

## **CHAPTER-7**

### **Findings, Conclusions, Suggestions and Action Plan**

On the basis of previous chapter of data analysis and interpretation the findings, conclusions, implications and suggestions are drawn and presented here. Conclusions of the study reflect present environment of Corporate Social Responsibility Undertakings in the Multinational Companies of Gujarat. Implications of the present state of CSR at MNCs are discussed in light of what is expected from business in the global economy. Suggestions are made and an attempt has been made to develop a mechanism in the form of Corporate Social Responsibility Matrix to bring more accountability to CSR Commitments.

The findings and conclusions are discussed under the major headings of;

1. Organisation Profile
2. Corporate Social Responsibility Profile of the Companies.
3. Corporate Social Responsibility for Social Sector Investment
4. Respondents' Profile
5. Corporate Social Responsibility Practices
6. Corporate Social Responsibility Process Performance
7. Adherence to Corporate Social Responsibility Regulations
8. International Social Responsibility and MNCs
9. Relationship among Variables.
10. Respondents' Profile and Perception Indices
11. Correlations among various Indices

## Organisation Profile

- Among the responding 18 MNCs, 9 (50%) are located in urban and another 9 (50%) are located in rural areas. Majority i.e. 12 (66.76%) of the MNCs in Gujarat were established before the year 2000 and are considered old industries and remaining 06 (33.34%) industries are comparatively new as their presence in India is after year 2000. Based on its strength of employees, 11 (61.11%) are small industries having less than 1000 employees and 07(38.89%) are big industries, having more than 1000 employees.
  
- Out of 18 Industries, 09 (50%) have entered Indian market through Joint Ventures, 05 (27.78%) through M & A and 04 (22.22%) are Greenfield projects. Among them 10 (55.56%) are 100%-(voting shares) owned subsidiary of the parent company and 08 (44.44%) have above 50% investment in the form of FDI. Out of these 18 MNCs 07 (38.89%) industries do not have any permanent expatriate employees based in Gujarat and 07 (38.89%) have less than five expatriate presently. Then 03 (16.67%) industries have 6 to 10, and 01 (05.55%) of industries have more than 11 expatriate employees located in Gujarat. Across the 18 industries, there are 188 members in the board of governance overseeing Indian Operations and so naturally having some decision making power. Out of these 188 members, 118 (62.77%) are expatriate, that is not of Indian origin, where as only 27 (37.23%) are of Indian origin.

## **Corporate Social Responsibility Profile of the Companies**

- Out of 18 MNCs, 12 (66.67%) MNCs do not have any separate CSR Board or Committee either at international or national level. Majority MNCs, that is 12 (66.67%) do not have any special /separate meetings called only to discuss CSR agenda. Out of which 04 (22.22%) have it once in a year and 02 (11.11%) have the CSR meetings twice in a year.
- None of the industry has employed a single employee to carry out specifically CSR function. There are 16 (88.89%) industries where employees who handle CSR, shoulder it over and above their regular duties. In most of the industries, that is, 14 (77.78%) Human Resource Department coordinates CSR and 3 (16.67%) MNCs have identified a cross- functional team across the organization to carry out CSR. None of the MNC has given their CSR to be handled directly by any outside NGO. Further in 08 (44.45%) MNCs the employees having professional qualification relevant to work on CSR are involved in CSR activities. In 06 (33.33%) industries, employees learn while working on CSR and in 04 (22.22%) industries, some guidance or formal training is provided to equip the employees to carry out CSR work smoothly.
- 'Employees' as one of the stakeholders are identified by most MNCs that is, 14 (77.77%), Customers as stakeholders are identified by 11 (61.11%) industries, 09 (50.00%) have identified Suppliers, Communities and Company's Shareholders as stakeholders. Environment as a stakeholder is identified by 08 (44.44%) of the industries, Government and Competitors are

the least identified as stakeholders respectively by 03 (16.66%) and 02 (11.11%) of the industries.

- The company's business conduct is based on the written statement known as Code of conduct, and majority of the companies, 12 (66.67%) have their own company's code of conduct, 03 (16.67%) industries have adopted Intergovernmental codes and their CSR conduct emerges out of it, 02 (11.11%) have adapted Multi Stakeholder Code, and 01 (05.55%) has its code of conduct based on the Model Code and that is the source of their CSR conduct. None of the industries has adopted Trade Association Code. Similarly, there are various International CSR Standards or Guidelines to regulate conduct of MNCs in the host countries. Out of 18, majority i.e. 07 (38.89%) industries are not aware about their company's adherence to any such standards. 05 (27.78%) adhere to the Global Compact-1999 declared by United Nations, 03 (16.76%) adhere to the ILO Declaration, 02 (11.11%) adhere to the OECD Declaration and 01 (05.55%) adhere to the Global Sullivan Principles.
- Majority of the industries, that is 14 (77.77%) MNCs CSR designing is as per the stakeholders' needs and other 04 (22.22%) industries CSR designing is in reference to the host country's government guidelines. The same numbers of industries respectively say that their company's CSR has linkages with the performance of Business and receiving community support. Then for 09 (50%) industries, CSR is a Feel Good factor only and 02 (11.11%) industries

feel that CSR has its linkages with customer loyalty. None of the industry could see the linkages between CSR and employee retention.

### **Corporate Social Responsibility Undertakings for Social Sector Investment.**

- In the economic function area, Paying fair wages and Ensuring Employees' safety are most common direct measures that are undertaken by 14 (77.77%) industries. But there is no contribution made by these MNCs in the areas of Assistance for Capacity building of poor people in the communities and any other direct measures for Poverty Eradication in the host country.
- In the area of Education, 03 (16.67%) industries have undertaken the tasks of School Enrollment, Sponsorship to needy students and Merit awards to good students (among the two groups of stakeholders, those are employees' children and children of local nearby communities). Only 01 (05.55%) industry has built up its own educational institution that is a school in the rural area.
- Extending help for the betterment of Health, contributing through Maternal and child health care program and providing lifesaving drugs to needy is undertaken by 04 (22.22%) industries. Undertaking the cause for HIV/ AIDS is by 02 (11.11%) industries. The other three areas, Family welfare/Population control program, Training to healthcare providers and any particular disease control is undertaken by 01 (05.55%) each. None of the

industry has contributed, for building and running own hospitals and rehabilitation of disabled till now.

- Contributing for the development of Infrastructure, From the 18 (100%) industries, 04 (22.22%) have looked into safe drinking water facilities in the local/nearby communities. Provision of housing facilities, Building transportation facilities and providing any other civic amenities in form of community latrines are the three other areas where 01 (05.55%) industries have made direct contributions. Creating communication services is the most neglected area among the 18 MNCs under this study. 07 (38.88%) have not made any contributions in the development of infrastructure.
- In another area of social development, that is constructive leisure time, most of the facilities are for the internal stakeholder, employees and 02 (11.11%) industries have created and maintained recreation services within the factory and 02(11.11%) industries support sports/ cultural events of the employees and their families. Entertainment facilities in the form of group picnics and self- development activities are undertaken by 01(05.55%) industry occasionally.
- Contributions in Polity, is strictly in reference to the activities within the factory and with the employees on occasional basis only. From the 18 (100%) MNCs, only 02 (11.11%) industries say, they support human right perspective. Participation in civic activities, involvement in Citizenship

training, Generating political awareness and encouraging volunteerism/volunteers' training are rarely addressed by these MNCs.

- The MNCs that involve themselves with stakeholders issues and address problems of neighbourhood community is 06 (33.33%), issues of gender equality is addressed by 03 (16.67%), needs of the vulnerable groups and its abuse, awareness campaigns on relevant issues and rehabilitation of socially stigmatized is addressed by only 01 (05.55%) industries, whereas substance abuse is a totally neglected area.
- Major efforts made to improve quality of life of various stakeholders through CSR Undertakings are in the form of fair dealings with employees and customers that is by 10 (55.56%) industries, 08 (44.45%) industries produce high quality of goods and help in natural disaster and, 06 (33.33%) work for protection of environment.
- At the time of VRS, all 18 (100%) MNCs under the study extend help in terms of financial security (VRS Package) at this unnatural exit of the employee, but extending help beyond that, in any form of non financial support is negligible.

