

CHAPTER III

RESEARCH

METHODOLOGY

RESEARCH METHODOLOGY

Title : “A comparative study on CSR Practices, CSR implementation and corporate social disclosure practices between selected public and private sector enterprises”

3.1 SIGNIFICANCE AND SCOPE OF THE STUDY:

In the elongated history of social work, the profession had expanded its focus to include a variety of new and exciting areas of practice. One such area which has received attention as a significant part of social work practice is service to business and industry. Similarly the business community, in its effort to improve to overall functioning of personnel, is increasingly examining and using some of the services that the field of social work has to offer (Skidmore, 1975:135-136).

The transformation from industrial social work to corporate social responsibility points out a definite shift in the realm of social work vis-à-vis goal, objective and priorities of business. Over the past several decades social workers around the world have successfully been able to integrate with the modern production and business processes, particularly in addressing the emergent needs of the industrial population like those arising out of the psychosocial impact of workforce alienation, over-specialization, competitiveness, and stress and fatigue on their life. But this new configuration lends itself to the process of self-examination and the litmus test remains: Is corporate social responsibility a new area structured to delineate the corporate's idea of greater variety of social services for humankind; or just one more catchphrase used to establish the fact that business houses are doing „a lot more“ than mere expansion of industrial social work; or has there been a change in the principal objective and priority of the corporate at the back of starting these programmes—from curbing loss to „just making profit“?

Most of the CSR initiatives undertaken by the Companies are in areas traditionally supported by social work, including public safety, community development, education, public health and diversity. Over the years gradually many corporations have learned to tap into the expertise of social workers by creating roles for them within the corporate hierarchy. Social work plants the seeds for corporate good and describes the varied roles that social workers fill within corporations.

Corporate Social Responsibility is a much discussed and debated subject in contemporary business. It is also frequently found in the discourse of governments, public sector organisations, non-government organisations (NGOs), and even intergovernmental organisations such as the United Nations, the World Bank or the International Labour Organization. CSR, it seems, is almost everywhere. So apart from anything else, there is much to gain from an academic study of CSR.

With the accelerating pace of globalization and increasing competition, it becomes inevitable for companies to have clearly defined business practices with a sound focus on public interest. In recent years, the concept of Corporate Social Responsibility has gained prominence from all avenues. Business organizations, in recent years, are changing from economic profit maximizing private entities to economic quality of life enriching social institutions. CSR is no more an act synonymous with philanthropy. Activities designed to realize CSR differ from company to company and country to country. There is no unified approach in the implementation of CSR activities, which vary from corporation to corporation. Moreover, CSR implementation practices in India are not well documented. Various surveys are needed in order to understand the various issues and practical problems the companies are facing in CSR implementation.

The Magnitude of CSR in Gujarat is very huge. In Gujarat, around 15000 firms are eligible for CSR spend as compared to 13000 firms in the year 2013. The amount available at the disposal for CSR activities would be around 900 crores per year. Among these spending would be around 776 crore. The way a company spends its CSR funds is very important as it can lead to catalyze sustainable growth.

The optimum utilization of the CSR fund through a sustainable mechanism should be evolved. Looking to the Industrial scenario of Vadodara, the industrial clusters include Chemicals & fertilizers, Pharmaceuticals, Biotechnology, Cotton Textiles, Machine Tools, Glass, Engineering, Tobacco, Fisheries and Dairy. There are 149 large and medium industries working in the estate and employing about 43,025 workers. It is difficult to ascertain as to how many backward talukas have been covered under CSR activities by the companies.

With the growing recognition that all sectors of society are interconnected and influence each other, there is a growing realization among both public and private sector companies in India about their responsibility towards society. In the context of India's emergence as an economic superpower, CSR has attained its importance for corporates to work towards a growth.

While it remains a fact that the aim of business is to maximize the shareholders' value but the rest of what Friedman says, has been tured on its head in these times, with CSR becoming a Catalyst for the growth of a corporation.

This academic study of CSR therefore seeks to get behind the spin and explore some of these different perspectives with real substance. It is important to recognize that, in building an understanding of CSR, the aim is not to convince anyone that CSR is necessarily right or wrong, or even that some approaches are better than others. The aim is to explore different facets of the subject, and different perspectives, in an objective way that enables anyone interested in CSR to get a clearer picture of the area and make their own mind up as to what is good or bad about a particular approach.

The study would throw light into the CSR practices of the companies, strategies adopted to implement CSR, major issues and challenges associated with the implementation, and the corporate social disclosure practices.

