

Corporate activism lacks true accountability

OUR BUREAU

Many companies have a CSR strategy, but no policy as yet, according to a new survey

NEW DELHI, SEPTEMBER 18: Around 35 per cent British and Indian companies operating in India have a CSR strategy but no policy in place yet, says an online survey by UK-based CSR consultancy firm Good Values, in partnership with the UK India Business Council. The survey said out of this 35 per cent, a majority (33 per cent) said they would create a corporate social responsibility (CSR) policy in two-six months, while 20 per cent said they would need another six months to a year to come out with a policy.

The Companies Act 2013, which came into effect from April this year, makes it mandatory for firms to spend 2 per cent of their net profit on corporate social responsibility. However, there is no penalty for non-compliance.

While 77 per cent firms in the survey felt that the new rules on CSR would make no difference at all, 68 per cent felt it could bring real benefits for local communities, while 61 per cent were of the view that businesses would now move to structured CSR projects.

“Our survey found that the credibility of NGOs as partners was the biggest challenge in implementing CSR in India,” said Jacquie Irvine, co-founder of Good Values, who quit her corporate job with P&G, to start this venture. She was in Delhi to meet some corporate honchos to scout possibilities of partnerships in India.

Education, healthcare and environment were the three top areas where almost all companies had a CSR presence in India, with 85 per cent of them saying that education projects were the highest, followed by 68 per cent projects on environment and 65 per cent in the field of healthcare, with 68 per cent companies saying that CSR could drive their business forward and 19 per cent saying they were not sure, while 13 per cent saw no positive impact of CSR on their business.

While the Govt recently came out with more clarity on the areas that could be considered for CSR, many firms surveyed felt more clarity was needed in some. Companies listed under “slightly clear” or “not clear” areas such as ‘contributions to funds provided to tech incubators located within academic institutions which are approved by the Central government’, ‘Environmental sustainability & ecological balance’ etc.

The survey covered of 31 Indian and British firms operating in India across sectors such as finance, insurance, IT and communication, food and consumer goods, defence, mining, tourism etc. Around 48 per cent of the participating firms had over 5,000 employees.

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