## **Respondents' Profile**

**The information on total 105 employees (respondents) across the 18 MNCs of Gujarat under the study is presented here.**

- From total 105 (100%) respondents majority i.e.60 (57.14%) respondents are young, 64 (60.96%) are having social sciences' educational background. Then 74 (70.48%) respondents are presently carrying out Non-HR Function and majority i.e. 79 (75.23%) respondents belong to middle management. Out of 105 respondents, nearly equal number of respondents i.e.53 (50.47%) respondents are with less than 14.41(Mean) years of work experience and 52(49.53%) are with more than 14.41 years of work experience and among them 82 (78.10%) have not worked on any CSR related functions in the past.
- From total 105 (100%) respondents 82 (78.10%) are presently not associated with CSR related work, and 23 (21.90%) are presently associated with CSR related work from that. 16 (15.23%) are working on CSR in the capacity of Planner, Advisor or Evaluator and 7 (6.67%) respondents are actual implementers. Among those who are presently involved only 01(0.95%) has received monetary incentive, and 01(0.95%) received award for community development work. Other 103 (98.10%) have not received/ heard of any such incentive.



## **Corporate Social Responsibility Practices**

- From total 105 (100%) respondents 61 (58.10%) perceive their companies manage CSR as an investment while 11 (10.47%) perceived their company manages CSR as a cost.
- Among various CSR Drivers for their respective companies, 'a deep sense of social responsibility is perceived as the most important driver by 60 (57.14%) respondents. Pressure from the stakeholders is least perceived CSR driver by, 8 (7.61%) respondents.
- Among the methods used for undertaking CSR, majority of respondents 39 (37.14%) perceived that their company contributes in CSR through volunteerism of its employees and this corresponds with 56 (53.33%) of the respondents perceived that CSR outcome is generation of feeling of volunteerism among its employees.
- Barriers to CSR :Lack of visible results and long gestation period' are major barriers in motivating company to undertake CSR as both are perceived by 33 (31.43%) respondents and 'willingness of the leaders' as a barrier is also perceived by 27 (25.71%).
- Undertaking CSR or not undertaking CSR, positively or negatively affects various factors of Corporate Governance. Among them corporate reputation and goodwill is at the top of the list as 85 (80.95%) of respondents

perceived it as the most affected factor. Company's relations with Government comes next affected factor as perceived by 78 (74.28%) of respondents. To 49 (46.66%) respondents the state of CSR affairs has its effects on stockholders' future response, 44 (41.90%) feel CSR undertaken or not undertaken has an impact on long term profitability and 43(40.95%) perceived that it influences the scope for survival for their company. Then 23 (21.90%) of respondents perceived that CSR, if undertaken or not undertaken affects acquiring better managerial talent and 21 (20.0%) of respondents perceive that the state of CSR has something to do with job satisfaction among the employees and the socio economic system in which company operates.

- Among 105 (100%) respondents majority, i.e. 48 (45.71%) perceived that their company is more into fulfilling statutory and legal compliances, and this is the first stage of CSR, that is, Social Obligation approach based on business having primarily economic function. The same is true for the seven stage process of Social Responsibility. Here, majority, i.e. 34 (32.38%) perceived that their company's CSR efforts is restricted to the first stage of social responsibility, that is, empowerment of individuals and various groups and other stages follow in descending order. The most confounded finding is, 30 (28.57%) respondents are indifferent to the company's CSR activities as it does not matter personally.

## **Corporate Social Responsibility Process Performance**

The respondents' perception on five different aspects under each of the thirteen social responsibility processes is given. Along with that, the intensity value of that process on Corporate Social Responsibility Process Intensity Index with its position on the index is given to get holistic idea about how the performance of that process is perceived by 105 respondents.

### **CSR Philosophy**

Majority of the respondents have perceived the presence of various philosophical aspects in their respective companies' day to day conduct. Out of 105 total respondents, from highest 99 (94.28%) who perceived that their companies' conduct reflect industries as agents of social change, to lowest 69 (65.72%) perceived that their companies social conduct do not get guided only by laws and market forces.

Compared to this, less number of respondents that is 04(3.81%) to 15(14.28%) remained undecided on their companies' conduct on the above aspects whereas 01(0.95%) to 21(%) of respondents perceived absence of these aspects in their companies' day to day conduct.

Among the thirteen CSR Processes, CSR Philosophy's performance is at the second position on the CSRPI Index with Intensity Value of 4.06.

### **Business Ethics**

In response to whether ethical considerations in business operations concerning various groups of stakeholders are evident at their company, out of 105 (100%)

respondents, highest number of respondents that is 102 (97.14%) perceived their respective companies' ethical conduct most often reflect in the issues concerning shareholders and employees. Then in the descending order, 95 (90.47%) perceived business ethics get reflected in the issues concerning customers, 88 (83.81%), perceived environmental issues are dealt ethically, 86 (81.91%) of respondents perceived that ethical practices of the suppliers are preferred over the business motives in their selection and lastly, 85 (88.58%) respondents perceived their companies being ethical with competitors.

Compared to the above majority who agreed, less number of respondents that is 0 to 09 (8.57%) could not decide on their companies' ethical conduct with various stakeholders whereas 0 to 15(14.28%) of respondents perceived absence of ethical aspects in their companies' conduct with stakeholders.

Among the thirteen CSR Processes with Intensity Value 4.20, performance of Business Ethics is at the first position on the CSRPI Index.

### **Corporate Citizenship**

More than eighty percent of the respondents have perceived their companies as 'Corporate Citizen'. As out of 105 (100%) total respondents. 101(96.19%) agreed that their companies contribute to protects and improve environment for sustainable development, 86 (81.91%) agreed that the company does support employment of differently able people, 83 (79.04%) and 81 (77.14%) respectively see their companies efforts to eliminate corruption, and keeping out of coercion and avoidable litigation and. The least perceived corporate citizenship aspect is incorporation of national policy objectives in the company's corporate planning and, its implementation as only 74 (70.47%) agree to it.

Compared to the majority, less number of respondents that is 0 to 10(9.53%) could not decide on their companies' conduct on corporate citizenship issues whereas 0 to 21(20%) of respondents perceive absence of these aspects in their companies' conduct.

Among the thirteen CSR Processes with Intensity Value of 3.67, performance of Corporate Citizenship is at the eighth position on the CSRPI Index.

### **CSR Communication**

Performance of CSR Communication Process is positively perceived by the respondents as out of 105 (100% ) total respondents majority that is 97(92.38%) and 94 (89.53%) of respondents respectively perceived their companies being honest and open in sharing rightful information and disclosing relevant and true information to its stakeholders, 90 (85.72%) perceived communication as transparent and proactive, 82(78.09%) perceived their company holds direct communication with the key audiences whereas, only 37(35.23%) perceived their companies consider it irresponsible business practice when commercial information is acquired through unethical means.

The presence or absence of various aspects of Communication process in their companies could not be decided by 03(2.86%) 15 to (14.28%) respondents whereas 05(4.76%) to 54(51.43%) of respondents perceived absence of these aspects in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.96, performance of CSR Communication is at the third position on the CSRPI Index.

### **CSR Knowledge**

It is found that the companies do make efforts to generate knowledge regarding CSR among its stakeholders and integrate various stakeholders by this common knowledge as out of total 105 (100%) respondents, highest 86 (81.91%) to lowest 66 (62.86%) respondents have perceived this in its various forms.

Compared to the majority, less number of respondents that is 10(9.52%) to 19(18.09%) could not decide on their companies' conduct on CSR Knowledge whereas 09(08.57%) to 23 (21.90%) of respondents perceived absence of these aspects of CSR Knowledge in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.71, performance of CSR Knowledge is at the seventh position on the CSRPI Index.

### **Stakeholders' Dialogue.**

Continuous interaction and dialogue with the stakeholders are essential for effective CSR Undertaking. The findings of the 105 respondents' perceptions indicate that, MNCs do indulge into dialogue with various stakeholders as out of total 105 respondents, majority of respondents that is, 72 (68.58%) perceived that their companies hold regular meetings with various group of stakeholders 69(65.72%) perceived their companies working in collaborations with government and NGOS, 68 (64.77%) perceived their companies are interactive with various stakeholders to understand the culture of the customers and then integrate it into marketing and products offered. 66 (62.86%) perceived their companies invite stakeholders, suggestions and act upon it. At the same time, 72 (68.58%) of respondents have perceived that most of the CSR strategies get articulated at management level only.

