSR activities
- Need to build local capacities:
- Issues of transparency:
- Non-availability of well organised non-governmental organisations:
- Visibility factor:
- Narrow perception towards CSR initiatives:
- Non-availability of clear CSR guidelines:
- Lack of consensus on implementing CSR issues:

India's tryst with destiny heralded more than 60 years ago, is yet to be fulfilled. For all the progress that has undeniably been made, it is as if time has stood still in India's villages. The corporate India based in and around cities has been flourishing and marching ahead whereas rural India still remains desperately poor. In this connection the corporate India can play a key role in bridging the gap of urban and rural India.

The success of CSR lies in practicing it as a core part of a company's development strategy. It is important for the corporate sector to identify, promote and implement successful policies and

practices that achieve triple bottom line results. It is a joint and shared responsibility of civil society, activist groups, Government and corporate sector to create appropriate means and avenues for the marginalized and bring them to the mainstream. The CSR survey revealed, not surprisingly, those organisations targeted most of their activities close to home — providing services for people who live in villages, towns, and districts near where the organisation operates. Education, health, and the environment are the top priorities. More than likely, these priorities will continue. To create a win-win situation, it is essential for all of us to work together to alleviate abject poverty and improve miserable living conditions that exist in rural India.

Literature Review

Sanjay Pradhan(2010): attempts to explore Corporate Social Responsibility (CSR) practices particularly in the context of rural development. The research questions examine do the corporate consider rural people as a stakeholder? If so, what CSR initiatives taken for development of rural areas and how the corporates implement their CSR initiatives as a part of their business strategy? Finally it evaluates impacts of CSR actions on the socio-economic development of rural people. For the purpose, fourteen public and private Indian companies/firms have been selected to study their CSR practices in the context of rural development. The methodology of the present study relied on the web-based research, review of print literature and visit to the selected sites to witness CSR practice.

Rajeev Prabhakar(2013): India is a developing economy, here Corporate Social Responsibility (CSR) play important role in organizations. In Indian industry one can easily notice a paradigm shift from corporate philanthropist to being socially responsible. The importance of CSR is increasing in Indian corporate scenario because organization have realize that ultimate goal is not profit making beside this trust building is viable and assert able with societal relationship. The compulsion of CSR has emerged in last two decades when Indian organization realizes the importance of sustaining in this cutthroat competition era. Before this Indian industries had materialistic culture. In the hue and cry of LPG (Liberalization, Privatization and Globalization) companies were only focused toward profit maximization which led social backwash. To overcome this fashion CSR play an important role in sustainable development which is only possible when there is a balance between profit and lowering social backwash or eradicating it.

Richa Gautam(2010): The purpose of this study is to explore the various definitions and descriptions of Corporate Social Responsibility (CSR); elaborate upon development of CSR in India; study the theoretical concepts expounded by various researchers and study the deployment of current CSR practices in India. This paper examines how India's top 500 companies view, and conduct their CSR, identifies key CSR practices and maps these against Global Reporting Initiative standards.

Moon Urmila(2011): Over the time, CSR expanded to include both economic and social interests. Along with this it also broadened to cover economic as well as social interests. Companies have become more transparent in accounting and display 'public reporting' due to pressures from various stakeholders. It is possible for companies to behave in the 'desired' ethical and responsible manner towards consumers, employees, communities, stakeholders and environment. They have started incorporating their CSR initiative in their annual reports.

Objectives of the study:

1. To understand the corporate social responsibility in rural areas.
2. To identify the Challenges and opportunities of shareholders in rural areas.
3. To Suggest and recommend of shareholders.

Results and Discussion: The study shows that all surveyed companies present themselves as having CSR policies and practices. A substantial number of companies reflect their CSR philosophy or social, environmental and ethical objectives in mission statements, vision documents, organizational policy and plans. However, even though surveyed companies have CSR policies and objectives but no link was observed between company's agenda and the Millennium Development Goals(MDG). Shows number of companies taking CSR initiatives for rural development in India. It is interesting to note from the that

education takes the top priority of the companies surveyed, followed by health and livelihood. About 50 percent of surveyed companies take CSR initiatives in the area of infrastructure and 57 percent in environment which includes planting of trees, awareness generation on environmental issues etc. It is also astonishing to note that even though the Central and State government has separate departments for education and health, these two issues are often prioritized under the CSR banner of both public and private companies in India. So far as CSR approach adopted by the companies is concerned, it is observed that most of the companies have adopted CSR approach into their overall business strategy. Therefore, they have been successful in achieving the objectives of both business and social development. Their approach to work is not mainly relief, welfare and service delivery but it is sustainable development oriented, which have long term benefits. Vedanta Aluminum Ltd., Tata Steel, Dr. Reddy's Labs, Lupin India, Ambuja Cement Ltd., Bharat Petroleum, SAIL believes in promoting human and social sustainable development through poverty alleviation by building capacity of rural people. An example in this regard is Lupin India Ltd, which has started a project for providing sustainable development in 154 villages across Rajasthan. The scheme instead of providing piecemeal assistance that does not lead to effective alleviation of poverty or adequate development is designed as holistic action plan that includes an agricultural income generation scheme, land cultivation and fruit plantation programmes, fodder preservation schemes, sericulture and water recycling programmes, establishment of medical and educational centres, adult literacy programs and credit schemes. On the other hand Aditya Birla Group, Asian Paints believe in the trusteeship concept of management and the CSR approach to work is still welfare oriented. The impact of CSR programs reflected by a sample of 14 prominent companies in India were classified under five areas: livelihood, health, education, environment and infrastructure.

