

IS CSR CONFINED TO CORPORATE HOUSES? REALITY

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Abstract—Several problems can be eradicated and must addressed soon but still not happening, then why CSR. One of the biggest problems in world is hunger, if companies decide it's very easy for them to do so, then what's wrong happening. Is it that money spent on wrong area without proper research? Is there any proper mechanism to guide, implement and monitor? In this conceptual paper we can look into the system in place and then why it fails.

Keywords—CSR, Employer Branding, Image Building, Retention of Employees, Win-Win.

INTRODUCTION

It's a paradox being a land of big conglomerates and still the motherland is having crore of people below poverty line and not having proper housing facilities and toilet facilities. At least 6000 companies are in mandatory list to do socially responsible projects according to Indian Institute of Corporate affairs.

The guiding principle of CSR draft rule clearly says, CSR is not charity or mere donations. For better understanding of this topic and the reality, let's look into the highlights of section 135 and its clauses of the Companies Act 2013.

The rules may be applicable from the financial year 2014-15. And it can be called Corporate Social Responsibility Rules, 2013.

For better understanding "Net Profit" means net profit before tax as per books of accounts and shall not include profits arising from branches outside India. 2% CSR spending would be computed as 2% of the average net profits made by the company during every block of three years. For the purpose of First CSR reporting the Net Profit shall mean average of the annual net profit of the preceding three financial years ending on or before 31 March 2014.

Operating provisions of the Rules

The company should have a CSR committee. The programmes and the projects should be specified clearly. Prepare a list of programmes or projects the company plans to implement in that year with the modalities of the area and implementation time table. The projects should try to include the business models to create a shared value. The surplus arising out the CSR activity should not be a part of the business profit.

It's mandatory the CSR policy should include

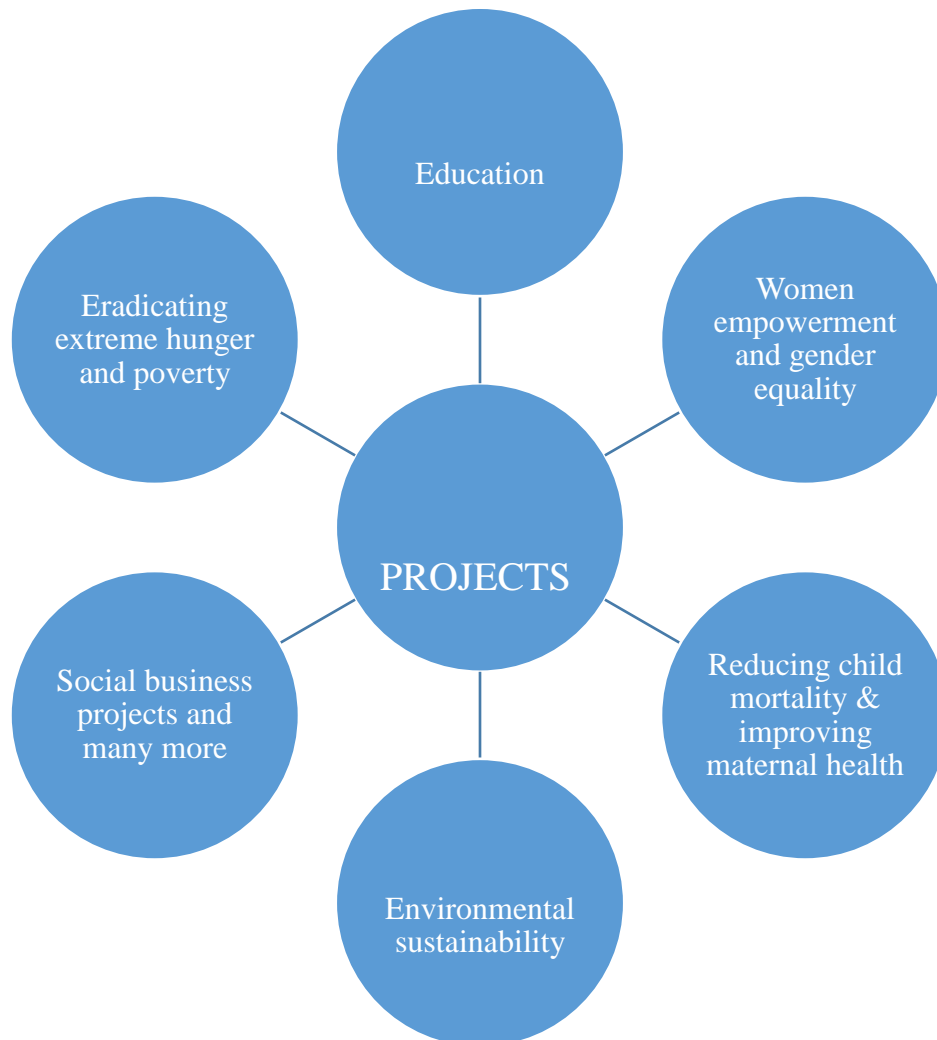
- a) 2% of the average net profits of last 3 years
- b) Any income arising from the activity
- c) Any surplus arising out of the CSR activities should be used for the same.

