

THE STUDY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIAN CONTEXT

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Abstract:

The purpose of this paper is to explore the various definitions and descriptions of Corporate Social Responsibility (CSR) in Indian context with reference to The Maharatna Company, National Thermal Power Corporation (NTPC). This study is done to define the status of CSR in India and the changes that takes place from beginning to now. This paper will also focus on the challenges that a company faced during their work in field of CSR section. Corporate Social Responsibility is mainly the work that a company does to support social, environment or community causes apart from their profit. Now it is becoming the necessity of companies to work in this field to add to their market values. The understanding and definition of Corporate Social Responsibility (CSR) has been changed with people and time. Different people define Corporate Social Responsibility (CSR) in their different ways. In the present time, most of the companies whether the corporate sector or banking sectors are working in this field to increase their Market Value and to help in development of India.

KEYWORDS:

Corporate Social Responsibility, Indian Context, National Thermal Power Corporation (NTPC)

INTRODUCTION:

India has a long history of close business involvement in social causes for national development. The concept of CSR is not new in India, but the term may be new for us. The process though acclaimed recently, has been followed since ancient times. In ancient time, CSR is known as social duty or charity, which is changing in nature day by day in broader way. As businesses are an integral part of society, and have a critical and active role to play in gender equity and women empowerment, promotion of education, Eradication of extreme hunger and poverty, Reducing child Mortality and improving maternal health, combating HIV-AIDS, malaria, and other diseases, environmental sustainability, Social business projects, contributing funds for disaster management & Employment enhancing vocational skills. In recent years, a growing number of companies are adopting various CSR initiatives. The totality of CSR can be best understood by three words: 'Corporate', 'Social' and 'Responsibility'. In broad terms, CSR relates to responsibilities corporations have towards society within which they are based and operate, not denying the fact that the purview of CSR goes much beyond this. CSR has been defined differently by different people. The first popular definition of CSR was given in year 1979 that it is the economic, legal, ethical and discretionary or philanthropic expectations that society has of business. A widely cited definition of CSR in the business and social context has been given by the European Union (EU). It describes CSR as "the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly, and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large." CSR not only includes the activities that a company undertakes in order to utilize their

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profit to enable social and environmental development, but also includes the methods that a company employs in order to earn these profits including socially responsible many companies have incorporated socially responsible business practices. The basic objective of CSR is to maximize the company's overall impact on the society and stakeholders while considering environment and overall sustainability. Since CSR continues to be an evolving concept from ancient times, so there is no single definition of CSR that can be define and universally accepted. There are many definitions of CSR has been given by different people universally. Philip Kotler and Nancy Lee (2005) define CSR as "a commitment to improve community well-being through discretionary business practices and contributions of corporate resources" whereas Mallen Baker refers to CSR as a "way companies manage the business processes to produce an overall positive impact on society." According to World Business Council "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." If we talk about Corporate Sectors working in the direction of CSR then this paper will focus on India's largest power company, NTPC was setup in 1975 to accelerate power development in India. NTPC's Community Development activities, in focus areas of basic infrastructure development, education, community health & sanitation, capacity building and gender empowerment etc. are based on specific local requirements and guided by extensive Need assessment Surveys and Consultation through various participative forums like Village Development Advisory Committee, Rehabilitation and Periphery Development Advisory Committee etc. Engagement of Community in acceptance of specific CSR initiatives inculcates a sense of ownership among people and plays a vital role in smooth and successful implementation of schemes. The study is the efforts to visualize various aspects of CSR and various CSR initiatives taken by NTPC in surrounding areas to bring in a change in social life and improve the life standards of the people. On the basis of the study of the policies of the organization and views taken from the various stakeholders including the beneficiary population, it can be very well said that the policies and the practices of NTPC is in line with the standards followed by other contemporary organizations and also the Government of India.

OBJECTIVE OF STUDY

- ✦ To find out the status of Corporate Social Responsibility in India.
- ✦ To study the challenges faced by CSR in India.
- ✦ To make suggestions for accelerating CSR initiatives
- ✦ To understand the general response from the mass public over these activities in their areas.