This study has made an attempt to examine the concept and practices of CSR in the companies spread across the district of Baroda based on the data collected from various public and private sector companies. The findings provide an insight, as to how the organisations are practising CSR and what is the difference in their approaches adopted for practising CSR. One of the objectives of the study is to highlight the major issues and challenges associated with the implementation of CSR policies of the sample entities. **This study has made an attempt to provide a valuable insight into how the corporates are practising CSR. It has analyses the sources and patterns of sectoral differences among the industries reflected in CSR. Regardless of ownership patterns and structure of firms, how the**

companies are playing a pivotal role in promoting the process and content of CSR has been focused.

3.2 OBJECTIVES:

Major Objective:

- To have a comparative study on CSR of public sector and private sector corporate entities and find out the extent of diversification & similarities and in such practices.

SUB OBJECTIVES:

- To study the CSR policies, practices and activities of the selected corporate entities.
- To study the implementation models/strategies/approaches adopted by the sample entities.
- To study major issues and challenges associated with the implementation of CSR policies of public and private sector entities.
- To study major areas of social reporting and make an attempt to trace out disclosure practices among the sample entities as to CSR.
- To study the extent of diversification & similarities in such practices followed by sample entities.

3.3 HYPOTHESIS:

Hypothesis 1: There is no significant difference between the Factors which led to the investment into CSR activities of respective public and private sector entities.

Hypothesis 2: There is no significant difference between the CSR initiatives (activities) of the Public and private sector entities.

Hypothesis 3: There is no significant difference between the implementation strategies/methods of the sample entities (Public and Private Sector Entities).

3.4 RESEARCH DESIGN:

The entire research is descriptive v/s exploratory in nature. Descriptive as it describes the state of affairs of CSR in the sample entities and explores the facets of CSR.

A study on perception of the Policy Makers & Implementers which include CSR Heads and CSR Executives, Project Heads, Implementers the sample entities has been done to explore the CSR Practices, CSR Implementation, and Social Disclosure Practices among the companies.

The study is comparative since it would aim at studying and understanding the types of CSR policies, practices and programmes, implementation models/strategies/ approaches adopted by the corporate, major issues and challenges associated with the implementation, transparency and disclosure practices and methods of evaluation etc. which would be identified and studied with a comparative view of both the private and public sector companies. It will also find out the extent of similarities and diversification in such practices of CSR among the sample entities.

RESEARCH SETTING:

- The study has been carried out in different public and private sector corporate entities of Baroda District.

UNIVERSE:

- The universe of the present study comprises of Policy Makers(CSR/HR/corporate communication heads) and Implementers(cross-section of managers, project heads, and CSR executives associated with implementation) of various private sector companies and public sector companies located in Baroda District.

Different public and private sector entities of Baroda District fulfilling the below criteria.

- Those organisations that have for minimum 5 years implemented CSR programme or activities have been included in the study.
- All the companies which have extensive involvement in varied CSR activities have been included. (Field visits were conducted and annual reports referred prior approaching the organisations).

The help of database provided by FGI (Federation of Gujarat Industries) and DIC (District Industries Centre) has been taken to select the public and private sector entities and approach them for data collection.