The monitoring mechanism should be very transparent. If a company has registered a trust or society or foundation to implement the CSR activities of the company has to follow certain rules i.e. the contributing company should mention

the activities which the organization is going to undertake the fund is been utilized for that. A transparent monitoring mechanism should be set up to check the allocated fund is spent for the intended activity or not.

A company can also execute the activities with through trust or society which is not set up by the company. The company can include the activities to their CSR activities only if the society or trust holds a tract record of such activities for the last three years. Two or more companies can also join together with other companies and can also carry forward the activities. The socio projects which are done inside India will only be accepted. The companies coming under section 135 (1) of Company Act should report in a prescribed for in the Directors Report in their official website.

LIST OF PROJECTS WHICH CAN BE TAKEN UP



INDIAN SCENARIO

Early days CSR in India is looked as a philanthropic activity. Institutions participated in freedom movement and got into trusteeship, as few experts' points out Indian companies still remains in philanthropic. We should discuss more on that and make the relationship between the company and stakeholders and make CSR as an integral part of their core business. CSR should not float on philanthropy and community development, it should take a deep dive.

YIELDS OF A HEALTHY CSR PROGRAM

a) Red Carpet Welcome

The stakeholders to CSR include governments, outside investors, community and customers. No longer will “the license” to start a business be only given by the government it will also be by the community. If the trust is built by the company it not only grants license to start a business but also to retain the license of long time.

b) Employer Branding and Retention of Employees

Several experts and research studies have clearly indicated that the company which is having proper CSR policy and doing socio activities in the community has proved of attracting employees and retaining for long years. Involving the employees in the CSR projects will increase the morale and a strong corporate citizenship is built among them and this improves the brand image too.

c) Win – Win

Companies can't go deep root into the country for their supply chain. In this case they can use the community people to work on behalf of them so that it will improve the livelihood of the community. It will give an income and a sense of feeling that they are a part of the company.

d) Image Building

If CSR projects are put in right place, actually there should be a correlation between the expectation and the execution. This will result in image building, good returns and sustainability in the business.

REALITY

Being a nation of conglomerates and top rich men in the globe, mandate to do CSR by the companies, more than 6000 companies should do CSR, separate rules for CSR then why so. Some were somehow we fail its high time to introspect; else all these rules will not meet its objective.

THEN “WHY “FAILURE “WHO’S” JOB

Most of the companies do not have a separate department to department to carry forward. Proper monitoring mechanism is not done with due respect. Companies CSR activities will be properly aligned with their operations or services. CSR should be included in the value system of the company not a mere statement. Companies do CSR activities but not with what really intended. If we want to get the real cultivation then harvest is very important. The harvest should start at school level and make the future business leaders buy it. Then when they step out as professionals the actual yield can be harvested until then CSR results only will reflect in papers.

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