

## SUCCESS OF CORPORATE SECTOR THROUGH CSR

Deepak Kondawar<sup>1</sup> and Mahesh Bhosale<sup>2</sup>

Teaching Associate (Lecturer), New Model Degree College, Hingoli  
Email: <sup>1</sup>deepak.kondawar@gmail.com, <sup>2</sup>bhosalemahesh07@gmail.com

### ABSTRACT

*CSR in India is in a very nascent stage. It is still one of the least understood initiatives in the Indian development sector. It is followed by a handful of public companies as dictated by the very basis of their existence, and by a few private companies, with international shareholding as this is the practice followed by them in their respective foreign country. Thus the situation is far from perfect as the emphasis is not on social good but rather on a policy that needs to be implemented.*

*The purpose of this study is to develop a better understanding of companies' use of CSR to attract, motivate and retain human resource talents. In this research paper we focus on the internal & external dimension of CSR, the activity of CSR & the benefits of CSR to the corporate sector & society at large.*

**Keywords:** Responsibility, Society, Dimensions. Human Resource

### INTRODUCTION

Corporate social responsibility (CSR) also known as corporate responsibility, citizenship & sustainable responsible business. CSR integrates CSR into the professional responsibilities of every employee, no matter where in the company they work, thereby involving them in the CSR work. The companies also target CSR activities towards fulfilling employee needs, and communicate CSR internally with objectives such as to achieve compliance and engagement by the employees, to give them information to respond to tough questions from the public and to give them a feeling that they are working for a company that does something good.

Companies are also aware that CSR is a hot topic in society and make serious efforts in auditing and reporting CSR, presenting it to internal stakeholders as well as making it available to external stakeholders. However, the companies do not take any measures to target the information towards potential employees. Thus there seems to be a lack of connection between the use of CSR and attracting human resources when it comes to communicating CSR externally.

Corporate Social Responsibility (CSR) is the decision-making and implementation process that guides all company activities in the protection and promotion of international human rights, labour and environmental standards and compliance with legal requirements within its operations.

Principles adopted by a business to make sure that its operations harm no one and instead benefit everyone around it and involved in it. The World Business Council for Sustainable Development in its publication "Making Good Business Sense" by Lord Holmes and Richard Watts used the following definition. "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"

### **OBJECTIVES OF THE STUDY**

Following are the objectives of the study.

- To study various dimension of CSR.
- To study the different activities undertaken the corporate sector as a social responsibility.
- To study the benefits of CSR to corporate sector & society at a large.
- To know the rating position of selected companies provided by Karmayog org.

### **HYPOTHESIS OF THE STUDY**

Following are the hypothesis of the study.

- There is an increasing awareness of CSR in corporate sector.
- Major CSR activities are concerned with Education, Environment, Community development & Health.
- Corporate sectors are trying to create a brand image through CSR activities.

### **RESEARCH METHODOLOGY**

**Primary Data:** The primary data required for this study has been collected from the selected respondents in Nanded city through questionnaire.

**Secondary Data:** The secondary data has been collected from various sources like books, reports, journals, articles & internet.

**Size of Sample:** A sample size is 10 companies in Nanded city. These are selected by purposive sampling method.

**Tools Used in Testing Hypothesis:** for testing above mention hypothesis percentile method, average & other related statistical tools used.

### **Internal & External Dimension of CSR**

The Green Paper (2001) by the Commission of the European Communities identifies two main dimensions of CSR, an internal dimension relating to practices internal to the company and an external dimension involving the external stakeholders.

#### **Internal Dimension: -**

This relates to practices internal to the company which need to be modified to incorporate CSR practices.

**Human Resources Management:** - CSR can be successfully implemented in an organization through precise management of its own work force. The internal dimension of CSR includes elements like providing an environment for lifelong learning for employees, employee empowerment, better information flow, improving the balance between work, family, and leisure, diversified work force, profit sharing and share ownership schemes,

concern for employability as well as job security among others. Active follow up and management of employees who are off work due to disabilities or injuries have also been shown to result in cost savings for the companies.