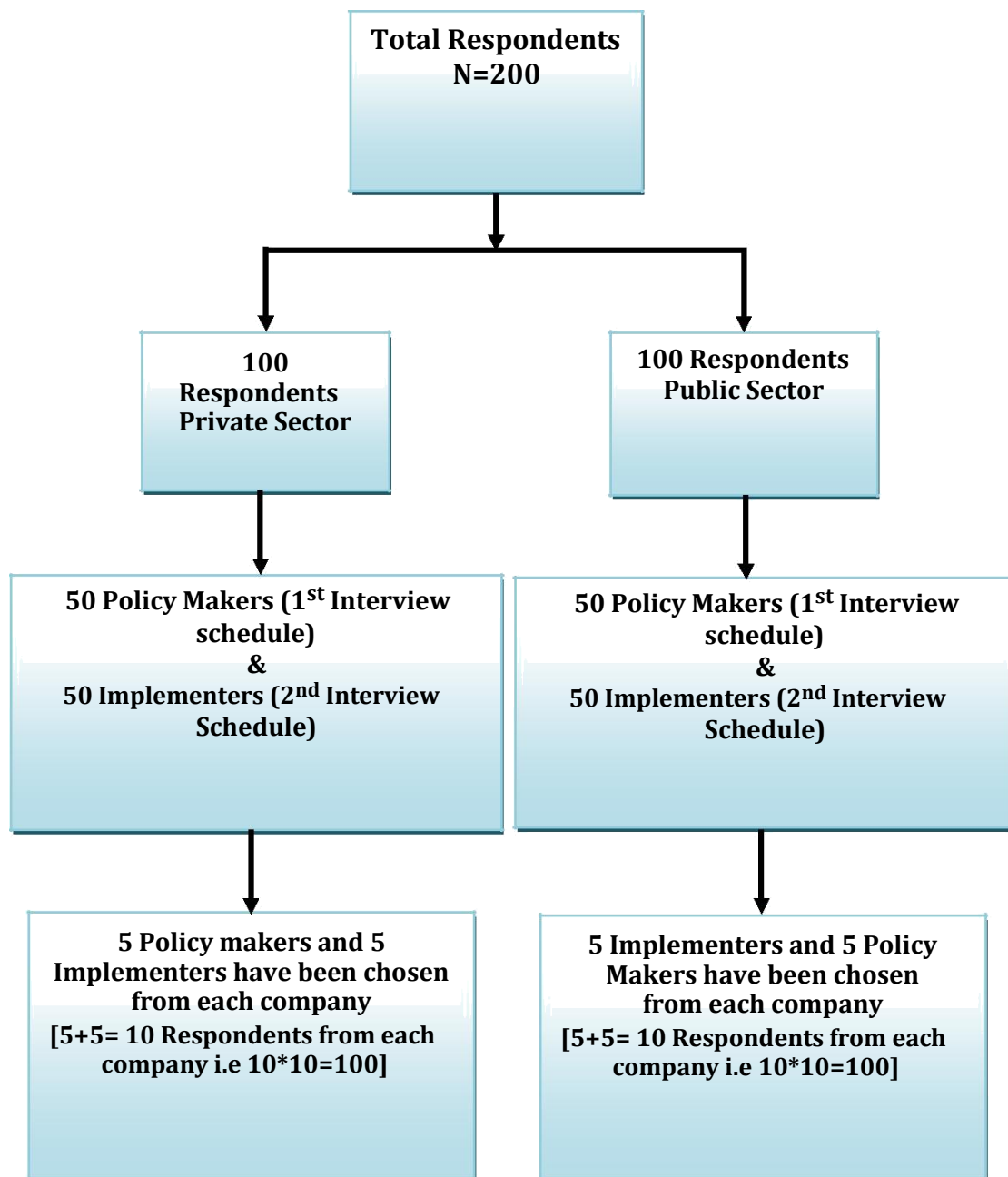
3.5 SAMPLING DESIGN:

- The sampling Design for the current research study is Non Probability based purposive sampling.*
- Non Probability sampling refers to the sampling where the probability of including each element of the population in a sample is unknown. (Higson Smith 1995)
- The Non Probability Sampling is also known as purposive sampling or deliberate sampling. In that the items for the sample are selected deliberately by the researcher, his choice concerning the items remains supreme. (C.R Kothari)

SAMPLE SIZE:

- The sample size consists of 200 respondents from 20 companies“i.e 10 public sector and 10 private sector companies falling in the criteria have been chosen.
- 10 respondents (5 Policymakers and 5 Implementors) have been chosen from each company i.e 200 respondents comprising Policy makers (CSR/HR/corporate communication heads) & Implementors (cross-section of managers, project heads, and CSR executives associated with implementation).

** Those industries where the investigator was able to get permission from the concerned authorities to conduct the research were included in the sample.*



3.6 TOOL OF DATA COLLECTION

- Self-designed questionnaire cum interview schedule has been used to collect data by the researcher in the present study is interview schedule containing both open-response questions and closed- response questions.

As there were no standard tools available in accordance with the objectives of the present study, the investigator prepared two tools, the precise description of each tool has been explained below in the diagram.

The above table shows that:

- The First interview schedule has been addressed and responses are sought from the policy makers (the CSR/HR/corporate communication heads of the public and private enterprises).
- The second interview schedule has been addressed to a cross-section of managers, implementers, project heads, and CSR executives looking after implementation in different sample entities. Their perception on various issues of CSR implementation has been captured on a Likert Scale.

Both the tools were validated by experts consisting of distinguished and experienced personnel in the field of statistics and as per the suggestions given modifications were done to give final shape to the tools. The statements which conveyed similar meanings were deleted. In the final questionnaire, only those statements were retained which were properly stated and fulfilled the purpose for which they were prepared. Thus validity was established in this manner.

The Cronbach's Alpha values are >70% for both the interview schedules. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability.