Compared to the majority, less number of respondents that is 0 to 17(16.19%) could not decide on their companies' conduct on various aspects of Stakeholder Dialogue whereas 20(19.05%) to 39(37.14%) of respondents perceived absence of these aspects in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.38, performance of Stakeholders' Dialogue is at the twelfth position on the CSRPI Index.

### **Corporate Gain.**

Corporate uses CSR as a tool to gain mileages in business is a known fact. This is largely confirmed here as out of total out of 105 total respondents, highest number of respondents that is, 76 (72.38%) perceived that their companies have undertaken CSR as it helps to gain reputation and brand equity in the market. 74 (70.47%) perceived it helps to gain public acceptance and community support and 73 (69.52%) perceived it that it strengthens management-stakeholder relations. 71(67.62%) respondents perceived CSR as a means to profit maximization in the long run and, 62 (59.05%) respondents perceived that their companies attract and retain its employees on the name of CSR.

There are no respondents who could not decide the purpose of their companies' CSR undertakings but 29(27.62%) to 43(40.95%) of respondents perceived that their companies do not undertake CSR for Corporate Gain.

Among the thirteen CSR Processes with Intensity Value of 3.75, performance of Corporate's Gain is at the fifth position on the CSRPI Index.

### **Stakeholders' Gain**

CSR when undertaken by any company society at large and stakeholders in particular are benefited. The intention of the company to undertake CSR for the benefit of the society is perceived by many. Out of total 105 respondents, 78 (74.28.%) of respondents agreed that the company undertakes CSR to build human and social capital 69 (65.72%) perceived that CSR is to improve quality of life of people, 65 (61.90%) perceived that ethical business operation and CSR safeguard larger societal interests, 60 (57.14%) perceived that CSR restores people's faith in industrial development and the least number of respondents that is 58 (55.23%) perceived that CSR is undertaken to deal with some developmental issues like alleviation of poverty.

On the issues of Stakeholders' Gain no respondents were unable to decide whereas 27(25.72%) to 47(44.77%) of respondents perceived that their companies' CSR is not undertaken with the purpose of Stakeholders' Gain.

Among the thirteen CSR Processes with Intensity Value of 3.61, performance of Stakeholders' Gain is at the tenth position on the CSRPI Index.

### **Conflict Management**

The companies adapt ways that may be proactive or reactive to manage conflicts arising out of their business operations but the Socially Responsible Companies are understood to manage conflicts proactively to the satisfaction of its varied stakeholders. It is found that out of total 105 (100%) respondents highest number of respondents, 88 (83.81%) perceived that their company proactively manages conflicts by providing better working conditions for the employees, 84 (80%) perceived by avoiding discriminatory practices at all levels of business



operations, 79 (75.23%) of respondents perceived that their company listens and acts on stakeholders' suggestions/ ideas to their satisfaction and that helps to manage conflict, 76(72.38%) perceived their company's institutional concern for social and ethical issues avoid conflict. Lastly 67 (63.81%) perceived that the company engages itself in negotiation with stakeholders in their interest helps managing conflict.

Compared to the majority, less number of respondents that is 02(1.90%) to 30(28.57%) could not decide on their companies' conduct on various aspects of Conflict management whereas 07(6.66%) to 23(21.90%) of respondents perceived absence of these aspects in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.82, performance of Conflict Management is at the fourth position on the CSRPI Index.

### **CSR Decision Making**

CSR Decision making involves various aspects. Consideration or negligence of these aspects helps to understand how the processes of CSR Undertakings are addressed by a company. Out of total 105 (100%) respondents, CSR Decisions taken by Participatory appraisal in their companies is perceived by 66 (62.86%) of the respondents. CSR Decisions taken only by corporate board (without consulting stakeholders) by 60 (57.14%) of respondents, CSR Decisions taken based on available extra deployable resources is perceived by 57 (54.28%) of respondents. CSR Decisions taken based on its success story in some other country rather than its relevance in local context is perceived by 48 (45.72%) of the respondents. National/local people's involvement to make decisions on CSR is perceived by 40 (38.10%) of respondents only.

The less number of respondents that is, 11(10.47%) to 30(28.57%) could not decide on their companies' conduct on the above aspects Of Decision Making process whereas 09(8.57%) to 54(51.42%) of respondents perceived absence of these aspects in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.37, performance of CSR Decision Making is at the last thirteenth position on the CSRPI Index.

### **CSR Review**

Reviewing of CSR may help to manage CSR activities. There are various purposes for which it is undertaken. Out of 105 (100%) total respondents 74 (70.47%) perceived that their companies undertake reviewing of CSR regularly.,69 (65.71%) perceived that CSR Review is for measuring its impact on the companies' financial performance, 63 (60%) perceived that systematic reviewing exercise is for monitoring and strengthening CSR, 60 (57.14%) perceived that the impact assessment of CSR is undertaken to expand its social benefits and 60 (57.14%) of respondents perceived that reviewing is for acting upon suggestions made by stakeholders.

Compared to this majority, less number of respondents that is 03(2.85%) to 11(10.47%) could not decide on their companies' conduct on the aspects of CSR Reviewing, whereas 28(26.66%) to 41(39.05%) of respondents perceived absence of these aspects in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.56, performance of CSR Reviewing is at the eleventh position on the CSRPI Index.

### **CSR Audit**

CSR Audit helps in measuring performance against the set objectives of CSR. It is found that out of total 105 (100%) respondents, 82 (78.10%) respondents perceived that CSR Audit is undertaken by their companies with a view to strengthen corporate accountability, 81 (77.14%) perceived that their companies undertake CSR Audit as it helps improve the strategic planning, 78 (74.28%) perceived that it allows to report on company's achievements based on verified evidence, 62 (59.04%) perceived that CSR Audit is for the investors and stakeholders to judge if it is achieving the values it set out in the beginning for the social cause, 60 (57.14%) respondents perceived that their companies consider third party certification of voluntary actions is a better tool to judge company's CSR Performance.

The process of CSR Auditing remained undecided by 01(0.95%) to 20(19.05%) of respondents whereas 19(18.09%) to 42(20%) of respondents perceived absence of aspects of CSR Auditing in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.56, performance of CSR Auditing is at the ninth position on the CSRPI Index.

### **CSR Reporting.**

CSR Reporting is done either with a genuine purpose of honest disclosure of company's activities or for achieving business motives. The finding reveals that out of total 105(100%) respondents majority that is 89 (84.77%) perceived that CSR reporting is a management tool to build corporate image, 79 (75.23%) perceived that CSR reporting is for creating creditability among various groups of stakeholders, 71 (67.62%) perceived that CSR reporting is used to avoids

people's (media)speculations on the company intentions., 69 (65.72%) perceived that their companies take CSR Reporting as a genuine responsible corporate activity, 55 (69.14%) of the respondents perceived that their companies undertake CSR Reporting along with financial reporting as a routine activity. Compared to these, 05(04.76%) to 40(38.09%) number of respondents could not decide on their companies' conduct on the aspects of CSR Reporting whereas 10(9.52%) to 26(24.76%) of respondents perceived absence of these aspects in their companies.

Among the thirteen CSR Processes with Intensity Value of 3.79, performance of CSR Reporting is at the fourth position on the CSRPI Index.

As the Corporate Social Responsibility Process Intensity Index (CSRPII), measures and indicates intensity of commitment to all thirteen various CSR Processes by MNCs under this study, the average intensity value for commitment to CSR Processes comes to 3.73 that is, fairly good on five point scale.

### **Adherence to Corporate Social Responsibility Regulations**

Twelve major regulations are talked about in the CSR Global Guidelines given for Multinational Enterprises while operating in other countries. Under each of the regulation several issues/ concerns are mentioned. The findings under each of these regulations are presented in range of high, moderate and low level on the basis of the employees' perception of adherence to it.

### **General Policy Framework**

The number of respondents who have perceived Adherence to Regulations on General Policy Framework at high level ranged between 52 (49.52%) to 72 (68.57%), at moderate level the number of respondents ranged between 31 (29.52%) to 49 (46.67%) and at low adherence level it ranged between 02(1.90%) to 04 (3.81%).

Among the twelve CSR Regulations with Intensity Value of 2.53, adherence to General Policy Framework is at the second position on the CSRRAI Index.

