

Impact of Corporate Social Responsibility in public sector unit

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ABSTRACT

The concept related to corporate social responsibility (CSR) continues to be gaining momentum and popularity within the general political, economic, social and corporate context of the twenty-first century as corporations globally for a variety of reasons adopt and implement strategies related to Social Responsibility. It is widely accepted that an organisation's success towards effectively implementing its CSR strategy is contingent upon the commitment, contribution and efforts demonstrated by its staff towards this strategy. However whilst issues related to CSR are of concern and interest to a wide range of organisational stakeholders, there appears to be relatively limited research undertaken in the context of exploring issues directly from the employee stakeholder perspective which this paper attempts to address. Interestingly as discussed later in this paper, many public sector organisations and non-governmental organisations (NGOs), unlike private sector organisations, tend not to explicitly include references to the commitment and contribution of their staff towards their organisations' CSR endeavours within their publicized CSR strategies.

Key Words: *pubic, stakeholder, sustainable development*

Introduction

The well accepted definition of CSR is not a common term; MNC's prefers sustainable development or sustainable business while several Indian companies talk about responsible business or Triple P (People, Planet, and Profit). It is important to note that Indian companies and stakeholders give a broader definition of CSR than MNC and stakeholders. According to the Indian Corporate: "Sustainable development implies optimizing financial position while not depleting social and environmental aspects and CSR implies supporting issues related to children, women and environment". These corporate refer in its definition of CSR to community development. In the context of Western community, development is often seen as charity. In the Indian context it is seen as a large responsibility of a corporate, not only by stakeholders but also by the local Indian management. The background of this is that stakeholders see the large western companies as capitalist islands in a developing country. This position gives them a certain responsibility towards the community. Most of the MNC's leave room to their Indian daughter company to develop initiatives in this field; sometimes they have a special fund. All kinds of initiatives are developed by the interviewed Indian companies, many times bottom up initiated by the employees.

Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others. The 2010 list of Forbes Asia's '48 Heroes of Philanthropy' contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009. Although corporate India is involved in CSR activities, the central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. According to Minister for Corporate Affairs, Mr Salman Khurshid, government is developing a system of CSR credits, similar to the system of carbon credits which are given to companies for green initiatives. Moreover, in 2009, the government made it mandatory for all public sector oil companies to spend 2 percent of their net profits on corporate social responsibility. Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be funded by 2-5 per cent of the company's net profits.

Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies' business expertise. A handful corporate houses are dedicated and practicing the CSR as they are dictated by the very basis of their existence. It is observed that many companies are promoting their CSR activities and uses it as a tool for Marketing. This denotes that the companies are far from perfect as the emphasis is not on social good but rather as a promotion policy.

In a societal structure, we have many stakeholders, one amongst them are companies or Corporate Houses. These Corporate houses are meaningfully contributing from their kitty which impact their internal stakeholders and also openhandedly support societal initiatives. In India companies like MECON, CCL, SAIL, TATA and Birla are practicing the Corporate Social Responsibility (CSR) for decades, long before CSR become a popular basis. There are many instances where corporate have played a dominant role in addressing issues of education, health, environment and livelihoods through their corporate social responsibility interventions across the country. As per United Nations and the European Commission, Corporate Social Responsibility (CSR) leads to triple bottom-line: profits, protection of environment and fight for social justice. It is expected that Civil society, activist groups, Government and corporate sectors should work together to create appropriate means and avenues for the marginalized and bring them to the mainstream.

The success of CSR lies in practicing it as a core part of a company's development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices that achieve triple bottom-line results.

At one end of the spectrum, CSR can be viewed simply as a collection of good citizenship activities being engaged by various organizations. At the other end, it can be a way of doing business that has significant impact on society. For this latter vision to be enacted in India, it will be necessary to build CSR into a movement. That is to say, public and private organizations will need to come together to set standards, share best practices, jointly promote CSR, and pool resources where useful. An alliance of interested stakeholders will be able to take collective action to establish CSR as an integral part of doing business – this is not a passing fad. There are more than 1,000,000 registered companies in India out of which less than 1percent companies are traded on the Indian Stock Exchange. A new Trend has started in Corporate is the establishment of special committees within the board of directors to oversee CSR activities. Groups of corporate are being encouraged to come together to promote CSR. In 2006, Europe created the European Alliance for CSR. It currently consists of 70 multinational corporate houses and 25 national partner organizations and has become a unique resource for building capability in CSR.

Objectives of the study

This paper is basically concerned with the following objectives.

