

An Exploratory Study of Changing Organisational Practices of Third-Sector Organisations in Mandated Corporate Social Responsibility in India

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Abstract : Corporate social responsibility (CSR) has become a global parameter to define corporates' ethical and responsible behaviour. It was a voluntary practice in India till 2013, driven by various guidelines, which has become a mandate since 2014 under the Companies Act, 2013. This has compelled the corporates to redesign their CSR strategies by bringing in structures, planning, accountability, and transparency in their processes with a mandate to 'comply or explain'. Based on the author's M.Phil. dissertation, this paper presents the changes in organisational practices and institutional mechanisms of third-sector organisations (TSOs) with the theoretical frameworks of institutionalism and co-optation. It became an interesting case as India is the only country to have a law on CSR, which is not only mandating the reporting but the spending too. The space of CSR in India is changing rapidly and affecting multiple institutions, in the context of the changing roles of the state, market, and TSOs. Several factors such as stringent regulation on foreign funding, mandatory CSR pushing corporates to look out for NGOs, and dependency of Indian NGOs on CSR funds have come to the fore almost simultaneously, which made it an important area of study. Further, the paper aims at addressing the gap in the literature on the effects of mandated CSR on the functioning of TSOs through the empirical and theoretical findings of this study. The author had adopted an interpretivist position in this study to explore changes in organisational practices from the participants' experiences. Data were collected through in-depth interviews with five corporate officials, eleven officials from six TSOs, and two academicians, located at Mumbai and Delhi, India. The findings of this study show the legislation has institutionalised CSR, and TSOs get co-opted in the process of implementing mandated CSR. Seventy percent of the corporates implement their CSR projects through TSOs in India; this has affected the organisational practices of TSOs to a large extent. They are compelled to recruit expert workforce, create new departments for monitoring & evaluation, communications, and adopt management practices of project implementation from corporates. These are attempts to institutionalise the TSOs so that they can produce calculated results as demanded by corporates. In this process, TSOs get co-opted in a struggle to secure funds and lose their autonomy. The normative, coercive, and mimetic isomorphisms of institutionalism come into play as corporates are mandated to take up CSR, thereby influencing the organisational practices of TSOs. These results suggest that corporates and TSOs require an understanding of each other's work culture to develop mutual respect and work towards the goal of sustainable development of the communities. Further, TSOs need to retain their autonomy and understanding of ground realities without which they become an extension of the corporate-funder. For a successful CSR project, engagement beyond funding is required from corporate, through their involvement and not interference. CSR-led community development can be structured by management practices to an extent, but cannot overshadow the knowledge and experience of TSOs.

Keywords : corporate social responsibility, institutionalism, organisational practices, third-sector organisations

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