### **Quality of Work Life**

The number of respondents who perceived Adherence to Regulations on Quality of Work Life at high level ranged between 32 (30.48%) to 71(67.62%), at moderate level the number of respondents ranged between 31 (29.52%) to 57 (54.29%) and at low adherence level it ranged between 03 (2.86%) to 16(15.24%).

Among the twelve CSR Regulations with Intensity Value of 2.32, adherence to Quality of Work Life is at the sixth position on the CSRRAI Index.

### **Employment Conditions**

The number of respondents who perceived Adherence to Regulations on Employment Conditions at high level ranged between 46 (43.81%) to 85 (80.95%), at moderate level the number of respondents ranged between 18 (17.14%) to 48(45.71%) and at low adherence level it ranged between 02(1.90%) to 11 (10.48%).

Among the twelve CSR Regulations with Intensity Value of 2.48, adherence to Regulations on Employment Conditions is at the fourth position on the CSRRAI Index.

### **Industrial Relations**

The number of respondents who perceived Adherence to Regulations on Industrial Relations are at high level ranged between 33(31.43%) to 58 (55.24%), at moderate level the number of respondents ranged between 47 (44.76%) to 57 (54.29%) and at low adherence level it ranged between 0 to 15 (14.29%).

Among the twelve CSR Regulations with Intensity Value of 2.27, adherence to Regulations on Industrial Relations is at the seventh position on the CSRRAI Index.

### **Human Rights**

The number of respondents who perceived Adherence to Human Rights regulations at high level ranged between 56 (53.33%) to 65 (61.90%), at moderate level the number of respondents ranged between 38 (36.19%) to 40 (38.10%) and at low adherence level it ranged from 0 to 11 (10.48%).

Among the twelve CSR Regulations with Intensity Value of 2.42, adherence to Human Rights Regulations is at the fourth position on the CSRRAI Index.

### **Environment**

The number of respondents who perceived Adherence to Environment regulations at high level ranged between 54 (51.43%) to 68 (64.76%), at

moderate level the number of respondents ranged between 37 (35.24%) to 50 (47.62%) and at low adherence level is only 01 (0.95%) of respondents.

Among the twelve CSR Regulations with Intensity Value of 2.50, adherence to Environment Regulations is at the third position on the CSRRAI Index.

### **Consumer Interest**

The number of respondents who perceived Adherence to regulations on Consumer Interest at high level ranged between 56(53.33%) to 78 (74.29%), at moderate level the number of respondents ranged between 27 (25.71%) to 36 (34.29%) and at low adherence level it ranged between 0 (0.00%) to 13 (12.38%).

Among the twelve CSR Regulations with Intensity Value of 2.59, adherence to Regulations on Consumer Interest is at the first position on the CSRRAI Index.

### **Direct Contribution to Community**

The number of respondents who perceived Regulations on Adherence to Direct Contribution to Community are at high level ranged between 31 (29.52%) to 39 (37.14%), at moderate level the number of respondents ranged between 46 (43.81%) to 52 (49.52%) and at low adherence level it ranged between 20 (19.05%) to 22 (20.96%).

Among the twelve CSR Regulations with Intensity Value of 2.11, adherence to Direct Contribution to Community is at the twelfth position on the CSRRAI Index.

### **Training**

The number of respondents who perceived Adherence to Training regulations at high level ranged between 28 (26.67%) to 57 (54.29%), at moderate level the number of respondents ranged between 39 (37.14%) to 49 (46.67%) and at low adherence level it ranged between 09 (8.57%) to 28 (26.67%).

Among the twelve CSR Regulations with Intensity Value of 2.24, adherence to Training Regulations is at the ninth position on the CSRRAI Index.

### **Disclosure**

The number of respondents who perceived Adherence to Regulations on Disclosure at high level ranged between 27 (25.71%) to 40 (38.1%), at moderate level the number of respondents ranged between 61 (58.1%) to 70 (66.67%) and at low adherence level it ranged between 04 (3.81%) to 08 (7.62%).

Among the twelve CSR Regulations with Intensity Value of 2.26, adherence to Disclosure is at the eighth position on the CSRRAI Index.

### **Corruption**

The number of respondents who perceived Adherence to Corruption Regulations at high level ranged between 32 (30.48%) to 54 (51.43%), at moderate level the number of respondents ranged between 39(37.14%) to 64(60.95%) and at low adherence level it ranged between 09(8.57%) to 12 (11.43%).

Among the twelve CSR Regulations with Intensity Value of 2.15, adherence to Corruption is at the eleventh position on the CSRRAI Index.



### **Corporate Governance**

The number of respondents who perceived Adherence to Regulations on Corporate Governance at high level ranged between 29 (27.62%) to 38 (36.19%), at moderate level the number of respondents ranged between 41 (39.05%) to 55 (52.38%) and at low adherence level it ranged between 21(20.0%) to 26 (24.70%).

Among the twelve CSR Regulations with Intensity Value of 2.21, adherence to Corporate Governance is at the tenth position on the CSRRAI Index.

As the Corporate Social Responsibility Regulations Adherence Intensity Index (CSRRAI), measures and indicates intensity of adherence of all twelve CSR Regulations by MNCs under this study, the average intensity value for Adherence to CSR Regulations comes to 2.34 that is, moderately well on three point scale.

### **Respondents' Opinions on International Social Responsibility**

Opinions of the respondents on International Social Responsibility with special reference to MNCs are given below..

Majority, 99 (94.28%) of respondents opined that CSR is a link to sustainable development, and it is a strategy for accelerating economic growth is opined by 81(77.14%) of the respondents. Some of the respondents that is 72(68.58%) opined that CSR is not an 'add on' to core business activity and 98(93.33%) of

respondents opined that it is a means through which business can address the impact of their operation.

Majority of 96 (91.42%) respondents opine that education and training of CSR to managers and others is a pre-requisite. Then in 87 (82.86%) respondents' opinion a constant communication between business and society is very necessary. Then 78(74.28%) respondents opined that CSR requires transparency and credibility and 75 (71.42%) opined that credibility requires involvement of Stakeholders. Compared to this, small number of 53 (50.47%) respondents share an opinion that profit is a pre-requisite for CSR and 33 (31.43%) opine that thinking of short and long term social consequences of all its operations is not a prerequisite of global business.

Business has a responsibility for helping society's problems is firmly opined by 69 (65.72%) of respondents, and there are 54 (51.42%) respondents in whose opinion the cost of CSR should not be passed on to consumers. As 45 (42.86%) respondents feel that CSR is forced activity on MNCs by the critics of LPG policy, 38 (36.19%) also opined that MNCs are not interested in creating benefits without being paid for it and 33 (31.42%) confirms that MNCs' major concern is only returns on their investment on social activities. Here 28 (26.67%) respondents opined that MNCs are complacent in Human Right issues and this needs attention.

## **Organisation Variables and Perception Indices.**

The T-Value of Location of Organization with CSR Practice Index is found to be 0.83, with CSR Process Performance Index it is 0.57, with CSR Regulations Adherence Index t-value is 1.62 and with the International Social Responsibility Opinion Index 0.53 which are found 'not significant at 0.05 probabilities with DF-103. The results indicate that the population means are same and so there is no relationship between various CSR Indices and Location of the Organisation.

- The T-Value of Nature of Business with CSR Practice Index is found to be 2.03 which are significant at 0.05 probabilities with DF-103. This indicates a significant difference in the population means and reflects that employees of engineering industries have more often observed their companies undertake CSR practices in comparison to their counterpart in the other group of companies. At the same time T- Values of other three indices that is CSR Process Index is 1.19, CSR Regulations Adherence Index t-value is 1.28 and the International Social Responsibility Opinion Index it is 0.44 which are found 'not significant at 0.05 probabilities with DF-103. This indicates that Nature of Business does not show significant relationship with the other three indices.
- On the basis of T-Values of Age of Organisation with Various CSR Indices it can be said that there is no significant difference in the population means of old and new industries in the case of CSR Practice Index, and

International Social Responsibility Opinion Index as their T-Values are 0.30 and 1.24 respectively, Where as, there is a significant difference in the means of population of CSR Process Index of old and new industries as its T-Value is 3.03 and it reflects that employees of new industries have more often observed their companies having sound performance in carrying out CSR Processes. Similarly T-Value of CSR Regulations Adherence Index is 3.10 suggesting its significant relationship with Age of the Organisation.