To study the Issues and Challenges for CSR in India

To assess the impact of CSR on public sector

Literature Review

As the central theme in this paper relates to the concept of CSR it would be worthwhile at the outset to examine this concept further. Despite significant literature in the public and academic domain relating to this concept there appears to be no clear consensus on its definition or application ([16] Crowther and Rayman-Bacchus, 2004) and interestingly this concept appears to be generally discussed mainly within the context of private sector corporations. Although the concept of CSR tends to be mainly discussed in the context of private sector organisations this is not to imply that the principles of CSR are restricted only to the realms of private sector corporations as these principles also appear to be considered within NGOs and public sector organisations but under different and more appropriate labels such as "ethics", "social responsibility", "public accountability" and "citizen orientation" amongst others. [80] Wilson (2000) regards socially responsible behaviour akin to good and ethical behaviour directed at solving social problems while [14] Claver et al. (1999) discuss the concept of a "citizen oriented culture" as one where the notion of "serving the citizen" occupies a central and significant focus within the organisation. In this paper the author takes a broad view of the concept of social

responsibility as encompassing one which includes a commitment to altruistic values for the benefit of society in general ([49] Merali, 2005; [50] Merali, 2006).

In the article on Corporate Social Responsibility in India – Putting Social-Economic Development on a Fast Track by Ramya Sathish mentioned that many CSR initiatives are executed by corporate in partnership with Non-governmental organizations (NGOs) who are well versed in working with the local communities and are experts in tackling specific social problems. For example, SAP India in partnership with Hope Foundation, an NGO that works for the betterment of the poor and the needy throughout India, has been working on short and long-term rebuilding initiatives for the tsunami victims. Together, they also started

The SAP Labs Center of HOPE

In Bangalore, a home for street children, where they provide food, clothing, shelter, medical care and education. CSR has come a long way in India. From responsive activities to sustainable initiatives, corporate have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is enormous. Corporate have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporate, NGOs and the government will place India's social development on a faster track.

In an article on Trust and Corporate Social responsibility: Lessons from India, authors mentioned Spirituality and Corporate Social Responsibility have had a deep-rooted connection in India. A phenomenon that has preceded the coining of the term 'CSR', the link between the 'karma' as espoused by sacred Indian texts and initiatives anchoring corporate as responsible citizens has been amply evident in India since the early days. This is widely divergent from the perspective of corporate social responsibility in Western economies as reflected in the observation by Arthur Page, vice president of public relations at AT&T for around 20 years and former advisor to the US President: "... all business in a democratic country begins with public permission and exists by public approval"

Viewed from this perspective, public relations professionals are the custodians of trust for the corporate world. While the global spotlight today focuses on debates on corporate trust, India can proudly flaunt a head start in this arena. Yet, before we present India's case, let's briefly scan some recent happenings, particularly in the US, that led to an erosion of trust in Corporate Inc. worldwide.

Education is the most preferred area of CSR for Indian companies, with 85% of the companies surveyed engaged in it, followed by health (67.5 per cent) and rural development and livelihoods (57.5 %).

Research Methodology:

Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design will be developed to have greater accuracy and in depth analysis of the research study. Available secondary data will be extensively used for the study. The investigator will procure the required data through secondary survey method. Different news articles, Books and Web will be used

Result and Discussion

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. The change is named as social responsibility which is an opportunity for the business. Some of the drivers pushing business towards CSR include:

The Shrinking Role of Government

In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

Demands for Greater Disclosure

There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

Increased Customer Interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

Growing Investor Pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens linked to the environment and society responsibility. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account

ethical considerations when buying and selling stocks. (More on socially responsible investment can be found in the 'Banking and investment' section of the site.)

Competitive Labour Markets

Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

Supplier Relations

As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation. Dr Ratnam said the concept of CSR had different meanings depending on the stakeholder and that depending on the specific situation of the enterprises expectations can also vary. A CSR project can begin in response to a crisis or adverse publicity that a company may suffer. The motive for launching CSR can vary between philanthropy or notions of corporate citizenship. In India, over time, the expectations of the public has grown enormously with demands focusing on poverty alleviation, tackling unemployment, fighting inequality or forcing companies to take affirmative action. The historical driver of CSR has been philanthropy or a sense of ethics. After the Second World War, a variety of national and international regulations arose through bodies such as the International Labor Organization (ILO) emphasizing the need for an active social policy for transnational companies (TNC's). This additional driver, international institutions, has relevance for India through the work of the ILO, the OECD, Socially Responsible Investment (SRI), the SA8000 Social Accountability scheme and through the work of the UN Commission on Human Rights which tackled the human rights responsibilities of TNC's. In India, some public sector companies can spend up to 5% of their profits on CSR activities. Pressure groups have been quite successful in inducing companies to fund CSR schemes, even to the point of using kidnapping as a tactic! Forms of CSR differ according to the country or region. In Europe, for example, notions of CSR probably developed out of the Church and a sense of ethics. In India, CSR has evolved to encompass employees, customers, stakeholders and notions of sustainable development or corporate citizenship. In transnational companies, the approach to CSR typically emerges from one of three elements including a decentralized strategy (which might examine human rights), a centralized strategy (which would be company-wide) or a globally integrated strategy (which would include Coca Cola or oil companies - where local actions can impinge globally).

