

# Role of Non-Governmental Organization in Implementation of Corporate Social Responsibility Activities Effectively in Karnataka

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**Abstract**—Non-Governmental organizations (NGO's) are performs as *Morale Entrepreneurs* by branding ethical ideals and standards. They have carried out significant role in eradicating social and environmental subject from driving inter government negotiations, to regulation of hazards waste and elimination of slavery. In the other side Corporate Social Responsibility (CSR) was being made mandatory in the form of Section 135 of the Companies Act 2013. In this study researcher examined a role of NGOs in implementing CSR activities. Researcher was adopted exploratory research design and purposive sampling technique. Priya and Suresh (2017) tool was adopted to assess the role of NGOs in implementation of CSR activities. Data was analysed with SPSS and excel. The result shows that majority 67.0 percentage of NGOs are comfortable with their Vision while implementation of CSR activities. And in the impact assessment section NGOs were having less interest in third party assessment. 54.0 percentage of NGOs administration structure was slightly altered after implementation of CSR activities. And rests of the results were discussed in the full paper.

**Keywords**— Corporate Social Responsibility, Non-Governmental Organization, Companies Act, Government, Negotiation

## I. INTRODUCTION

Corporate social responsibility (CSR) can be viewed merely as a collection of good citizenship activities being engaged by various organizations. At the other end, it is a way of doing commerce resulting in a important impact on community and long-term sustainability (EY Report, 2013). The essence CSR is one of the milestone decisions of the Government of India (GoI). The orientation of CSR is not a newer one, since past thirty years it attracted governments, academics, regulator and cooperators (TICGPSIA, 1994; Holme & Watts, 2000; Hillman & Kein, 2001). The recent introduction of Section 135 in the Companies Act (2013), mandating CSR, marked a landmark decision by the Government of India with respect to the relationship among business and the broad stakeholder group termed 'society' and takes the focus on CSR to a diverse level. Through such a directive corporation have been co- opted into investing funds and resources into developmental projects, and overseeing their implementation. The provision has resulted in 5097 companies spending 9822 crores on 1,790 CSR projects in the fiscal year 2014-15. The Companies Act (2013) has statutory provisions, making CSR mandatory for companies with net worth of '500 crore or more, turnover of at least '1,000 crore and net profit of at least '5 crore. The requirement: spending at least 2 percent of their profits on CSR and constituting a separate committee on their board (Kaur,2014).

## II. NON-GOVERNMENTAL ORGANIZATION (NGO)

Nongovernmental organization (NGO) is a non-profit association, principally independent from government, which is organized on a local, national or international level to address issues in support of the people welfare (Grimsley, 2017).

## III. GLOBAL CSR POLICY INITIATIVES

The Organization for Economic Co-operation and Development (OECD) established a set of guidelines for multinational enterprises in 1976, and was thus a pioneer in developing the concept of CSR. The purpose of these guidelines was to improve the investment climate and encourage the positive contribution multinational enterprises can make to economic and social. France passed a law called GrenelleII, which mandates integrated sustainability and financial reporting listed company (EY Report, 2017), 2007, Malaysian government passed a law to mandate all publicly listed companies to publish their CSR initiatives (The Hauser Center, 2011). In the British Companies Act mandated all companies listed in the

United Kingdom to include information about their CSR activities in their annual reports (Maguire,2011).

#### IV. NGO AND CSR

NGOs, many global agencies, private and public sector companies do not find enough eligible partners to work with. There is a “trust deficit” between the two on the aspect of transparency and in designing the programme. Corporate houses do not understand how projects are actually implemented on ground and the effort put behind influencing the community. It wants visibility and brand attention in smaller budgets, which is not reasonable. Corporate (organizations) believe that NGOs lack accountability and are incompetent NGOs face many challenges while dealing with corporate houses. So long as the project is genuine and has high community impact, there is no problem. Getting visibility is not against the spirit of the (Companies) Act (Kaur, 2014). As per Associated Chambers of Commerce and Industry of India 67 percentage of local companies have chosen NGOs as partners to undertake their CSR projects. A number of think tanks AMD research organizations have started training programs for NGOs“ keeping the growing need for trained NGO personnel for undertaking CSR activities (Navjeet, 2017).