Under the present global environment, companies are constantly striving to set themselves as globally competitive company. In order to meet the global world standards, the organizations are adopting various methods to make good reputation and achieve good standards of recognition. As CSR is acquiring much significance now a days for identifying the companies a good image, National Thermal Power Corporation (NTPC) as a responsible Corporate Citizen has worked up to a well achieved standard for the all-round development of the surrounding community. Although these activities have started recently a few years back, things are getting pace day to day. Presently, CSR awareness has not only developed among the employees but also the villagers are also becoming much aware of the circumstances to bring a change in community life. The branding concepts are also gaining importance with the changes. The social accountability Standards/norms, which are based on the International Standards set through conventions/universal declaration and international Treaties etc. are also gaining importance now a days and the standard are very difficult to implement. Findings that we had during the research were NTPC is working in a very satisfactory manner in the field of CSR. According to survey villagers are satisfied with the work of company in their locality. Some development activities are still going on but the company has to maintain the development level. Company gives the Employment Opportunities to the villagers in various fields. They usually trained them in various fields like hardware training, mobile repairing training, web page designing, computer training, motor driving, cutting, tailoring, stitching, dress designing, beautician, etc. Skill up gradation programs for women, to promote self-employment, including tailoring and providing sewing machines. From various villages it has been found that the literacy level has been increased due to coming of National Thermal Power Corporation (NTPC) project but not on all lower class families. NTPC needs to work on this part of CSR. Villages infrastructure has been developed up to large extent and the surrounding environment has been developed through NTPC Project and the scenario of locality has almost been changed. NTPC Project is providing health camp in surrounding villages which is totally free of cost. The aim is to keep the people healthy but due to less awareness about health, people are not careful about their hygiene and health.

LITERATURE REVIEW

Dean Roy Nash (2012) studied “CSR: contributions of Maharatna Companies of India” & found out that the commitment that has been really made by these companies in the CSR area. The Indian corporate sector is getting tough on CSR spending. It is more likely that CSR spending will be made mandatory in the coming 2012 budget. The gap between public and private companies with regard to CSR spending will be narrowed shortly. In this context the CSR activities of all the companies should be taken as an ideal example and motivator by other corporates who wish to indulge sincerely in CSR activities of the country. Chandrakanta Sahoo (2011) studied “Corporate Social Responsibility: Issues and Controversies”. He concluded that CSR in India is restricted to narrowly defined set of people (read as stakeholders), to fixed set of roles (implementing community development projects) and to the approaches with tunnel vision (community development in sectors of health, education etc.). This is more specific to the country like India where for over a century the approach of CSR remained, corporate philanthropy and community development”. There is need to augment the scope of CSR w.r.t., stakeholders involved, CSR practices of corporations (from isolated, independent community development interventions, to more long lasting initiatives through their association with civil society organizations and government in planning, policy making and implementation of various RD interventions). As it is repeatedly cautioned, the approach of CSR is shifting from ethical to statist approach. It is time for the corporate bodies to take proactive steps, rather than allowing the state to define CSR for them or start reacting to the State’s policies on CSR. Gahlot Sushmita (2013) studied “Corporate Social Responsibility: Current Scenario” and concluded that the Clause 135 introduced by the Companies Act 2013 would go a long way in strengthening the social initiatives taken by the companies. Apart from boosting transparency and accountability, it would also open up the avenue for Corporate Social Responsibility Consulting. However, steps are required to be taken to sort out issues of penalties in the event of non-disclosure, scope of Schedule VII, internal controls etc. If the law is followed in true letter and spirit, India Inc. would succeed in discharging its social responsibility in an effective and efficient manner. Rajeew Prabhakar and Ms. Sonam Mishra (2013) studied “A Study of Corporate Social Responsibility in Indian Organization: An Introspection” and concluded that Corporate sustainability is an evolving process and not an end. The Companies bill is a good initiative on the part of the government however what would be included in, spending on CSR is unclear and is left for the companies to decide. Across the globe, the concepts of CSR has been accepted as an element for success and survival of business along with fulfilling social areas and meet all the stakeholder’s objectives. Swati Sharma, Reshu Sharma & Jugal Kishore (2013) studied “Emerging trends in Corporate Social Responsibility in India-A Descriptive Study” & it revealed that till 1990s CSR was exclusively dominated by the idea of philanthropy. Consider CSR as an act of philanthropy, businesses often constrained themselves to one time financial grant and did not commit their resources for such projects. Moreover, businesses never kept the stakeholder in mind while planning for such initiatives, thereby reducing the worth and efficiency of CSR initiatives. However, over the last few years, the concept of CSR has been changing. There has been a clear transition from giving as an obligation or charity to giving as a strategy or responsibility. Review of the case studies and work done on CSR by companies in India suggests that CSR is slowly moving away charity and dependence and starting to build on empowerment and partnership. Akanksha Jain (2014) studied “the Mandatory CSR in India: A Boon or Bane” & found that the mandated 2% CSR investment in the new Indian Companies Bill is a novel solution to India’s social problems. It may not be perfect but it is a product out of necessity for economic justice in India. Corporations in India have failed to take the responsibility for the real cost of their functioning. Many often pollute the environment and run away from human hazards that they invent. 2% CSR policy envisions a system in which each industry would contribute in a manner apt with their expertise. Chemical and oil companies might take environmental and safety initiatives and technology companies might take tech-education initiatives. Thus, in a nutshell, this new policy may turn out to be a boon for both the corporates and the society, propelling India towards the path of equitable and sustainable growth.

