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## CORPORATE SOCIAL RESPONSIBILITY PRACTICES – A STUDY OF SELECT LARGE-SCALE COMPANIES

**Dr. Vrushali Rajaram Kadam**

Assistant Professor

Yashwantrao Mohite Institute of Management, Karad  
Bharati Vidyapeeth (Deemed to be University), Pune

### Abstract

In present globalized scene the concept of Corporate Social Responsibility (CSR) cannot be ignored by the corporate world. Taking into consideration the changing market scenario, firms have to alter their work culture according to the market demands. Indian firms are not at all lagging behind in this initiative and some are already proceeding with it. Corporate Social Responsibility refers to the activities of the company that meet the needs and welfare of the society.

Under the new Companies Bill, the section states that large companies have to spend two percent of their average net profits on CSR activities. The aim of this Bill is to make the companies discharge their social commitment towards their stakeholders like customers, government and mainly the community at large. Alongside enhance the economic development of the company. This research paper seeks to explain the importance of corporate social responsibility in today's global era. It also gives a picture about the CSR focus areas in which the large-scale companies are carrying out their activities more intensively.

**Keywords:** CSR, Companies Bill, Stakeholders, Community.

### Introduction

In India, many corporations have been practicing the concept of Corporate Social Responsibility (CSR) activities to meet the needs of the society. Corporate Social responsibility refers to all those activities ranging from providing safe and eco-friendly products and services to giving a part of the company's profits to welfare organizations with a philanthropic perception. In today's dynamic settings nothing is perpetual but from past many years the word social responsibility or philanthropy and now Corporate Social Responsibility is constant. Every business firm has to carry out its work under some social surroundings which is called as society. As a responsible entrepreneur one is accountable for the welfare of the society in which the company operates such as helping society by means of protecting the environment, conserving the natural resources, recycling of wastage, health and education of public. However, Ministry of Corporate Affairs, is expecting to see the new law as an investment opportunity for creating a better work atmosphere, rather than a forced expenditure. The Ministry has defined a few focus areas for the companies to undertake their CSR activities.

The new Indian Companies Act, 2013 has replaced the old legislation governing the way corporate function. All companies with annual turnover of Rs.1000 crore and more, net worth of Rs.500 crore and more or a net profit of Rs.5 crore and more would have to spend at least 2 % of three-year average profit every year on CSR activities. They can spend the funds by collaborating with other firms or with NGO's also. Whatever amount they spend on social cause along with its details has to be reflected in Annual CSR Report. Companies have realized that Corporate Social Responsibility can gain respect for their company in the market which can result in both employee and customer loyalty. Above all in the current global state where competition is increasing, business leaders need to pay close attention on their Business Performance.

### Literature Review

**Hemingway (2002)** in her article has suggested that Corporate Social Responsibility (CSR) can imply diverse things to different people. CSR is generally regarded as a multi-disciplinary subject and its definitions vary in regard to the perceived scope or boundaries of the corporation's responsibility. CSR can be interpreted as a modern-day expression of the concept of philanthropy or charity. It is argued that the formal adoption of CSR by the way of corporations can be related to the changing personal values of managers. Clear understanding of CSR can be enhanced if the values operating at an enterprise level, as well as at the personal level are researched.[1]

Proactive firms focus on their 'triple bottom-line' of three Ps i.e People, Planet and Profits. In other words, they focus on economic, social and environmental contribution. A case study undertaken by V. Ahuja has highlighted how a carpet weaving company like Jaipur Rugs has climbed the ladder of success not because of their financial criteria, but in the way it has contributed to the society. The company has developed a business model which is standing on the pillars of social responsibility. The main objective behind their business model is to make the artisan community self-reliant and develop entrepreneurship among them. The company has explored the essence of helping those who create value.[2]

**In an article by Premlata and A. Agarwal (2013)** the authors have focused on why CSR is important for corporations? Why should they contribute for Country's Economic Development? They say that CSR is an important element of development



because companies need to look after their communities in which they operate, particularly those that are operating in rural areas. CSR can help the corporations to build their goodwill, differentiate themselves from their rivals by taking social initiatives, enhance access to capital and markets, increase sales and profits, improve brand image and reputation, enhance customer loyalty and also improve employee job satisfaction level.[3]

