

Role of NGO'S in achieving corporate social responsibility

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Abstract

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 to improve the well - being of a community. It is a way which strikes a balance between economic, social and environmental imperatives. CSR often affects a wider group in the society. CSR creates image of the corporations in the long run. CSR is aligned to community requirements and organizational profitability. Most of the organizations have a CSR arm with budgeted resources and dedicated staff involved in improving the quality of life of workers, their families and communities at large. The importance of building strong public-private partnership as well as working closely with NGOs as implementation partners is being realized by companies. Collective strategies by the organizations and various NGO's at the ground level is required to be build which is beyond micro-credit to increase the endowments of the women, enhance their exchange outcomes vis-à-vis the family, markets, state and community, and socio-cultural and political spaces that are required for both poverty reduction and women empowerment. The present article envisages the role of NGOS in implementing CSR activities and their impact on society.

Keywords: Corporate Social Responsibility, NGO, Organization, Government, Community

1. Introduction

The Corporate Social Responsibility (CSR) activities have started since 1990s now has become a medium for most of Indian corporate to contribute to inclusive growth of Indian society. Now the companies are participating actively in CSR initiatives by spending 2-5 per cent of their net profits. The new Companies Bill also made it compulsory to spend 2 per cent of net profit of the company towards CSR activities. Banks have the primary responsibility to promote women empowerment through CSR activities. Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. Corporate social responsibility has gone through many phases in India. The ability to make a significant difference in the society and improve the overall quality of life has clearly been proven by some of the corporate. All the corporate should try and bring about a change in the current social situation in India in order to have an effective and lasting solution to the social woes. Partnerships between companies, NGO's and the Government should be facilitated so that a combination of their skills such as expertise, strategic thinking, manpower and money to initiate extensive social change will put the socio-economic development of India on a fast track.

Corporate Social Responsibility is a growing and important part of an organization's overall strategy. The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility. It is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is a concept whereby companies integrate social and environmental concerns into their business operations and their interaction with their stakeholders on a voluntary basis. It is represented by contributions undertaken by companies to

society through its business activities and social investment. CSR is also linked with the principal of sustainability, which argues that enterprises should make decisions based not only on financial factors such as profits or dividends, but also based on the immediate and long term social and environmental consequences of their activities. CSR is the responsibility of an organization for the impact of its decisions and activities on society, the environment & its own prosperity known as the TRIPLE BOTTOM LINE of people, planet and profit.

With increase in charitable impulses of family businesses slowly transform into sustainable organized philanthropic initiatives which lead to starting setting up corporate social responsibility. CSR involves every department and every employee to play their roles .CSR is frequently a company-wide effort involving activities like manufacturing, processing or even marketing. In the last four years, Corporate Social Responsibility (CSR) in India has acquired new impetus with the Companies Act 2013. The Act defines that companies with a net worth of Rupees 500 crores or more, or a turnover of Rupees 1,000 crores or more, or earning a net profit of Rupees 5 crores or more must spend a minimum amount on corporate social responsibility.

India is the first country to mandate a minimum spend on corporate social responsibility initiatives. For building a better future the Indian government has brought into affect new CSR guidelines requiring companies to spend 2% of their net profit on social development.

2. Potential benefits of CSR

2.1 Benefits to the Company

1. Improved financial performance
2. Lower operating costs

3. Product safety and decreased liability
4. Workforce diversity
5. Access to capital
6. Reduced regulatory oversight
7. More ability to attract and retain employees
8. Greater productivity and quality
9. Increased sales and customer loyalty
10. Enhanced brand image and reputation

2.2 Benefits to the Community and the General Public

1. Corporate involvement in community education, employment and homelessness programmes
2. Product Safety and quality
3. Charitable contributions
4. Employee volunteer programmes

2.3 Environmental Benefits

1. Greater material recyclability
2. Greater use of renewable resources
3. Better product durability and functionality
4. Integration of environmental management tools into business plans.

