Analysis of Corporate Social Responsibility: A Comparative Study of Policies and Practices in India and U.S.A

Research Scholar- KM Dolly

Supervisor- Prof. Nisar-ul-Haq

Department of Political Science

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Jamia Millia Islamia

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Findings

1. Findings on the case study of CSR initiatives of TCS (mandatory CSR) and Microsoft (Voluntary CSR) by using qualitative comparison method with the criteria of EFQM, shows that both companies have performed well on all criteria and the difference in their market capitalization is not evident in their CSR initiatives.
2. On the role of Social factors findings suggests that on social factors both countries are facing Multiple challenges on various aspects of health, education, equality of status and opportunities despite the difference in their economic development.
3. On the role of the legal factors the research finds that though there is a specific law for CSR with other sector wise regulations in India and measures for CSR are more voluntary in USA but this voluntary approach has a regulatory background which can be characterized as meta regulatory.
4. For role of external factors, the impact of International agencies and standards can be seen on the CSR policy formulation and implementation in both countries but the pressure from multiple stakeholders such as financial analyst, shareholders of the company, civil society organizations varies in degree. However, there is scepticism over the transparency of NGOs in both courtiers.
5. For motivators of CSR the findings suggest that CSR in India is more of a support to government efforts for inclusive growth and section 135 is acting as a major motivator whereas in USA multi fold pressure from consumers, shareholder, investors, financial analyst work as a huge motivator for CSR. Lack of CSR awareness limit this pressure in India.

6. Financial returns, reputation management, immediate tax write offs are some other reasons why companies in USA are active in the field of CSR and making it a business case for them.
7. On the impact and relevance of section 135 of CSR in India, research finds out positive result on CSR spending and increased compliance to law but it did not result in expected effectiveness. Research studies in the field suggest a decrease in CSR funding of some large firms who were earlier spending more than 2%. The funding has not been allocated democratically whether in case of geographic equity or the high priority sectors for social development.
8. Only 57% of companies complied with 2% stipulation as revealed by CRISIL and Prime Database report. But the relevance of this act could not be uncredited because without this many firms would not have cared for any CSR initiatives or would have done some fitful work around their businesses.
9. On the question of business practices for the larger good of the community research finds out that companies are taking multiple initiatives but the amount spent in CSR cannot always be a right indication of a company’s true CSR level.
10. The CSR practices of fashion industry in USA suggest that claims have been made for sustainable practices but the initiatives taken are negligible. The KPMG and Brookings studies suggest that energy and IT sector companies are spending more in CSR but mostly as a commercial activity rather than driven by CSR objectives.
11. On the factors influencing active participation of CSR in India the analysis found that lack of awareness, lack of multi fold pressure from investors, shareholders & consumers and lack of community participation act as a major deterrence in the effective implementation of CSR. Duplication of CSR activities, trust deficit between NGO’s & Companies and poorly coordinated CSR projects are some more factors affecting the real impact of CSR in India.