**MigleSontaite-Petkeviciene [2012]** explains that various authors have studied and given a number of reasons why companies engage in corporate social responsibility activities. Some of these reasons are improved financial performance, contribution to market share, improved product quality, increased employee turnover, increased employee commitment and better corporate reputation. Out of all these reasons enhanced corporate reputation is the most sought out benefit for the companies. It shows that CSR has become one of the most important drivers of corporate reputation. This is because CSR when broken down into segments like human responsibility, environmental responsibility and product responsibility ultimately affects corporate reputation. [4]

**Dr. Rajinder Singh (2017)** in his article has studied the CSR activities undertaken by Bharti Airtel in compliance with the new Companies Act, 2013. An Industrial Unit makes use of the resources of society and in turn the society helps for its functioning. Hence, these business units should contribute for the welfare of the society and its counterparts. Bharti Airtel which is one of the leading telecom company carries out its CSR activities in the areas of Education, Eradicating Hunger and Poverty, Gender Equality and Women Empowerment, Environment, Disaster Relief and Waste Management, etc. [5]

### Objectives of The Study

1. To study the importance of Corporate Social Responsibility.
2. To know the focus areas of CSR activities of selected large-scale companies.

### Research Methodology

The study was conducted with the aim to understand the importance of Corporate Social Responsibility for business firms and the focus areas of CSR activities undertaken by the firms. This required an in-depth discussion with the top management and some of the direct beneficiaries of the CSR initiatives adopted by a particular organization.

### Primary Data

The primary data for this research was collected with the help of structured questionnaire. A comprehensive questionnaire was prepared based mainly on closed ended questions as well as some open-ended questions. The researcher got the questionnaire filled from the CSR/HR Executives or CSR/HR Managers of the selected companies in the selected areas of study by conducting a detailed interview schedule.

### Secondary Data

The secondary data was collected by visiting various libraries and referring EBESCO online database, various Journals, Magazines, Proceedings of seminars and conferences, Research papers, Annual Reports of Selected Organizations, Internet, Government Gazette, Websites of various companies, etc.

### Importance of Corporate Social Responsibility to A Business

In today's situation of cut throat competition, every company is occupied in chasing business targets, making profits and handling competitive pressure in the market that they actually forget they also have social obligation towards the community. Corporate social responsibility plays a crucial role in the progress of the society and which would benefit the company in many ways. Let us see the importance of corporate social responsibility.

#### 1. Consumer Expectations

Normally consumers give more importance to a company's reputation than on the perception of the company's products. Now-a-days, it's not just enough to produce an innovative product or deliver exceptional service but people are more conscious in knowing that they are purchasing a product of a company that cares about its consequences on its surroundings.

#### 2. Boosts Employee Morale and Enhances their Loyalty and Retention

Employees are happy to work for a company that has a good image in the public as it boosts their morale and happy employees always give better productivity. Companies that are engaged in improving the community through corporate social programmes are more likely to attract and retain valuable and hardworking employees. If a corporation has a culture of corporate social responsibility then individuals are more likely to apply for available positions.



### 3. Better Relations with Vendors and Investors

Vendors continue to support companies that are strongly committed not only to their employees and customers but also to lives of others. Even the investors are willing to put in money into companies having a good sense of responsibility towards the society. They feel satisfied that their funds are being properly used and become a part of social cause. Vendors as well as Investor directly or indirectly participate in corporate social responsibility programmes through their financial relations with the company.

### 4. Enhancing Company's Reputation

To enhance the company's reputation is one of the reasons why companies from past are incorporating CSR. But nowadays it has become a common phenomenon so corporations are trying out new ways to build up their goodwill by experimenting on their social responsibilities. They are not only taking it seriously but also bringing a lot of creativity in it so that they serve their visionary purpose along with creating a distinct image for themselves in the market.