**Work Safety and Health Measures:-** Worker safety and labour health have been documented to be having a direct impact on productivity of the labour force. Although legal measures exist in most nations on maintaining standards for ensuring worker safety and providing health benefits, recent trends have made it imperative for companies to adopt a proactive approach to this issue.

**Adaptation to Change:** - According to the Green Paper (2001) by the Commission of the European Communities “Restructuring in a socially responsible manner means to balance and take into consideration the interests and concerns of all those who are affected by the changes and decisions. In practice the process is often as important as the substance to the success of restructuring. In particular this involves seeking the participation and involvement of those affected through open information and consultation.

**Management of Environmental impacts:** - The importance of this aspect of CSR cannot be overemphasised. Optimization of resource utilization and reducing environmentally damaging effluents can reduce the environmental impact. This will also enable the firms to affect significant cost savings in energy bills and pollution costs.

**External Dimension:** -

This dimension relates to practices concerning external stakeholders. The significance of this dimension of CSR has come to the forefront with the advent of globalization leading to the development of international standards for business practices.

**Local Communities:-**The development of positive relations with the local community and thereby the accumulation of social capital is particularly relevant for non-local companies. These relations are being increasingly used by multinational companies to support the integration of their subsidiaries into various markets in which they are present. Deep understanding of the local community and social customs is an asset which can be utilized by the companies to gain strategic advantage.

**Business Partners:** - Building long term relationships of sound ethical foundation with suppliers, customers (and even competitors in rare occasions) will enable companies to meet customer expectations better while reducing complexity and costs. Companies should realise their CSR practices will be judged taking into account the practices of their partners and suppliers throughout the supply chain. The effect of corporate social responsibility activities will not remain limited to the company itself, but will also touch upon their economic partners.

**Human Rights:-**According to Robbins (2000), “Companies operating in countries where human rights are regularly violated may experience a climate of civil instability and corruption that makes for uneasy relations with government officials, employees, local communities and shareholders.” Amnesty International states:” Companies have a direct responsibility to ensure the protection of human rights in their own operations.

**Following Activities Are Undertaken By Corporate Sector as a Social Responsibility**

- Business Ethics & values
- Environmental sustainability
- Health & safety
- Compliance with all regulations
- Employee Welfare
- Customer relation
- Labour Practices
- Charitable Contribution
- Relationship with business partners
- Non discrimination
- Protection of stake holder interests
- Investor rights
- Sustainable development
- Corporate volunteering
- Human rights
- Community rights
- Gender rights
- Employment of disabled person

**How companies benefited by CSR practices?**

**Boost Company Reputation:** - According to a Curtin University of Technology study, corporate social responsibility significantly boosts the reputation of a company, which in turn enhances competitiveness in the marketplace against competitors. Customers, investors and other external stakeholders were also more likely to positively evaluate a company that engaged in corporate social responsibility.

**Economic Benefits:** - Contrary to popular belief, giving back can provide a company with economic benefits. From government grants, higher customer satisfaction and loyalty, to greater partnerships with stakeholders and investors, the Curtin University study concluded that through corporate social responsibility, these non-financial benefits eventually led to economic gain.

**Retain and Attract Workers:** - The ability to participate in community activities, whether it's tutoring children, being more environmentally conscious or financially assisting charities, was seen to increase staff morale and attract prospective workers, reports experts at Curtin University.

**Community Participation:** - Of course, one of the major benefits of corporate social responsibility is the way companies can directly help non-profit organizations. For example, the partnership between The Smith Family and AMP meant that almost 2500 disadvantaged students were able to join the comprehensive Learning for Life educational support program. This funding led to a 27 percent increase in the number of children accessing the program in the first year of partnership. It also helped fund significant research into education, as well as training for Learning for Life workers.

**Increase Brand Image:** - The benefit of CSR is increase in brand image of product. With the help of CSR practices it positively effect on the increase brand image because of when company practices CSR then it win the consumer mind so, it affect on brand image.