The survey conducted by Times of India group on CSR used a sample size of 250 companies involved in CSR activities through a method of online administration of questionnaire. The questionnaire was evolved after due diligence including focus group meetings, consultations with key stakeholders and a pilot in four metros. Finally 82 organizations responded to the questionnaire. These comprised 11 public sector undertakings (PSUs), 39 private national agencies and 32 private multinational organizations. The respondent organizations form as

satisfactory percentage of 33 per cent of the sample size, given the fact that only those companies that had director indirect involvement in CSR activities were chosen to be approached for the survey.

The survey elicited responses from participating organizations about various challenges facing CSR initiatives in different parts of the country. Responses obtained from the participating organizations have been collated and broadly categorized by the research team. These challenges are listed below:

Lack of Community Participation in CSR Activities:

There is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.

Need to Build Local Capacities:

There is a need for capacity building of the local non-governmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

Issues of Transparency:

Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negative impacts the process of trust building between companies and local communities, which is a key to the success of any CSR initiative at the local level.

Non-availability of Well Organized Non-governmental Organizations:

It is also reported that there is non-availability of well organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

Visibility Factor:

The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

Narrow Perception towards CSR Initiatives:

Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.

Non-availability of Clear CSR Guidelines:

There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.

Lack of Consensus on Implementing CSR Issues:

There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

MECON's concern towards Corporate Social Responsibility (CSR) has been duly reflected in its engagement in rural/community development activities since 60's. In order to fulfill the objectives of CSR, a dedicated group was formed way back in 1976 with a few handpicked individuals and the group was named as "Community Development Committee (CDC)". Subsequently in the year 2010, "CSR Cell" was formed to coordinate the CSR activities of the organisation in association with other employees drawn from various sections as per requirement. Presently, MECON is carrying out a number of activities with special attention to the development of weaker/marginalized/under privileged sections of the society including SC/ST/OBC/Minorities, women and children, old and aged, physically challenged etc.

The major projects/activities/work being undertaken by MECON are as follows :

Education (Free literacy programme at various centers in slum/backward areas)

Women empowerment/Livelihood generation centre (Stitching & Embroidery training centers for women)

Skill development/vocational training (For Men & Women)

Aiding Institutions of Differently Abled/Disabled/ Handicaped persons

Infrastructure development (for schools/colleges/training centres/community centres/orphanages/hospitals) in adopted villages/rural areas/backward areas and for institutions of physically challenged boys/girls/persons.

General/Specialised Health camps, Specialised Medical treatment (Indoor treatment), Health awareness programs (HIV/AIDS, General Health) etc.

Sanitation and public health/toilets in adopted villages/rural areas/backward areas

Drinking water/Irrigation facilities (wells, tube wells with hand pump/solar pump) in adopted villages/rural areas/backward areas

Rain water harvesting system

Solar lighting system/LED based lighting system/Renewable energy system

Afforestation / Social Forestry, Other welfare activities etc.

Conclusion;

In order to crystal gaze the future of CSR in India and take time bound steps to mainstream it, the recommendations of the survey are firm indications of the existing state of affairs in the CSR domain; they correspondingly call for necessary and appropriate steps to be initiated to put CSR on firmer ground. The following recommendations are listed for serious consideration by all concerned stakeholders for their effective operationalization to deepen CSR in the company's core business and to build collaborative relationships and effective networks with all involved..

There is a need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective. This awareness generation can be taken up by various stakeholders including the media to highlight the good work done by corporate houses in this area. This will bring about effective changes in the approach and attitude of the public towards CSR initiatives undertaken by corporate houses. This effort will also motivate other corporate houses to join the league and play an effective role in addressing issues such as access to education, health care and livelihood opportunities for a large number of people in India through their innovative CSR practices. Thus, the social justice agenda of the day would be fulfilled more meaningfully.

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