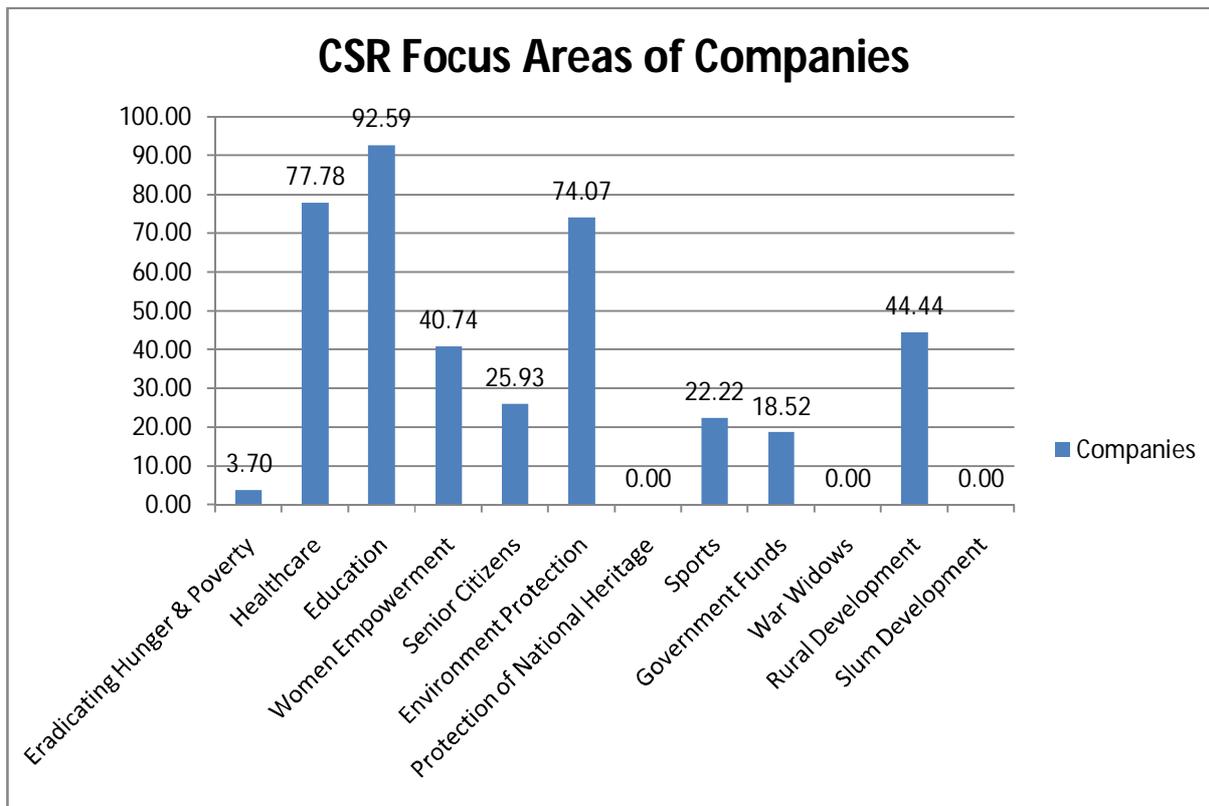
### Analysis of Data

Table No. 1: Graphical Representation of the Companies undertaking practices in various CSR Focus Areas

Company	Eradicating Hunger & Poverty	Healthcare	Education	Women Empowerment	Senior Citizens	Environment Protection	Protection of National Heritage	Sports	Government Funds	War Widows	Rural Development	Slum Development
Karad Projects & Motors Ltd., Satara	N	Y	Y	N	N	Y	N	N	N	N	N	N
Paranjape Autocast Pvt. Ltd., Satara	N	Y	Y	N	N	N	N	N	N	N	N	N
Cooper Corporation Pvt. Ltd., Satara	Y	Y	Y	Y	N	Y	N	Y	N	N	Y	N
Emerson Climate Technologies (I) Ltd., Satara	N	N	Y	N	N	N	N	N	N	N	N	N
Bharat Forge Ltd., Satara	N	Y	Y	Y	N	N	N	Y	N	N	N	N
Spicer India Pvt. Ltd., Satara	N	Y	Y	N	Y	Y	N	N	N	N	Y	N
Nipro India	N	Y	N	N	N	Y	N	N	Y	N	N	N
Godrej & Boyce Mfg. Co. Satara	N	Y	Y	Y	N	Y	N	N	N	N	Y	N
Asian Paints, Satara	N	Y	Y	Y	N	Y	N	N	N	N	N	N
Alfa Laval, Satara	N	Y	Y	Y	N	Y	N	N	N	N	N	N
Hindustan Spinning & Weaving Mills, Satara	N	N	Y	Y	N	Y	N	N	N	N	N	N
Ajanta Universal Fabrics, Satara	N	Y	Y	Y	N	Y	N	N	N	N	N	N
Desai Brothers, Satara	N	N	Y	N	Y	N	N	N	Y	N	Y	N