International Organization for Standardization (ISO) 26000: ISO an International Standard setting body has developed a new standard on Social Responsibility namely ISO 26000. ISO 26000 is intended for use by all types of organizations and in all countries and to assist organizations to operate in a socially responsible manner. According to ISO 26000, there are seven fundamental subjects of CSR as follows:

- Environment
- Labour practices
- Human rights
- Organizational governance
- Fair operating practice
- Consumer issues
- Social development

2.4 Role of NGO's in corporate social responsibility activities

CSR: Support Charities to Fulfill Legal Obligation while Generating Goodwill

For many of India's most loved brands, 'giving back' is not about fulfilling this legal obligation of having to donate to charity, but generating goodwill in their respective communities. These are times when CSR and NGOs go hand-in-hand. Companies, therefore, must spend in areas like literacy, women empowerment, environment, water, sanitation, child rights etc. Most companies around the world allocate 100% of their resources before they consider the need of CSR. The same holds true for India, and even after allocating CSR funding, and engaging employees with a mission of social good, companies struggle with their project's sustainability.

2.5 NGO intervention in corporate social responsibility

Many companies simply do not have the bandwidth (employees, consultants and supervision) to undertake consistent CSR implementation. These companies not only need to spend on CSR, but also on CSR training for their employees, or adding manpower dedicated to CSR capability. NGO's in India pitch a streamlined, customized solution to

these corporations. For NGOs, corporates are not only a source of consistent funding but also access to strategic resources. An IT giant, for example, can provide technology, processes, and support for educational initiatives.

2.6 A look at India's NGO sector

India possibly is home to the world's largest number of active not-for-profit NGOs. At last count, India had 31 lakh NGO - one NGO for about 400 Indians. With the boom in CSR funding, this number can cross 40 lakh - considering that there are thousands of public and private sector companies worth Rs.15,000 to 18,000 crores annually. This number doesn't even include India's actual number of NGOs, as many aren't formally registered under the Societies Registration Act 1860, or any other Acts pertaining to non-profit organizations.

2.7 Identification of the right NGO for CSR intervention

With this veritable ocean of NGOs, it isn't easy to pick the right one for a company to engage in CSR intervention. Companies not only must allocate funds, but also work with the NGO on CSR interventions. This requires the need for effective monitoring and evaluation mechanisms in place. Many large corporates, like Godrej, Reliance, Wipro, Infosys, Tata, and the Birlas have their established their own Foundations and Trusts to achieve this.

It is critical for a company to rate an NGO on parameters while short listing one for CSR implementation.

- i. **Years in operation** : It is important for a corporate to work with an NGO that has demonstrated years of experience and reliability. During this time, it must have mobilized resources, infrastructure and people for a social cause.
- ii. **Geography** : Companies should preferably look for an NGO near the project area. This not only ensures easier logistics, but also an intimate understanding of the local needs, geography, language, culture etc. The NGO preferably must situate offices or centers with connectivity and other resources in these locations, to efficiently execute projects.
- iii. **Reputation** : Transparency, accountability and measurable change in a social welfare context are how an NGO's reputation can be measured. This gives an NGO credibility, making it trustworthy of using corporate assets and funding for CSR goals.
- iv. **Certification (e.g. filing for donation tax return)** : Certification allows corporates to assess if an NGO complies with legal norms, as legal issues can compromise CSR implementation. Certification includes Income Tax exemption, FCRA, service tax, and also proper internal documentation in case an audit is requested.
- v. **Relevant experience** : An NGO must have shown work in projects relevant to the corporates CSR goals. Coca-Cola India, for example, devotes a substantial amount of CSR efforts to water sustainability, conservation, and sanitation. These projects must be corroborated with completion certificates from clients.
- vi. **Leadership** : The NGO's leadership must be well-known promoters, with no legal proceedings or controversies to their name.
- vii. **Credentials** : An NGOs credentials can also be ascertained via certificates, awards, news coverage, and

membership of NGO and corporate bodies like CII, Chamber of Commerce etc.