**Improved Standard with Government & Regulations:** - With the help of CSR the company improved the relations with the government because of the government make the

mandatory to every company to adopt CSR practices in the his business & govt. makes the regulations for it like ISO 24000 on corporate social responsibility.

### **Benefits of CSR for Various Stakeholders of Business in Different Stages**

Following are the benefits of CSR policy to the various stakeholders' o business in the different stages of the CSR practices.

**Table 1.** Benefits of CSR to Various Stakeholders of Business

<b>Stakeholders/Parameters</b>	<b>Stage-I</b>	<b>Stage-II</b>	<b>Stage-III</b>
<b>Environment</b>	Pollution Prevention	Product stewardship	Clean technology
<b>Customers</b>	Driven	Focused	Dedicated
<b>Employees</b>	As costs	As assets	As partner
<b>Suppliers</b>	Open Bidding	Partners	Joint engineering
<b>Communities</b>	Philanthropy	Community service	Civic Leadership
<b>Investors</b>	Arms length	Shareholder advocacy	Stake holder owned in part or in whole

In the above table (Table no.1) researcher shows that the benefits of the CSR practices to the different stakeholders like, environment, customers, employees, suppliers, communities & investors in the different three stages of the CSR practices.

### **CSR Policy & Rating of Selected CSR Practicing Leading Indian Companies**

Following are the selected Indian largest companies who practices CSR & implement the CSR policy.

**Table 2.** The CSR Policy & Rating of Leading Indian Companies

<b>Company Name</b>	<b>CSR budget</b>	<b>CSR rating</b>	<b>CSR activities</b>
Hindalco	19 cores	2/5	Health, Mother & child care, Education, Sustainable Livelihood, Women self help group, infrastructural, Environment
Indian oil Corporation	20 cores	2/5	Sharing 0.75 % of net profit, Community development, Presenting the past to the future & meeting social obligations
Larsen & Toubro	26 cores	3/5	First company which launch HIV/AIDS programme, Health, Education, environments, response to natural calamities, employee volunteering
NTPC	17 cores	1/5	First company which grant paternity leaves, The pioneer, Remedial action plan, Public information centre, village development, environment & Schemes for disabled persons.
Infosys	12 cores	2/5	Employee volunteering, development of rural & tribal children

**Table 2.** The CSR Policy & Rating of Leading Indian Companies (Contd....)

Company Name	CSR budget	CSR rating	CSR activities
ITC	24 cores	3/5	Environment, Preserving national heritage & community development
BHEL	58 cores	2/5	Adoption of village, free medical camps, ban of child labour, natural climate aid, employment for disabled persons & ex-serviceman, environment, energy saving
Reliance	16 cores	1/5	Energy conservation, Community welfare, education, health care
Hindustan sanitary ware	10 cores	1/5	Water conservation by make changes in tits products, community development
Tata Iron & steel	53 cores	2/5	Education, Health, Employment & community development

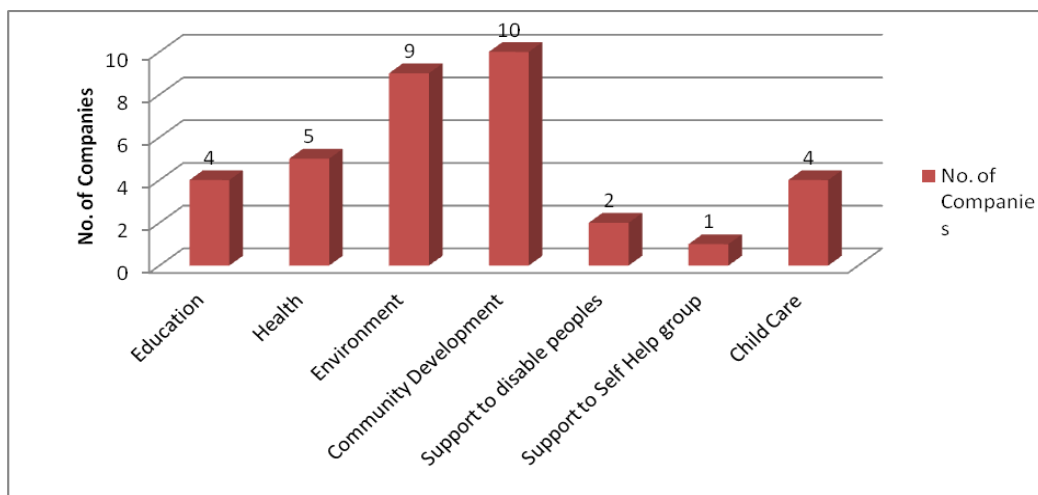
**Source:** Compiled from published data on company websites & on website of Karmayog organisation