Mapro Foods, Satara	N	Y	Y	N	N	N	N	N	N	N	Y	N
Shriram Foundry Pvt. Ltd., Kolhapur	N	Y	Y	N	N	Y	N	N	N	N	Y	N
Menon & Pistons Pvt. Ltd., Kolhapur	N	Y		Y	Y	N	N	Y	N	N	N	N
Kirloskar Oil Engines, Kolhapur	N	Y	Y	N	N	Y	N	N	N	N	N	N
Manugraph India Ltd., Kolhapur	N	N	Y	Y	N	Y	N	Y	N	N	Y	N
GhatagePatil Industries Ltd., Kolhapur	N	Y	Y	N	Y	Y	N	Y	N	N	N	N
Kolhapur Steel Ltd., Kolhapur	N	Y	Y	N	Y	Y	N	Y	N	N	N	N
Fairfield Atlas Ltd., Kolhapur	N	Y	Y	Y	Y	Y	N	N	N	N	N	N
Arvind Cotsyn India Ltd., Kolhapur	N	Y	Y	N	N	Y	N	N	N	N	Y	N
Indocount Industries Ltd., Kolhapur	N	Y	Y	Y	N	Y	N	N	Y	N	Y	N
Raymond Zambaiti Pvt. Ltd., Kolhapur	N	N	Y	N	N	Y	N	N	N	N	Y	N
R. M. Mohite Textiles, Kolhapur	N	N	Y	N	N	Y	N	N	Y	N	N	N
Warana Group, Kolhapur	N	Y	Y	N	N	N	N	N	Y	N	Y	N
Sanjay Ghodawat Foods, Kolhapur	N	Y	Y	N	Y	Y	N	N	N	N	Y	N
Total	1	21	25	11	7	20	0	6	5	0	12	0
Percentage	<b>3.70</b>	<b>77.78</b>	<b>92.59</b>	<b>40.74</b>	<b>25.93</b>	<b>74.07</b>	<b>0.0</b>	<b>22.22</b>	<b>18.52</b>	<b>0.0</b>	<b>44.44</b>	<b>0.0</b>



**Interpretation:** The above graph shows the percentage of companies undertaking CSR practices in various focus areas. It reveals that majority of the companies are extensively carrying out their CSR activities for Education and Healthcare Areas. This is followed by Environment Protection activities.

Women Empowerment and Rural Development are the other focus areas which are concentrated by the companies to a good extent. Whereas Eradicating Hunger and Poverty, Protection of National Heritage, Activities for War Widows and their dependents and Slum Development are the focus areas which are still overlooked by the companies.

### Findings

1. It is found that the concept of Corporate Social Responsibility is gaining importance day by day due to the long-term benefits derived by the companies from them.
2. Majority of the companies are focusing on CSR activities related to Education like providing educational facilities to under-privileged schools, supporting the education of girl child, giving vocational education for livelihood, etc.
3. The other important focus areas where the companies have concentrated their attention are Healthcare and Environment Protection. Many Healthcare activities like Conducting Free Medical Camps, Sponsoring Medical Treatment of Poor People, and many more are carried out. In case of Protection of Environment varied activities like Tree Plantation, Recycling of Waste, Proper Disposal of Industrial Waste, etc are undertaken on a large extent.
4. Rural Development Projects and Women Empowerment Activities are the areas which are given preference after the above focus areas. Constructing roads, toilets, water storage tanks, and Cleanliness drive are some of the activities which come under Rural Development Projects.
5. Various CSR activities for senior citizens, promoting rural sports and contributing to the Government funds are also carried out by the companies but not on a very large scale.
6. Eradicating extreme hunger and poverty is also one of the CSR focus areas which needs to be addressed on a large scale but looking at the above graph it indicates that very little work has been carried out by the companies.
7. Protection of National Heritage, Art and Culture, Activities for War Widows and their dependents and Slum Development are the societal issues which have not yet received any attention from the companies.



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### Suggestions

1. Companies instead of conducting CSR activities according to their convenience should carry out a Need Assessment Survey beforehand so that they can plan their CSR programmes based on these issues of the society.
2. It is seen that most of the companies are working on the same societal issues; instead, they should mutually coordinate with each other and cover other neglected social issues which also need attention.
3. Companies should not consider CSR as a burden but their duty of returning something back to the society.
4. The CSR focus areas which are yet untouched need to be addressed for the overall development of the society.

### Conclusion

Corporate Social Responsibility (CSR) is the new way of getting to the bottom of social problems through shared cooperation between the government and business firms. It is also a medium for the companies to fulfill their social obligation towards the stakeholders. Government has laid down certain focus areas in the new Amendment to the Companies Act, 2013 wherein the companies can conduct their social activities. It is seen that many companies are performing their social responsibility in the areas mentioned in the Act much before its Amendment. Still, some of the focus areas like slum development, protection of national heritage art and culture, etc. Are not yet taken into consideration by the companies should be looked into.

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