#### V. OPPORTUNITIES AND CHALLENGES FOR NGOS IN IMPLEMENTING CSR SECTION 135

CSR be a social expansion path for a state in which over 900 million have a mobile connection but only 600 million (36% of the population) has access to a clean toilet? The present CSR spending by the top 100 Indian companies is approximated at £0.6bn per annum; the Indian Institute of Corporate Affairs (ICA) anticipates that about 6,000 Indian companies will be required to undertake CSR projects in order to fulfill with the new guidelines, with many companies undertaking these programmes for the first time. And also estimates indicated that the CSR spends in India could triple to £1.8bn a year. Choosing the genuine NGO from large number is difficult. But NGO portals group the NGOs across different sectors such as education, sanitation, women's welfare, water, livelihood, and children and also seek to provide a qualitative evaluation of the NGOs (Ashok, 2014). Majority of NGOs in India are set up by individuals with good intentions but not necessarily the skills to build an association, with funding coming from donations and personal sources. Several operate with part time volunteers and have few paid employees. Currently India has only around 100,000 CSR-ready NGOs with an average annual absorptive capacity of about 20 lakhs (Mukherji, 2015). And also, well established corporate companies such as Infosys, Aditya Birla Group, Reddys, and Wipro has its own it implements CSR. Another interesting fact is that large corporate houses, like the Aditya Birla Group, collaborate with like-minded bilateral and unilateral agencies to share ideas, draw from each other's experiences, and ensure that CSR efforts are not duplicated. NGOs can make a difference by serving as an enabling mechanism for the pooling of corporate resources, thereby avoiding duplication of effort and the dilution of impact. In the Lack of transparency is one of the key issues.

#### VI. RATIONALE OF THE STUDY

There is a perception that partner NGOs or local implementation agencies do not share adequate information and make efforts to disclose information on their programs, address concerns, assess impacts and utilize funds. This perceived lack of transparency has a negative impact on the process of trust building between companies and local communities, which is key to the success of any CSR initiative (Gupta, 2014). The consequence results in unhealthy competitiveness spirit among local implementing agencies, which goes against the necessity to have rather than building collaborative approaches on important issues. This factor limits organization's abilities to undertake impact assessment of their initiatives from time to time (*ibid*).

#### VII. MATERIAL AND METHOD

Researcher used quantitative research design and administered a survey to a sample of 40 small and large NGOs which were having partnership with CSR spread across the Karnataka. Priya and Suresh (2017) tool was adopted to assess the attentiveness of NGOs in implementation of CSR activities. The tool contains three parts such as CSR implementation experience in partnership with corporations, significant challenges that NGOs must consider while taking up corporate CSR, and governance and management control

mechanisms (Administration). Researcher approached 40 NGOs and sent digital questionnaire prepared with the assistance of google survey form and which were among 19 NGOs.

#### VIII. RESULTS AND DISCUSSION

The sample consisted of small and large NGOs that were spread across Karnataka. The results were as follows

TABLE: 1 ALIGNMENT OF PROJECTS WITH NGO VALUES

Alignment of projects with NGO Mission/Values	Strongly Agree	Somewhat Agree	Agree Nor Disagree	Disagree	Strongly Disagree	Total
Our NGO has a clear mission and vision to guide our development and growth	86.0	11.0	1.0	2.0	0.0	100.0
NGO undertakes externally funded CSR projects regardless of their alignment with its mission	12.0	2.0	11.0	43.0	32.0	100.0

In the perspective of vision and mission, 86 percentage of NGOs strongly agree and 11 percentage somewhat agree to the statement of “Our NGO has a clear mission and vision to guide our development and growth”. Researcher asked whether their NGO undertakes externally funded CSR projects regardless of their alignment with its mission“. Although 43.0 percentages of the NGOs did not agree with the statement, 32.0 percentages of NGOs strongly disagreed. This suggests that NGOs see a new source of funding that they would like to tap into.

TABLE:2 GOVERNANCE OF NON-GOVERNMENT ORGANIZATION IN RESPECT TO CSR ACTIVITIES

Governance	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Total
Strong governance mechanism to ensure smooth operational functioning	92.0	7.0	1.0	0.0	0.0	100.0
Ensure effective financial management	66.0	21.0	11.0	2.0	0.0	100.0
The existence of policy manuals	54.0	11.0	21.0	11.0	3.0	100.0
Transparency	61.0	20.0	8.0	8.0	3.0	100.0
Monitoring/oversight mechanisms	49.0	23.0	18.0	6.0	4.0	100.0
Financial controls	56.0	21.0	22.0	1.0	0.0	100.0

Majority of the NGOs replied that their Majority 92.0 percentages of NGOs had established a strong governance mechanism to make sure smooth operational functioning, 66.0 percentages of NGOs strongly agreed and 21.0 percentage of NGOs Somewhat Agreed ensure effective financial management and In addition, In the governance mechanisms of NGOs transparency, the existence of policy manuals, monitoring oversight mechanisms and financial controls were the most commonly reported highly agreed elements. While discussion with CSR funded NGOs in Karnataka, majority of NGOs were dominated by the corporate vision and NGOs located near at Bangalore were most benefited by CSR

funds. Many of NGOs were experienced that they have a vigorous governance mechanism in place to ensure smooth operational functioning and effective financial management, and to avoid fraudulent activities. And most of all had an impact appraisal process in place to measure project efficiency. The potential difficulties in doing well are on account of talent attainment and retention issues.

#### IX. CONCLUSION

While implementation of Projects of corporate under CSR activities NGOs are largely faces technological and ideological differences. And companies invest physical development of the community rather than inclusive development, (Kaur, 2014). By the CSR NGOs can make a difference by serving as an enable instrument for the collecting of corporate funds, thereby avoiding replication of effort and the intensity of impact.

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