From the above table (Table no.2) we see that, the selected leading Indian companies have practices in many areas as a corporate social responsibility of business. From that the Indian oil cooperation is the best practices corporate because they dedicate 0.75% of net profit for the community development. The Larsen & turbo also run the important activity of HIV/AIDS awareness program. From the 10 selected companies' researcher found that the three companies get first rating, five companies get second rating & only two companies get third rating in the rating given by Karmayog organisation. In this the 0 is worst & 5 is the best rating. The rating given on the contribution of corporate sectors towards the society, the activity which they conduct & the importance of activity, benefits of the activity to the all stakeholders of business has been measured. From the table no. 2 researcher found that all selected companies estimate special budget for the CSR activities. Here the first hypothesis is proved that the awareness of CSR policy is increasing in the corporate sector.



**Table 3.** Companies Preference to the CSR Activities

Company Name	Educa-tion	Health	Enviro-nment	Community Development	Support to disable peoples	Support to Self Help group	Child Care
Hindalco	Yes	Yes	Yes	Yes	--	Yes	Yes
Indian oil Co.	--	--	Yes	Yes	--	--	--
L& T	Yes	Yes	Yes	Yes	--	--	--
NTPC	--	--	Yes	Yes	Yes	--	Yes
Infosys	--	--	--	Yes	--	--	Yes
ITC	--	--	Yes	Yes	--	--	--
BHEL	--	Yes	Yes	Yes	Yes	--	Yes
Reliance	Yes	Yes	Yes	Yes	--	--	--
Hindustan san. Ware	--	--	Yes	Yes	--	--	--
Tata	Yes	Yes	Yes	Yes	--	--	--
<b>No. of Companies</b>	<b>4</b>	<b>5</b>	<b>9</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>4</b>

**Chart 1.** Companies Preference to the CSR Activities

From above chart it is observed that the companies are giving more preference to the education, health, community development, child care & environment as a social activity. But these selected companies are not giving preferences to support self help groups & disable people as a CSR activity.

**FINDINGS**

1. Thus, researcher found that selected leading organisations are focusing on corporate social responsibility & trying to make strong CSR. For CSR activities companies



estimate the special budget it is shown in table no. 2. Here the first hypothesis is significantly proved that the awareness of CSR policy is increasing in the corporate sector.

2. Major CSR activities of leading organisations are concerned with Employment, Education, Environment, Community development, Health & safety but, corporate sector are not taking care of self help groups, these finding has been shown in table no. 3. Here the second hypothesis is significantly proved.
3. The corporate sector is giving more preference to the social issues i.e. employment, education, environment etc because they want to create brand image through these activities in society, with these issues companies get more and more publicity in the society, because of these issues are more concern with potential customer (people). Here the third hypothesis is proved significantly.
4. The CSR is helpful to the business, employee, community & other stakeholders of the business, these finding has been found from the benefits of CSR practices.
5. Researcher found From the 10 selected leading companies' that the three companies get first rating, five companies get second rating & only two companies get third rating in the rating given by Karmayog organisation. In this the 0 rating is worst & 5 is the best rating.