RESEARCH METHODOLOGY

Data Collection

The research has been done on primary data as well as on secondary data. It was collected through websites and from various journals, magazines, articles, annual reports and questionnaires.

Sampling Units

For analyzing of NTPC's work in the nearby villages, a sample of 120 respondents have been collected as a primary data and as a secondary data the annual reports of a company are compared.

Analysis And Findings

In the area of Community Development , according to survey almost 98% of the villagers are happy with the work of NTPC in their areas. They are satisfied that locality has been developed and some developmental activities are still continue so this is the best result for the NTPC project and company needs to maintain the development level. For Employment Opportunity, through the survey it is revealed that a huge part of the community accept that due to NTPC project employment opportunities have increased but beyond 8km and 12km satisfaction level declines while a few do not agree with the employment opportunities. In case of Literacy Level, it has been found that literacy level has been increased. But still there is need for improvement in literacy level because the satisfaction level in the literacy area is not very good or we can say that it is not at all satisfactory. Villagers are not very happy with the company in case of literacy level. Villages Infrastructure has been developed up to large extent and the surrounding environment has been developed through NTPC Project and the scenario of locality has been changed. Almost 99% respondents accepted this while a few do not agree with this. Health Centers has been made in the villages and schools for children, toilets have been constructed in villages by the company. The standard of living has been increased of the villager up to large extent due to involvement of Company. NTPC provides health camp in villages which is totally free of cost for the villagers. The aim is that keep the scenario healthy but due to less awareness about health people are not careful about this. So at every village of our sample it has been extracted that some people are not aware with these programme.

SUGGESTIONS

As the company being reputed organization is implementing all the applicable CSR-CD policies and besides that special care is being taken by the project for protecting the surroundings from pollution. Though NTPC is managing things up to the mark but still there is scope of improvement in the some areas. NTPC is undertaking various infrastructural developmental works in the surrounding villages and the same is being handed over to Gram Panchayats for taking care of those in future. However it is observed that proper care of the infrastructure is not being taken into account by respective Gram Panchayats and in long run these may not be of use. Hence the above may be taken up with State Government Officials for taking suitable provisions for taking suitable provisions for taking care of the Infrastructure. It has been observed that Vocational Training were given by NTPC to many village students in various trades in order to develop skills of the villagers. However after training it is observed that only a few members in some activities. But the others could not. Hence these students may be given opportunities by engaging them with contracting agencies working inside project area. Although Awareness level has increased among the villagers of the surrounding areas after coming of NTPC Project, however more of it is essential to make the villagers aware of various things particularly in the field of Health Care and Sanitation. In spite of these regular diseases are observed among the villagers frequently. In the area of Education, the facilities for preliminary education are found to be satisfactory. However the higher educational facilities are not found satisfactory. Hence matter should be taken up with district officials for developing Higher Education opportunities in the surrounding areas for betterment of Higher/Technical Education in the surrounding area. Also the Physically Challenged Persons of the surrounding areas are seen to be less beneficial in terms of their self-development. Although Tri-Cycles, Surgical Operations etc. like facilities are being provided to them from NTPC, some Income Generating/Self Employment Schemes shall also be arranged for these Physically Challenged Persons to make them Self-dependent and will increase their employability. Also considering the large number of PCPs in the surrounding areas, a Rehabilitation Centre may also be opened in the nearby locality.

CONCLUSIONS

This research was done to see the status of the Company towards Corporate Social Responsibility and the work which has been done by the company. After all the surveys and study , want to conclude by saying that company is working efficiently in the areas but there are many things which need extra care or we can say attention to make it the satisfactory work. In CSR, the company's is not only to construct schools or health cares but also to maintain the things which are needed in the schools. In whole survey, I found there

are some villages where company is not working very strongly. There are some areas where company has to take some strong decisions to make Corporate Social Responsibility a big success. Organizations are increasingly realizing that CSR is no longer a collection of discrete practices or occasional gestures motivated by marketing or public relations. It is rather a comprehensive set of practices and policies that should be integrated into the organizations operations and activities.

LIMITATIONS

The first limitation which I found with this paper is the sample size which is 100, so with this sample size it was not possible for me to go personally to each respondent for their response. The survey of the villagers was to be conducted in different villages and which were geographically separated.

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