3.7 RELIABILITY_FIRST SCHEDULE

Scale: ALL VARIABLES

Case Processing Summary			
		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.816	.780	150

RELIABILITY: SECOND SCHEDULE

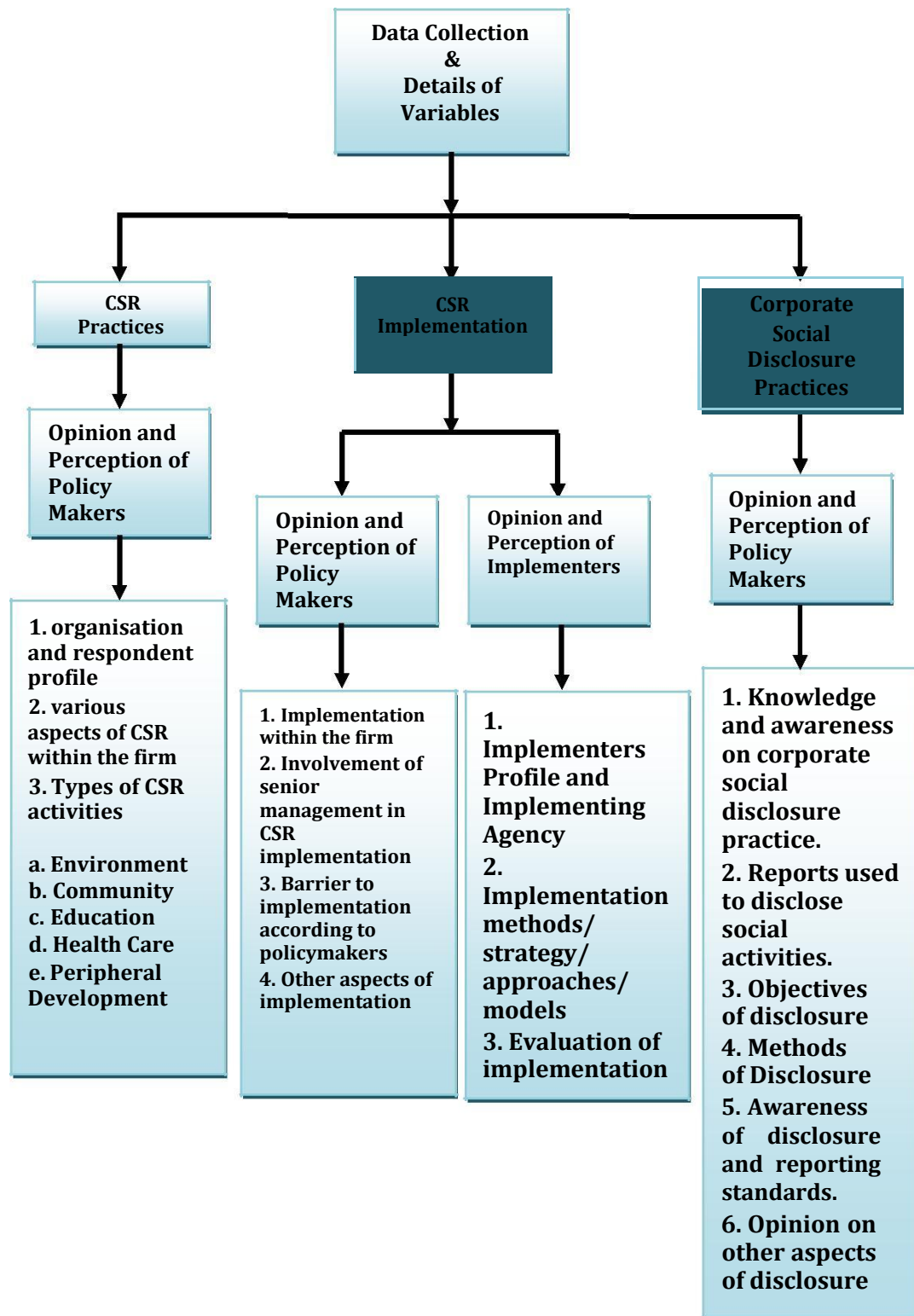
Scale: ALL VARIABLES

Case Processing Summary			
		N	%
Cases	Valid	31	100.0
	Excluded ^a	0	.0
	Total	31	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.850	60

The alpha coefficient for both is .816 and .850 , suggesting that the items have relatively high internal consistency.