- For the relationship of various CSR Indices with Mode of Entry of the organization in the Indian markets, it can be said that there is no significant difference in the population means of Indices of the employees of joint Ventures and other companies in the case of CSR Process Index and CSR Regulations Adherence Index as their respective T-Values are 1.37 and 0.28, Where as, there is a significant difference in the population means of CSR Practice Index and International Social Responsibility Opinion Index of the employees of joint ventures and other companies as their respective T-Values are 2.64 and 2.05 at 0.05 probabilities with DF-103. This indicates significant relationship of CSR Practices and International Social Responsibility Opinion Index with Mode of Entry of the organization.

The relationship of Size of Organisation with three CSR Indices, namely, CSR Practice Index, CSR Process Index and CSR Regulations Adherence Index is not significant as the respective T-Values are 0.75, 0.53 and 0.83 indicate not significant difference in the population means at 0.05 probabilities with DF-103. The T-Value of International Social Responsibility Opinion Index is 2.05

that indicates that the population means are significantly different and so there is a relationship between International Social Responsibility Opinion Index and Size of the Organisation.

### **Respondents' Profile and Perception Indices**

The respondents' Educational Background and various CSR Indices do not show any correlation as the T-Values of respondents Educational Background with CSR Practice Index is found to be 0.20, with CSR Process Index it is 0.05, with CSR Regulations Adherence Index t-value is 0.75 and with the International Social Responsibility Opinion Index 1.23 which are found 'not significant at 0.05 probabilities with DF-103. The results indicate that there is no significant difference between population means and so there is no relationship between various CSR Indices and Educational Background of the respondents..

The respondents' Age and various CSR Indices do not show any correlation as the T-Values of respondents Age with CSR Practice Index is found to be 0.22, with CSR Process Index it is 0.45, with CSR Regulations Adherence Index t-value is 0.07 and with the International Social Responsibility Opinion Index 0.98 which are found 'not significant at 0.05 probabilities with DF-103. The results indicate that there is no significant difference between population means and so there is no relationship of respondents' perceptions on various CSR Indices with their Age.

- There is no correlation between respondents' Total years of Work Experience and various CSR Indices as the T-Values of respondents' Years of Experience with CSR Practice Index is found to be 0.79, with CSR Process Index it is 1.40, with CSR Regulations Adherence Index t-value is 0.78 and with the International Social Responsibility Opinion Index 0.49 which are found 'not significant at 0.05 probabilities with DF-103. The results indicate that there is no significant difference between population means and so there is no relationship of respondents' perceptions on various CSR Indices with their Total years of Work Experience.
  
- There is no correlation between respondents' Function/Department and three CSR Indices as the T-Values of respondents' Function/Department with CSR Practice Index is found to be 0.31, with CSR Process Index it is 0.07, with CSR Regulations adherence Index t-value is 0.09 which are found 'not significant at 0.05 probabilities with DF-103 but, with the International Social Responsibility Opinion Index, the T-Value comes to 2.27. The results indicate that there is no significant difference between population means of Practice, Process and Adherence Indices but there is a correlation of respondents' Opinions about International Social Responsibility with the Function handled by these respondents.
  
- There is a significant correlation between respondents' having past CSR Experience and three CSR Indices as the T-Values of respondents' Past CSR Experience with CSR Practice Index is found to be 3.50, with CSR Process Index it is 2.44 and with International Social Responsibility

Opinion Index it is 1.87 which are found significant at 0.05 probabilities with DF-103 meaning, there is a significant difference between population means of Practice, Process and Opinion Indices of CSR with respondents past experience of CSR whereas with CSR Regulations Adherence Index t-value is 1.03 that indicates there is no correlation of respondents' perception of their companies' Adherence to CSR Regulations with their past experience of handling CSR function handled by these respondents.

- There is no correlation between Organisation Profile and three CSR Indices as the T-Values of respondents' belonging to high and low profiled CSR Companies with CSR Process Index is 1.13, with CSR Regulations Adherence Index t-value is 0.42 and with the International Social Responsibility Opinion Index it is 0.57, which are found 'not significant at 0.05 probabilities with DF-103, but the T-Value of Organisation Profile with CSR Practice Index comes to 2.03. which is significant at 0.05 probabilities with DF-103.
- The results indicate that there is no significant difference between population means of Organisation Profile with Process, Adherence and Opinion Indices but there is a correlation between Organisation Profile and CSR Practice Index. Among the thirteen CSR Processes, three have significant difference in their population means as suggested by their t-values. These three processes are, Corporate Gain with t-value 2.28, CSR Review with t-value 3.27 and CSR Audit with t-value 2.61. In all the three, the respondents belonging to low profiled CSR Companies have more often observed their companies intention to gain more from CSR. CSR Review

and Audit are more often used as corporate tool to enhance the companies' image.

### **Correlations among various Indices**

On Product Momentum Coefficient of Correlation the correlation between Adherence to CSR Regulations with CSR Processes and Opinion about International Social Responsibility is strong and positive with coefficient correlation value of .72.

The correlation between CSR Practice Index and Index of Adherence to CSR Regulations is just fair as its coefficient correlation value is little higher than 0.25.

Coefficient of Correlations value of 0.72 suggests that there is a positive correlation exists between CSR Processes Index and Adherence to CSR Regulations index and also between Adherence to CSR Regulations index and International Social Responsibility Opinion Index.

At the end, it can be said that, Adherence to CSR Regulations is positively related with company's performance on CSR Processes and the employees' opinion about International Social Responsibility. The study suggests that at these MNCs higher adherence to CSR Regulations reflects positively on CSR Process undertakings and in the opinion of the employees of these MNCs issues of International Social Responsibility are managed responsibly by the MNCs.



## CONCLUSIONS

In the CSR literature CSR overlaps with other concepts such as corporate citizenship, business ethics and sustainable development etc. These concepts are also continuously undergoing change at practice level by the companies. They are interpreted differently with convenient meanings attached to all of them. Corporate philanthropy and environment policies most often represent CSR. This lack of consistency in the use of the term CSR has made companies name any form of 'tokenism' as CSR.

Under the Company Code of Conduct, there are well written policy frameworks that take care of Business Ethics, CSR Philosophy and its principles. Still, the common understanding about CSR is prevailing more often in its most traditional form of 'charity', in other words, occasional contributions to community and community level involvement by the industries. There are indication of new waves, such as attention to socially responsibly products, protecting consumer interest, human rights, environment compliances and occasional socially responsible employee and industrial relations under CSR. In spite of wide acceptance of CSR Reporting in these MNCs, knowledge about existence of International Voluntary Corporate Social Responsibility Standards for MNCs is limited even among the top management officials.

## **Corporate Social Responsibility Profile and Practices**

### **CSR Structure and Functioning.**

MNCs operating in Gujarat do not have any separate CSR structure in terms of a Board or a Committee that especially take care of companies' CSR related activities. Holding periodical discussion on the issues pertaining to CSR is not a regular feature at these MNCs. There is absolute absence of separate functional department for CSR hence Human Resource Departments of the companies, in most of the cases are made responsible to carry out CSR and related activities. The HR department functionaries having more of social science educational background are given CSR related responsibilities over and above their regular work. On the job training to equip these employees to undertake CSR and carry it out effectively, is negligible at the MNCs under this study.

### **CSR Planning**

Employees and Shareholders are the most often identified groups as stakeholders, followed by Customers, Suppliers, Community and Government. Most of the industries claim to have their CSR Undertakings based on their stakeholders' needs but planning of CSR is done at the parent company's top management level indicating process of decision making is from top to bottom. This makes involvement of local stakeholders of the host country minimal or rather nil in decision making and makes it indicative that MNCs undertake CSR that goes with the company's global image with available extra deployable resources, and not to meet development requirements of the host country and local/immediate stakeholders.

### **Investment in Social Sector**

The CSR Undertakings for the benefits of local community and society at large seem very limited as these MNCs have not involved themselves much for various developmental activities required for the cause of Social/Human Development. These MNCs are most often consistent in undertaking responsibilities within the internal orbit that is, in the forms of paying fair wages, taking utmost measures for the employees' safety at work place and better returns on shareholders' investment etc. compared to being consistently responsible for developing and implementing social/human development measures on the outside, for the local communities or society at large. This is seen as these MNCs do not show any such perceptible efforts or investment that has contributed to improve the social conditions of the locals. In Gujarat MNCs' contributions to strengthen the social parameters of the host country's local communities seem to be superficial and insignificant.