## CONCLUSIONS

The study shows that the importance of corporate social responsibility is growing in the corporate world. Every corporate leader is trying to create its own place in the society by adopting different strategies. Thus, from the above study researcher conclude that CSR practices able to attract, motivate and retain a high quality workforce, which has become a competitive advantage. Organizations should fulfill employee needs with the help of corporate social responsibility. Major CSR activities are concerned with Employment, Education, Environment, Community development, Health & safety but, corporate sector are not taking care of self help groups. It is observed that the corporate sector have increased their goodwill, brand value, maintained healthy relationship between local community, consumer, government & employees with the help of CSR practices.

But, at micro level the companies have not adopting the CSR practices in the business & they not estimate any special budget for CSR practices that's why they facing many problems & not getting the appropriate return on the investment.

## SUGGESTIONS

Following are the some suggestions have been suggested:

- Many organisations concerned for the employment, education, environment & community development but they not taking care of self help groups. So, every organisation must support to self groups & encourage them for better work by giving financial support.
- Every organisation conducts the awareness camp on environment, climate change in school; colleges & universities for protect the environmental & aware about environment.



- Those companies not started CSR practices starts now to consider CSR as their corporate strategy and builds a systematic approach to the issue, it will save lots of trouble and resources in the future.
- There are so many areas like, Human rights, Gender rights, value education to young children & many other areas where the company must focus as a responsibility.
- At micro level the government has must encourage the companies for adopting CSR practices in the business through activities like workshop, awareness programme, etc.

**REFERENCES**

1. Mohan, A. (2001). 'Corporate Citizenship: Perspectives from India', Journal of Corporate Citizenship, spring, pp 107-117.
2. Sam Lee, 2005, 'Implementing Corporate Social Responsibility in Health Sector, Journal of China Europe international Business School, Project no. 03
3. Marcello Palazzi and George Starcher, (2006) 'CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS SUCCESS', The European Baha'i Business Forum, Pp 1-43

**Websites**

1. ASOCIO Policy Paper Corporate Social Responsibility  
<http://www.positiveoutcomes.com.au>
2. GLOBAL CORPORATE CITIZENSHIP: The Leadership Challenge for CEOs and Boards  
[http://www.weforum.org/pdf/GCCI/GCC\\_CEOstatement.pdf](http://www.weforum.org/pdf/GCCI/GCC_CEOstatement.pdf)
3. Ashwani Singla's Blog: [www.reputure.html](http://www.reputure.html)
4. Companies CSR rating from [www.karmayog.org](http://www.karmayog.org)
5. Annual Report of BHEL for the financial year 2008-2009 [www.bhel.com/financial\\_information/index.php](http://www.bhel.com/financial_information/index.php)
6. Building lives. Building the nation. Sustainability Report 2008  
[http://www.larsentoubro.com/Intcorporate/Uploads/L&TSustainabilityReport08\\_ls.pdf](http://www.larsentoubro.com/Intcorporate/Uploads/L&TSustainabilityReport08_ls.pdf)
7. Global Compact: Corporate Leadership in the World Economy:  
[www.hindalco.com/investors/downloads/download.html](http://www.hindalco.com/investors/downloads/download.html)
8. The State of CSR in India 2004: Acknowledging Progress, Prioritizing Action  
[http://www.terieurope.org/docs/csr\\_state.pdf](http://www.terieurope.org/docs/csr_state.pdf)
9. Corporate Social Responsibility policy of Indian Oil Corporation:  
[www.iocl.com/Aboutus/corporatesocialresponsibility.aspx](http://www.iocl.com/Aboutus/corporatesocialresponsibility.aspx)
10. CSR policy of Tata Sponge Iron Limited: [www.tatasponge.com/sustainability/community-development.asp](http://www.tatasponge.com/sustainability/community-development.asp)
11. Sustainability report of ITC Limited: [www.itcportal.com/sustainability-report-2008/index.htm](http://www.itcportal.com/sustainability-report-2008/index.htm)