2.8 Save the children: a recognized NGO for CSR initiatives

With reference to child rights NGO, Save the Children enjoys a well-earned reputation, as it is a global pioneer in the field ever since its founder, Eglantyne Jebb's wrote what would become the blueprint of UN Convention on the Rights of the Child. The NGO has been preventing child labour through lobbying for policy reform and stronger legislation while undertaking grassroots missions to free children from bonded labour. Instead, it empowers these children with education, job skills, giving India's marginalized children, a new lease of life. Apart from this Save the Children works to provide healthcare, education and life-saving aid during emergencies to children.

Today, Save the Children India is a favored partner for India's biggest corporates. Not only does the NGO have decades of experience in working with children, but it is also known for transparency and accountability in managing corporate resources allocated for children's rights.

2.9 Case studies of save the children's CSR work with leading multinational corporations

Here are some case studies from two of the world's most well-known brands in telecom (Nokia) and a furniture and home accessories group of companies (IKEA), which show how a company's strengths can be leveraged for social change by Save the Children.

1. Nokia

Disaster Risk Reduction: Working with Nokia, Save the Children established a new Information Technology-based Disaster Risk Reduction project. This initiative is working on building resilience of children and communities in emergencies:

- i. **Delhi:** a Making Schools Safer programme was initiated across 31 slum pockets, covering 50 schools and reaching over 2 lakh people. It is today preparing children and communities to identify daily risks faced by children, and respond to them using IT. Detailed Risk Assessment has been carried out, and the NGO is establishing Resource Centers across schools
- ii. **Disaster-struck and disaster prone regions:** Nokia is working to provide advanced communication connectivity via its telecom technologies in these regions. This includes access to safety maps and plans, alternate routes and safe zones, real-time coordination with community members, and mobile-based training and education. The project was deployed in six pilot villages in early 2016, followed by projects across 350 villages and urban settlements across Bihar, Rajasthan, Delhi, Andhra Pradesh and Tamil Nadu.
- iii. **Empowering Accredited Social Health Activists (ASHAs)** - Accredited Social Health Activists (ASHAs) or community health workers were armed with mobile phones that can store medical information, which is hosted on a cloud server using GPRS. They met pregnant women and new mothers, to advise on maternity health and infant health, via the phones which also feature text and audio messages on breastfeeding

and importance of institutional delivery. The activists also used the phone to schedule appointments and access patient records. With the NGO's input, pregnancy and newborn care mobile health applications (called 'Comm Care') were developed.

2. IKEA

- i. **Freeing children from cotton farming labour** - The IKEA Foundation and Save the Children came together for a €7 million programme to protect 8 lakh children living in cotton communities in the states of Punjab, Haryana and Rajasthan, after a successful debut across 1,866 villages of Gujarat and Maharashtra where over 65,000 children were moved to classrooms from the bondages of child labour. Thousands of farmers also pledged to make their farms child-labour free.
- ii. **Disaster Relief: 2012 Assam floods** - Save the Children with support from IKEA Foundation provided malnutrition screening, followed by access to Save the Children's Nutrition Rehabilitation Centre(NRC) facilities, where they are monitored and provided nutritional care and support. Pregnant and lactating mothers in flood-hit Assam were taught healthy recipes and low cost, dry food for children to improve children's nutritional status. To fight contamination caused by Assam floods, children and families were engaged in awareness drives on health and hygiene to encourage safe hygiene practices.

3. Conclusions

Corporate responsibility involves a commitment by a company to manage its role in society – as producer, employer, marketer, customer and citizen – in a responsible and sustainable manner. The role of NGOs in CSR today cannot be gainsaid. Many corporate donors, convinced of Save the Children's demonstrated commitment to the cause of child rights also assist the NGO in further fundraising. Today, Save the Children is supported by 1,15,000+ individual supporters, 35 corporate and 38 institutional (National and International) supporters. With this new model of CSR, corporations no longer act as entities which are detached from society but established mutual support relationships so that both corporations and communities benefit from each other.

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