Majority of the MNCs in Gujarat are joint ventures and Mergers. Historically, these are the two business conditions where downsizing is a reality of the entire reengineering process. Now in the global business conditions Voluntary Retirement Scheme (VRS) is a business reality which most often turn out to be a Compulsory Retirement Scheme (CRS). The company supports the outgoing employees through financial VRS Package only. In most of the cases, relevant non-financial help in its various forms may prove to be very crucial in stabilising exiting employees and their families in a long run. This approach indicates MNCs' concern, dignity and respect for the employees against harsh business decisions.

## **CSR Linkages**

The results/outcomes of CSR are linked more often with company's reputation and generating goodwill among various stakeholders that improves business conditions. For most of these MNCs, CSR for better business performance heavily outweighs its linkages with either receiving community support or customer loyalty. CSR helps in employee retention is not observed at all. This suggests two things. One is that MNCs do not face problems in retaining customers and employees so that they need to use CSR as a retention tool. Secondly, the customers, while buying products are more concerned with the brand name and, the employees, when working with MNCs are more concerned with comparatively higher packages and benefits, better working facilities etc. and do not bother to judge them on their social responsibility conduct. This may be a typical feature of developing country.

The 'Social Obligation' approach is the most observed approach across these MNCs. This approach is based on business having primarily economic concern and so statutory and legal compliances are the only priorities. The case with these MNCs is long gestation period and lack of visible results emerges as the strongest barriers to undertake CSR. This fact, contradicts as 'a deep sense of social responsibility' emerges as the most considered driver of CSR. It is also a matter of concern that in the liberalized economy, MNCs' Social Responsibility is still restricted to its first stage of empowerment of identified individuals and groups rather than working towards broader social responsibility objectives.

- In each of these areas the stronger relationship between CSR and mainstream business activity is suggestive of CSR for better business. MNCs, as business organisations possess resources and expertise and at times due to its sheer size enjoy social power; which comes from this very society where it operates. As per the Social Contract Theory, “legal constraints alone are insufficient to ensure a minimum acceptable level of socially responsible behaviour by firms. They must be supplemented by constraint on corporate behaviour that is built into the implicit “contract” between the firm and society” and so should be held responsible for helping society to solve its problems. In light of the above discussion, CSR Undertakings of MNCs makes more of a Business case of CSR than a Moral case as it has been discussed in the introduction chapter of this study.

#### Corporate Social Responsibility Process Performance

- MNCs’ are in agreement to CSR Principles and that is captured in their Social Policy framework. The policy view industries, as a social change agent and CSR beyond administrative and legal compliance to internal rules and regulations. They incorporate business ethics wherein respect and dignity of their shareholders and employees are paramount to them.
- At MNCs, communication in reference to CSR is a two way process that contradicts with CSR in principle. The company does share relevant information with those groups of stakeholders who have the legitimate right

to access it. At the same time, as 'business' is their priority, the company seeks necessary information for accelerating their business by all means.

- Most of the MNCs in Gujarat as a good corporate citizen, render environmental concerns, consider employment of differently able and, try to keep away from corruption and unnecessary litigations. High standards of working conditions with fair employment practices and willingness to act ethically in negotiations help to avoid and manage conflict with stakeholders.
- There is an effort to generate common knowledge among various stakeholders regarding companies efforts directed towards CSR. It is also seen that these MNCs employ scientific measures to gather knowledge about needs of the local communities, share this knowledge, and educate and train managers to cater these needs of communities. At the same time it is revealed that the CSR strategies are formed more at the top management level where the scope of interaction with local stakeholders is minimal. Planning and decision making of CSR at MNCs seem less likely to incorporate social objectives of the host country. The decisions about socially responsible undertakings for the local communities are most often taken by corporate board members. These decisions depend largely on the available extra, deployable resources with the company. This indicates 'top to bottom' approach to CSR, more to suit corporate needs rather than generating 'common good' by meeting peoples' needs. More number of

expatriates in the governing body for India Operation of these MNCs might be an important factor affecting CSR decision making.

- In the array of CSR undertakings, whose gain is intended, society or corporate? In answer to this, it is largely felt that, CSR processes through which corporate gains in terms of alleviating brand equity, image and profits for the business in the long run, are more often observed compared to CSR processes that improves quality of life of common people, and benefits the society at large. Whatever socially benefiting processes visualised they help to restore people's faith in industrialisation processes and liberalisation of the economic boundaries but more so it helps companies to gain public acceptance and support of the local communities.
- Most often CSR Reviewing, Auditing and Reporting are used as a corporate tool as it helps enhancing image of accountability of the company in the public eye and avoids media speculation on the business intentions. CSR Reviewing also helps companies assess the impact of CSR on the financial results of the company and rarely used for enlarging the scope of social benefits through these corporate processes.
- When we talk about the intensity of commitment with which these processes are carried out at MNCs, out of total thirteen CSR processes, seven processes' performance is lower than the average expected performance. These seven CSR processes are Decision Making,

Stakeholders Dialogue, Stakeholders' Gain, Corporate Citizenship, CSR Knowledge, Review and Audit. MNCs' CSR performances on these processes reflect weaker commitments and need further rectification.

### **Adherence to Corporate Social Responsibility Regulations**

- The MNCs show very high adherence to CSR Principles at the policy level. Within the issues under general policy framework, the statutory and legal compliances are taken utmost care of, followed by the issues concerning direct stakeholders' interests and adherence to purely voluntary development issues seem to take the backseat. MNCs' show higher adherence to the issues of consumers than to the local communities' development issues. Under various Training regulations, statutory training is more often adhered to than purely voluntary training that can contribute in the development of indirect/external stakeholders.
- The MNCs highly adhere to high standards of safety at work place and fair employment practices that are appropriate to the laws of the host country. MNCs provide equal employment opportunities to many and strongly believe in harmonious, co-existence of trade union and management but seem to hold back when there is a question of conceding 'freedom' in collective behaviour.
- High adherence to practice of using human right language and spirit is observed at these MNCs. Their approach to environmental concerns is more



reactive as they are more in to monitoring and controlling 'environment safety' arising out of their business operations rather than proactively meeting environmental challenges.

- The MNCs keep away from indulging in to local politics, makes employees aware about the company's anti-corruption policy, but it seems that controlling flow of bribe for retaining business and fostering a culture of ethics in the company do not come easily.
- At these MNCs financial outcomes are accurately disclosed with transparency compared to the disclosure or communication of activities influencing sustainable development outcomes. Accountability in non-financial issues, overall business ethics and all other issues related to CSR Governance are observed to be adhered more at moderate level at these MNCs.
- When we see in totality these MNCs' intensity of adherence to the twelve regulations commonly mentioned under international guidelines on CSR, their adherence to seven regulations seem below the average expected level. These regulations are Quality of Work Life, Industrial Relations, Disclosure, Training, Corruption, CSR Governance and Direct Contribution to Local Communities.

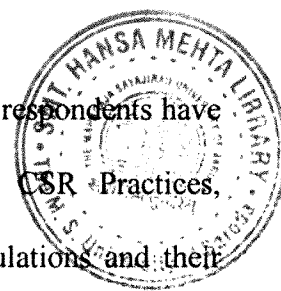
## **International Social Responsibility and MNCs**

There is a debate going on 'WHY and WHAT' of CSR in all the economies, be it developed or developing or not so developing. As the businesses have become global in its true sense, CSR becomes a critical and vital approach to equate development of economy for meeting social objectives.

- It is largely accepted that for MNCs, CSR should be an effective strategy to address business as well as social goals. It is also true that CSR is not to be viewed merely as legal and statutory compliances but is to be considered as a core business activity that helps business to payback to the society in a benefiting way.
- It is strongly believed that for the MNCs while operating in the host country, profit should not be the only important condition for business, accountability and transparency on non-financial matters, managerial ethics in all the business operations and professionalism in undertaking CSR and its training to various actors are equally important factors of CSR.
- The more realistic image of MNCs is emerging as abuser of human rights as their foremost interest lies in financial returns and CSR remains a forced activity by the critics of LPG policy.