Livelihood: The Grameen-LABS Programme is a programme being implemented by Dr.Reddy's Foundation in partnership with the Rural Development Department; Government of India (GoI). It aims to provide 35,000 livelihoods to rural youth in the age of 18-25 years in 7 States of India. The results of livelihood programmes supported by Bharat Petroleum show that the SHG group members are earning a steady income of INR 2000 per month and members of the banana plantations and poultry are earning an additional income of INR 7000 to 8000 per annum.

Health: The study shows that many companies organize a number of health camps to create health awareness and sensitize people on health related issues like: immunization, blood donation, water purification tablets, distributing condoms etc. Till 2007-08, SAIL has conducted 267 health camps benefiting more than 4.5 lakh people. In Lanjigarh (Orissa) Vedanta Aluminum Ltd covered 53 villages with 32,000 villagers by providing free medicines, treatment and referral services through its mobile health units. Tata Steel Family Initiatives Foundation (TSFIF) established 'Lifeline Express' hospital on wheels which has helped over 50,000 patients in Jharkhand, Orissa and Chhatisgarh.

Education: Aditya Birla Group provided education to 62, 000 children living in proximity to the plants by running 26 formal schools. SAIL supports around 138 schools in the peripheral areas of SAIL's plants/ units in the country where more than 80, 000 children receive education (Kumar, 2008). Asian Paints set up of the "Shree Gattu Vidyalaya", a school catering to 25, 000 children from class I to X, has helped rural children gain access to formal schooling. Similarly, Satyam Computers have developed 170 modern schools benefiting 40, 000 rural children. The schools into 'Smiles Project' supported by Coca Cola India Inc. has been launched and completed in 20 schools impacting the lives of around 10, 000 children.

Environment: For sustainable management and development of natural resources, many companies have been working for tree plantation, watershed management, waste management, wind farm etc. For example, SAIL has planted 13.5 million trees in and around SAIL plants / mines so far. Watershed development programme of Ambuja Cement Ltd. covered 9, 000 ha in the last four years. Sustainable water management remains the top priority of Coca Cola India Inc. So far, the company's water initiatives have improved the lives of more than 1, 40, 000 people and spread awareness about the crucial importance of water conservation among millions people.

Infrastructure: Out of 14 companies surveyed only six companies are providing different infrastructural facilities like construction or development of roads, electricity, water facility, sanitation, school, health centre, community centre, etc. Lupin Human Welfare and Research Foundation's "Apna Gaon Apna Kam" scheme covered 38,000 villages in Rajasthan and almost all villages have school buildings, drinking water, ponds, link roads, community centres, and electricity. SAIL has been involved in the construction and repair of 33 km of pucca roads per year, thereby providing nearby two lakh people across 435 villages access to modern infrastructure facilities every year. In Andhra Pradesh, in partnership with Hyderabad Urban Development Agency, local village communities and NGOs, Coca-Cola India has helped 16,000 villagers of 'Saroor Nayar' restore existing "Check Dam" water catchment areas.

Conclusion: The conclusion of this study is that social responsibility is regarded as an important business issue of Indian companies irrespective of size, sector, business goal, location of the company. Because Indian companies are realizing that without socio-economic development of the local communities, there can be no stability and sustainability for doing business so as to compete with the rural market. The study shows that all surveyed companies present themselves as having CSR policy and practices. Most of the companies which design and implement CSR initiatives in the vicinity of their works cover entire community. A wide range of CSR initiatives ranging from income generation activities for livelihood, health check-up camps, mobile health services, education, adult literacy, agricultural development, provision of drinking water, management and development of natural resources, infrastructure facilities being carried out by these companies. Though the approach to work is generally shifting from philanthropic to welfare and sustainable development but no link was observed between the company's CSR agenda and Millennium Development Goals. Many companies promote and implement CSR initiatives through Human Resource Department, foundation or in partnership with NGOs, but do not have fully fledged CSR department. CSR initiatives being implemented by the Indian companies for rural development have a positive impact in overall development of society and their business. However, following points must be considered to continue on sustained basis for the betterment of both the people at large and the business.

References:

1. Pradhan, Sanjay., & Rajan, Akhilesh. (2010). Corporate Social Responsibility in Rural Development Sector: Evidences From India. *European Journal*, 2(3), 139-147.
2. Prabhakar, Rajeev., & Mishra, Sonam. (2013). A Study of Corporate Social Responsibility in Indian Organization: An-Introspection. *International journal of business research*, 2(2), 1-11.
3. Gautam, Richa., & Singh, Anju. (2010). Corporate Social Responsibility Practices in India. *Global Business and Management Research*, 1(1), 41-56.
4. Urmila, Moon. (2011). Corporate Social Responsibility in India. *Asia journal of research*, 3(3), 1-6.
5. Berad, Nilesh R., Corporate Social Responsibility – Issues and Challenges in India, 2011
6. Heslin, Peter A.; Ochoa, Jenna D., Understanding and Developing strategic Corporate Social Responsibility, *Organizational Dynamics*; Vol. 37 Issue 2, p125 – 144, 2008
7. Mahapatra, Sudip; Visalaksh, Kumar; Emerging trend in Corporate Social Responsibility: Perspective and Experiences in Post- Liberalized India,
8. Ministry of Corporate affairs, Government of India, Corporate Social Responsibility voluntary guidelines, 2009
9. Prasad, V. V. S. K., CSR initiatives of Indian Companies – A study, 2009