3.8 TOOLS/METHOD OF DATA COLLECTION:



The data was collected by meeting the policymakers and implementers of respective public and private sector industries. The data was assembled by employing the above mentioned tools on the sample one by one and simultaneously instructions were given to them before filling the tools and then it was analysed and interpreted for better understanding.

3.9 DATA ANALYSIS: (STATISTICAL TECHNIQUES FOR PROCESSING AND ANALYSIS OF DATA)

The respondents' subjective perceptions has been analysed by objectifying their perceptions systematically.

1. **Descriptive Statistics:** Such as percentages and means, summarising the numbers which are presented in graphs. The raw scores are tabulated in frequency form in relation to CSR practices, Implementation, and corporate social disclosure practices.
2. **Inferential tests:** Tests to analyse the significance for testing hypothesis and drawing inferences about the strength of the findings.

(Inferential statistics allow inferences to be drawn about the similarities or differences between the sample and the population, or between samples or between subsets of a sample.) For Testing the following statistical tests have been used:

1. Means, SD, SE and (t tests).
2. Variance (Levene's test).
3. Distribution (ChiSq test).

The statistical analysis has been carried out using computer programme Statistical Package for social sciences (SPSS)

3.10 RESEARCH LIMITATIONS:

- The Respondents were not very open to reveal the true picture of the organisation and may present themselves in a public relations manner.
- The researcher experience difficulty in collecting data related to the actual spending in CSR activities as the authorities were reluctant to disclose the financial details.

- The data has been generalized based on the Perceptions of the policymakers and implementers belonging to the organisations of Baroda district.
- The data collection was very difficult as the policymakers and implementers did not set aside time easily and had to be convinced a lot for Data collection. The Waiting period was too long. Most of the times several months passed to approach a single policymaker and implementer. The appointments were cancelled many times. However the researcher took the help of the Research Guide in fixing an appointment with the concerned authorities which helped during collection of data.
- The questions which required financial details of the CSR activities of the company were clearly avoided by the participants.
- Few of the Respondents requested the researcher to keep the name of their company confidential and on this assurance data could be collected from them. As per the researcher this is a limitation because many details could have been mentioned in the study regarding the profile of the company had it been permitted by them. Because of request of few companies the researcher could not reveal the data of other respondent companies too.
- The field visits were located far away in the villages which consumed a lot of time of the researcher. It was found difficult to tap the implementers as they seldom were found at one place due to monitoring of multiple projects.

3.11 OPERATIONAL DEFINITIONS:

1. Corporate Social Responsibility

The totality of CSR can be best understood by three words: „corporate“, „social“ and „responsibility“.

In the present study, 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 is comprehended differently by different people.

Discourses on CSR suggest that many definitions of CSR exist within the business community and CSR continues to be an evolving concept, with no single definition that is universally accepted.

2. Private Sector.

The definition of private sector in the present study has been inferred from the field of Economics. In economics, the **private sector** is that part of the economy, sometimes referred to as the **citizen sector**, which is run by private individuals or groups, usually as a means of enterprise for profit, and is not controlled by the state. In the study, the National and Foreign Private sectors are also included under the broad term “Private Sector”.

3. Public Sector

The Public sector, sometimes referred to as the state sector or the government sector, is a part of the state that deals with either the production, ownership, sale, provision, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal. Both CPSE’s (Central Public Sector Enterprises) and SPSE’s (State Public Sector Enterprises) have been included under public sector in the present study.

4. Implementation

Implementation is the realization of an application, or execution of a plan, idea, model, design, specification, standard, or policy to carry out CSR activities in an entity.

5. Corporate Social Disclosure

“Corporate social disclosure (CSD) gives information to the public regarding a company’s activities that relate to the community. Examples are information on their commitments to reducing hazardous impacts on the environment, to improving waste management, to showing compliance with the Environmental Quality Regulation, to making efforts to protect their employees and to other social issues affecting the public.”

6. **Corporate Social Reporting** is a part of social accounting and based on CSR concept. CSR is a concept whereby organisations consider the interest of society by taking responsibility for the impact of their activities on creditors, investors, suppliers, customers, financial institutions, employees, government, communities and other parts of societies.

Social Reporting encompasses reporting on those activities of the organisation that have an impact on society.

7. **Policymakers**

The policymakers for the study includes HR/CSR/Corporate communication heads especially a person who is involved in formulating policies and who have the authority to direct the policies especially for CSR.

8. **Implementers**

Implementers are defined as:

When an entity/organisation is directly engaged in operating the CSR activity, the entity/organisation is also the implementor. NGOs or social enterprises that exist to create social change or carry out CSR activities are also implementers.