### **Relationship among CSR Indices and other variables**

- There is a significant relationship exists between the nature of business and CSR Practices of the MNCs. This suggests that engineering companies' sheer size, heavy operations and their prominence since long in Gujarat have driven them to adapt more conducive CSR ideology that is reflecting in to their practices.
- Age of the organization that is presence in India, shares significant relationship with MNCs' performance on CSR Processes and Adherence to CSR Regulations. MNCs entering the state after year 2000 are comparatively newer and smaller and show higher commitments and adherence to CSR processes and CSR regulations.
- Mode of entry has significant relationship with CSR Practices of MNCs. The companies that entered as joint ventures seem to take up social responsibility undertakings better may be due to existing platform to continue and develop social responsibility undertaking of the old companies.
- Size of the organization and mode of entry share significant relationship with employees' opinions on International Social Responsibility issues. Employees from bigger and acquired/green field MNCs, give more affirmative and realistic opinions about all the International Social Responsibility issues with special reference to MNCs.



- Age, Education and Total years of work experience of the respondents have no significant relation with Multinational companies' CSR Practices, commitment to CSR Processes, Adherence to CSR Regulations and their opinions on International Social Responsibility. In other words, the respondents' perceptions on CSR Undertakings by MNCs of Gujarat have not varied according to their age, education and years of work experience.
- There is a significant relationship between the respondents' Function and past experience of working on CSR with International Social Responsibility issues. Employees of HR departments and employees who are presently handling CSR in their companies share and reflect more clarity about the International Social Responsibility issues with reference to MNCs. It is the same with the employees who have not worked on CSR in the past.
- The respondents who had past experience of working on CSR show significant relationship with their companies' CSR practices and their commitments to CSR Processes. This suggests that actual working on the issue generate better knowledge and exposure to various facet of CSR. And this helped the respondents to identify and understand their companies' CSR practices and performance on process better.
- CSR Practices of these MNCs can be seen through CSR Profile of the organization. The relationship between Type of Organisation and CSR Practices is positive as the Multinational companies with low CSR Profile

are low on CSR Practices' index and the companies with higher CSR Profile show higher CSR Practices on its index.

- Among thirteen CSR Processes considered for the present study, Type of organization has significant relationship with Corporate Gain, CSR Review and Auditing. The low CSR profiled Multinational companies seek to gain more from CSR and CSR reviewing and auditing without third party verification done is used more as a management tool to enhance corporate image.
- In general, there is a positive relationship among Multinational companies' commitments to CSR Processes, their level of adherence to CSR Regulations of Global Guidelines and International Social Responsibility issues. The positive relationship among these three indices suggests that when commitment to CSR is higher, adherence to CSR Regulations is also higher among the Multinational Companies. At the same time, broad understanding of International Social Responsibility issues that need to be handled by MNCs' also reflect better among the employees of these MNCs.

## **S U M M A R Y**

- MNCs operating in Gujarat are strong at framing pro CSR Policy, more concerned with compliances where legality is involved, and they reflect weaker commitments on purely voluntary issues. This leads to conclude that

though, Corporate Social Responsibility has gained acceptance as both a principle and a practice, but its implementation for Multinational corporations has remained inconsistent. The ability to achieve real results lies in bringing more accountability in CSR undertakings and working closely not only with immediate stakeholder groups but extending it to civil society groups and governments together.

- MNCs' present corporate profile is weak to support CSR Undertakings and their practices till date amounts to mere 'tokenism'. There is no such evidence in their practice that echoes that CSR Undertaking is a serious activity and through which they contribute to the holistic development of the host country.
- Commitments towards Corporate Social Responsibility that is reflected through these Multinational Companies' performance on CSR Processes thoroughly gives a mix picture. Looking closely to it suggests that, CSR is more of a business case than a moral case for these MNCs.
- Though, from the researcher's view, MNCs' CSR undertaking in developing countries is a jumble of legal compliances. It is driven by charity and minimum of social responsibility so that it keeps them away from major controversies that can harm their global business image. Higher commitments and better performance on CSR is expected from the MNCs when corporations of developed countries operate in a developing country

as they are well versed with higher standards of CSR in their country of origin. The major challenges to Multinational Companies in this respect are:

- Limited understanding about facets of Corporate Social Responsibility and its inherent value to business.
- Weak Corporate Structure(CSR) at international and national level
- Lack of sustained commitments resulting into stakeholders' engagement and poor decision making process
- Lack of vision and support to CSR by senior management
- Difficulties in measuring economic outcomes of social inputs.
- It is evident that the MNCs are better in capturing and revealing the spirit of CSR more at policy level and they reflect minimum of 'Social Responsiveness'. These Multinational companies' partnership with host country to contribute for improving quality of life of the local communities through humanitarian relief and sustainable development approaches is minimal. Their accountability in non-financial matters raises serious questions. Their intentions to share responsibility in the host country to generate 'common good' are open to discussion. This leads to conclude:

1. Multinational companies of Gujarat need to look beyond financial objectives of their business operations to become a responsible corporate citizen of the host country.
2. There is an urgent need to find out measures that would gear up MNCs to act more as a 'Contributor' and less as an 'Exploiter' in the host country.

## Implications

- Corporate Social Responsibility(CSR) has moved, in the past twenty years, from a theory to a more common practice. This is attributed to two factors.
  1. A growing awareness among businesses that corporate responsibility is good for business. Business leaders understand that "practicing" corporate responsibility affects their corporate reputation, brand image and profit.
  2. The growing influence of stakeholders and civil society actors like NGOs, Media etc. Human rights and labour campaigns have turned the spotlight on corporate practices in recent years. The questions raised were, whether and how far a corporate is responsible for the social consequences of its business operations. In response many companies have developed successful corporate responsibility programs or participated in efforts to meet humanitarian needs.

As CSR tends to be voluntary in nature, most often is approached from top-down: a company decides what issues it wishes to address. It may be, contributing to community education, healthcare or the wildlife, or donating to disaster relief, or to encourage staff diversity or reduce pollution. These voluntary initiatives should be welcomed. But accountability to CSR approach is different. It is not top-down, but bottom-up, with the stakeholders at the centre, and not the corporation. Setting higher CSR accountability standards Corporations world wide will be able to....



- Identify and prioritize the stakeholders' interests at an international and national level.
- Identify critical issues of CSR within the commercial framework, i.e. achieving business goals, through adapting corporate codes of conduct, monitoring and compliance, training and capacity building and many other stakeholder engagement processes.
- Measure implications of CSR for corporate governance as well as for human resources in a highly competitive and complex business environment
- Evaluate the results of legal versus voluntary measures from the perspectives of a range of stakeholders, and its impact on the business.

This is vital for any corporate existence as globalisation does not simply mean economics, but the cultural, social, and political equation are equally important. Corporate social responsibility touches on each of these facets of civil society. Where CSR is integrated within the core business strategy, it is likely to remain strong, whereas, CSR as a philanthropic add-on is vulnerable to cost cutting. Ultimately, the long-term success of CSR will be based on its ability to be positioned within the core of business strategy and development, thereby becoming part of 'business as usual'.

- The global market demands appropriate guidelines and policies on the responsibilities of corporations. There is an ongoing debate on CSR to be left as self-regulated or be regulated by law. Media is always ready with

stories of corporations and its social responsibilities if one wish to go by that only, but it would be more responsible to judge today's corporations and their business implications through information backed by substantial data on the same.

As, all most all the CSR Definitions suggest that Corporate social responsibility (CSR) encourages organisations to be accountable for their social and environmental impact beyond profit or legal obligations, many organizations have responded with defensive CSR initiatives, often disconnected from everyday business reality. The issues that often need to be judged internationally are, whether, CSR is just a bandwagon response for public relations; or an extra curricular activity for staff; or a glossy 'feel good' sustainability brochure for shareholders; or just a politically correct stick for activists to flog 'non-believers'. If so, the most pertinent question is, 'Are CSR regulations required for MNCs while operating abroad? Looking in to the literature, there are basically three historical viewpoints on this.

Neoliberal point of view: No regulation because any interference with the market should be avoided (Friedman, Hayeck, Lucas, and so on)

Updated liberalism: Regulation by law must be restricted to externalities and monopolistic practices while maximization of shareholders value takes care in the best possible way of the interests of all the other stakeholders (Friedman, Hayeck, Lucas, Jenssen and so on as cited in Prakash Sethi, 2003, Setting Global Standards, Wiley, Hoboken, N.J).

Theory of stakeholders: Yes to self-regulation. Because it is the only way to avoid market distributive distortions induced by the market and maximisation of shareholder value.

It is true that, when regulation by law ensures minimal standards, in the process 'conviction' gets lost to 'compliance' and that spoils the value behind Social Responsibility. At the same time, no one should have doubts that, there is a need for demonstrated consistency between CSR claims and actual behaviour in all the developing countries where the MNC operates. The stakeholders here have different characteristics and resultant bearings. The demographic realities are peculiar and Governments also play very limited role to protect adequate and long term social security of people. In light of these realities, if, CSR is regulated through supportive legislative measures that are apt for the country specific conditions can confer sustained CSR Outcomes.

- Globalisation is associated with massive increases in cross-national flows of capital, labour, technological know-how, goods and services, and it has correspondingly important effects on employment, economic development, political institutions, and social Development.. Secondly, Corporations are key agents of globalization as they are laboratories of innovation and repositories of resources and talent. They are like people; each has a unique personality and character. Just as people recognise each of us by the way we communicate and the way we behave, so a company also reflects its own unique character to the world. Hence, globalization presents major

challenges to social scientists and policy makers at many different levels of scale. Academics and research provide significant paraphernalia to cultivate a holistic and intellectually flexible understanding and approach in future business leaders towards critical multi-sector social dilemmas facing today's world. CSR is one approach that can ensure that, future managers become responsible decision makers. It prepares them to analyse business impact, means recognising the business benefits and the wider social impact of business policies. When the curriculum at business schools does not cover only the traditional areas of recruitment, remuneration, training etc. but also covers the growing global concerns like social and environmental impact of business and opportunities of issues such as cultural diversity, equal opportunities, social investments etc. it offers a framework that helps future leaders and through them, organisations move toward responsible business practices. It is important for today's students and tomorrow's leaders to understand the role of each player in society -government, business, trade unions, non-governmental organisations and civil society etc for building capacity and getting prepared for creating strategic networks and alliances. In this direction, the education and corporate sectors partnerships is necessary for restructuring social and sustainable goals in local and global communities

## Suggestions

1. Identify performance measures and set measurable targets.

The first and foremost issue in CSR Undertaking among MNCs is to make them accountable in some way to its stakeholders, and responsible to provide corporeal mechanisms to ensure that the CSR yields measurable results.

CSR is a long and complicated process that influences overall business decisions and so old patterns of working and taking decisions on it become obsolete and insufficient to have measurable outcomes. As seen in the study, all of the CSR instruments are voluntary, adherence to them rarely requires verification and by definition also CSR is away from the enforceable by law. Voluntary approaches, by design or default, serve to by-pass or undermine some of the key forces that promote corporate responsibility, namely government or international regulation, trade unionism, and more confrontational forms of NGO activism. As a result, whatever initiatives undertaken, build on the self-interest of companies and proves more to be a business case. To enable companies initiate CSR more for addressing stakeholders' issues, effective management of CSR demands monitoring, measuring and reporting of performance against socially accepted indicators. In light of this, CSR processes deserve good and professional facilitation as it requires a transition from a 'routine and occasional' activity to a sustainable and ethically important activity, if not through voluntary than through statutory measures.

On the basis of the researcher's observations and experiences during this study, the researcher has listed certain areas of social responsibility that are important and possible to measure from stakeholders' perspective. For the purpose, the researcher has developed a 'Corporate Social Responsibility Matrix' with Key Performance Indicators of CSR. The companies can adopt 360 degree Performance Analysis approach and get feedback of their actual performance on various aspects of CSR by the respective stakeholders. This analysis and feedback from it only, should allow the companies to document, measure, and report on their social responsibility-performance. The same approach can be adapted to measure each of the Social Responsibility Undertakings and projects, bearing in mind that financial and social objectives are complementary, rather than mutually exclusive.

Managers can use this CSR Matrix as a means to articulate strategy, communicate its details, motivate people to execute plans, and enable executives to monitor results. Perhaps the prime advantage is that a broad array of indicators can improve the decision making that contributes to strategic success. Non-financial measures enable managers to consider more factors critical to long-term performance

### **Corporate Social Responsibility Matrix**

Here the ranking suggests achievements against the commitments made/no commitments in particular area on the scale of 1 to 10 wherein, 1 suggests 10% and 10 suggests 100% achievement. CSR Processes involved are listed by the company and the judgment left to the stakeholders.

The other important suggestions are:

2. MNCs should develop an integrated CSR decision-making structure. All the MNCs' CSR can go to higher graph if the companies constitute a CSR committee comprising a member of the Board, senior management, representatives from each of the stakeholders group, an expert from outside the company, instead of attaching CSR activities to the HR departments only. Given that CSR is fundamentally concerned with transparency, accountability and performance, it is important for the CSR decision-making structure to be an integral component of the firm's governance activities and remain visible. Assigning CSR responsibilities to board members ensures that CSR issues will receive the attention they deserve, and as a result forms a strong basis for an effective chain of CSR accountability within the organization -- all of which supports the board's corporate governance function. A senior official or committee responsible for overall CSR implementation within the firm should be identified and given the resources to do the job. CSR responsibilities should be built into employees' job descriptions and performance evaluations.

3. **Design CSR Training.** A comprehensive approach to training will ensure employees have information on the firm's CSR commitments, programs and implementation. Studies suggest that the most successful training addresses knowledge, skills and attitudes. In order to strengthen MNCs' corporate social responsibility practices, the most important step to be taken is the raising of awareness of various facets of CSR itself. As most of the time CSR is perceived only as either charity for good cause or community development projects. Regular discussions between companies and its stakeholders, as well as among the stakeholders allow to create socially and culturally relevant understanding and undertakings of corporate responsibility.
4. The overall success of CSR depends on the leaders within the organization. The right mix of motivation and technical knowledge of CSR among the leaders is of prime importance to raise the standards of CSR as, the how's and why's of corporate responsibility affect the policies undertaken, its implementation and success.
5. The MNCs should be encouraged to initiate volunteer schemes or partnerships with civil society groups, who can provide policy guidance, procedural support and technical advice. MNCs need to work more closely with civil society, national and international organisations and governments to gain momentum for more responsible business practice and the best framework in which this can happen.



6. Reforming labour legislation at the national level is just one area that would improve corporate social responsibility Undertakings. Similarly, improved adherence to national and international guidelines can be achieved through legislative measures. The introduction of tax benefits is another way in which to promote corporate responsibility. Corporate Social responsibility if in a frame of Statutory measures, requires companies to mainstream labour related and human rights issues throughout their operations in a meaningful manner. Governments worldwide should support meaningful corporate social responsibility and genuine accountability for any violations. To encourage initiatives such as to expose abuses and provide guidelines to protect the rights of stakeholder groups, country specific recommendation and measures need to be welcomed.

7. Introduction of CSR as an action programme in management curriculum in business schools and operationalising it at the industry level can change the scenario of CSR in coming years.

8. The researcher also suggests that during the course of business, as a part of business ethics, the companies continuously need to seek answers of few questions.

➤ As business is primarily an economic activity, the first question is: How does the company contribute in the economic well-being of not only their shareholder but all other stakeholders?

- The second question that needs to be asked is: How to get rid of constraints in achieving higher standards of social responsibility undertakings?
- The third question that can be raised is: Where, there is a scope to improve people's quality of life within ethical business framework?
- The fourth question is: What measures will be more suitable for meeting larger development objectives of the local land? Where and at what level interventions would be more appropriate?
- The fifth and the last question is: How does the company meet the local and global goal of Sustainable Development?

#### Further Scope of Enquiry in Corporate Social Responsibility (CSR)

1. Mainstreaming Corporate Social Responsibility (CSR) teaching and research in business curriculum.
2. Social Investments and Involvement by MNCs.
3. Corporate Social Responsibility (CSR) Reporting.
4. Corporate Social Responsibility (CSR) and MNC Decision Making.
5. Multinational Companies and ISO Standard for CSR.
6. Voluntary VS Regulatory CSR
7. Social Impact/Consequences of Business