

PART- II

**CHAPTER: 4. CORPORATE SOCIAL
RESPONSIBILITY: ISSUES
AND ASPECTS**

**CHAPTER: 5. CORPORATE SOCIAL
RESPONSIBILITY: PUBLIC
SECTOR CORPORATIONS**

**CHAPTER: 6. CORPORATE SOCIAL
RESPONSIBILITY: PRIVATE
SECTOR CORPORATIONS**

**CHAPTER: 7. CORPORATE SOCIAL
RESPONSIBILITY: MULTI-
NATIONAL SECTOR
CORPORATIONS**

CHAPTER - 4
CORPORATE SOCIAL RESPONSIBILITY:
ISSUES AND ASPECTS

	Page No.
INTRODUCTION	103-121
4.1 Various Issues and Aspects	103-105
4.2 Data Analysis and Interpretations	105-121

CHAPTER - 4

CORPORATE SOCIAL RESPONSIBILITY: ISSUES AND ASPECTS

INTRODUCTION

In present times, it is found that there is greater awareness of CSR among leading companies in the industry but it remains on the periphery for many other companies. In particular, the business processes and systems needed to manage the complexities of social and environmental performance specifically the coordination across functions responsible for environmental impact, legal issues, procurement, HR, government relations, and community affairs are still lagging behind. Looking ahead, the full integration of CSR into business strategy, functions, and operations by international and national/local companies alike will be critical for successful capital project development and execution. This includes robust management systems that draw from industry-leading practices and deployment of practitioners that understand the intersection of business priorities and societal expectations.

4.1 VARIOUS ISSUES AND ASPECTS OF CSR

The present research dealt with various issues/elements that occur in the system of CSR implementation. The major issues or elements around which the CSR activities/initiatives are revolve are –

- From which kinds of sources have known or come to know about CSR?
- Are the company's stakeholders and the identified stakeholders consulted to assess the development priorities and/or target that the organization supported?
- In planning these activities do they take into consideration the issues and needs of the organization and community?
- Are the CSR activities aligned with planned or on-going organization policies, programmes, processes and products?
- In planning, was there adequate analysis of the differing impact on people and society?

- Are these activities aligned with national and or international standards and policies?
- Are the outcomes and strategies of CSR activities complementing the programmes of other partners/NGOs or other organizations?
- In determining the success/impact of these activities are any formal impact assessments conducted?
- What mechanism is installed for the implementation of the CSR?
- What are the main steps taken by organization to monitor the CSR activities?
- Does top management give regular support and encouragement in making CSR plan more effective?
- Do CSR initiatives create any conflict among top management, middle management and lower management?
- What are the organization's benefits of having CSR initiatives?
- Are Corporates using CSR to build an image of a good and responsible organization?
- Which organizations offer consultancy services to Corporates keen on engaging in CSR work?
- Which is the role model corporate with excellent CSR activities?
- What is the employee strength in CSR team of the company?
- Does the company provide any CSR-related training?
- What are the key areas of CSR in the company?
- What is the company's involvement on sponsorship or other charitable contributions?
- Does the company responsible for environmental pollution?
- What are the steps/ precautions taken care by the company to rectify/ avoid environmental pollution?
- Does the company have environmentally-friendly products?
- Does the company involve in mitigating global warming?
- Who are the beneficiaries of the company?
- Does the company produce reports/publications on any of CSR policies/activities?
- Has the company won/ receive any CSR Award?

- Do the companies have awareness of the current range of Local CSR initiatives?
- Do the companies have awareness of the current range of National CSR initiatives?
- Do the companies have awareness of the current range of Global CSR initiatives?
- Are the reports based on any locally or internationally established standards?

4.2 DATA ANALYSIS AND INTERPRETATIONS

The data has been collected from each public sector, private sector and MNC sector companies comprising of both manufacturing and service industries in Vadodara region. Each sector has been involved partly or fully in CSR activities and having several aspects to carry the work in an efficient way. Data has prepared in a tabulation form to give a clear understanding of the aspects of CSR that deal with their business (Appendix - 3).

The data table clearly shows that majority of these three sectors have come across the sources of knowledge about CSR mostly based on reading of official documents and contacts with other professionals and enterprises. During the course of their interaction with other enterprises they have come to know about CSR in a more focused and systematic way. The respondents said that most of the primary information and knowledge of CSR have acquired through their university/college in curriculum. The source of internet is scored least position among public sector but in private sector companies and in MNC sector, the response is average (Table 4.1).

Table 4.1 Sources of Knowledge about CSR

SOURCES	PUBLIC SECTOR(15)	PRIVATE SECTOR (30)	MNC SECTOR (15)
Reading of official documents	06	23	07
Through surveys or studies	02	10	03
Contacts with other enterprises	07	24	08

or professionals			
Scientific reviews	05	09	05
Internet	02	12	06
Others	05	13	05

The data clearly indicates that among the all three sectors the employees and local communities are the most preferred stakeholders. It is found from the data that within the local communities, villagers, students, women, and children and youth are the most considered stakeholders of the companies. In the other category stakeholders includes Government institutions, NGOs, physically challenged people etc. The respondents are also viewed that shareholders of the company play a vital role and recognized them as one of the most influential stakeholders of the company (Table 4.2).

Table 4.2 Identified Stakeholders

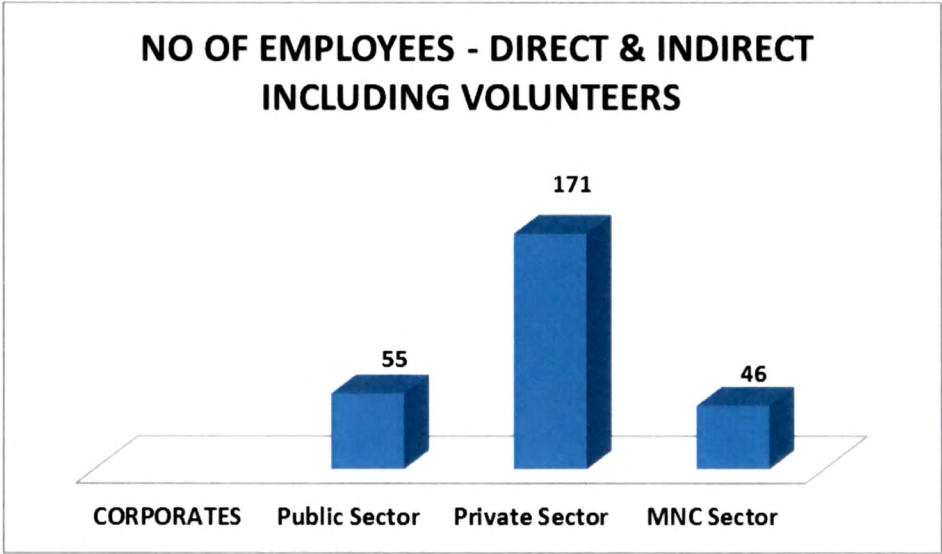
STAKEHOLDER	PUBLIC SECTOR (15)	PRIVATE SECTOR(30)	MNC SECTOR(15)
Employees	14	29	14
Shareholders	12	20	03
Suppliers	09	21	02
Customers	11	24	04
Local Communities	13	25	06
Other	05	08	01

The data reveals that most of these three sector companies in Vadodara region involve HR or CSR personnel to look after the CSR activities. The respondents who have interviewed are having some academic background of Social Work/CSR from the Social Work Faculty, Management faculty (MBA/MHRM/HRD), Family and Community Science Faculty, Sociology Department, Psychology Department of The M.S. University of Baroda. The volunteers are mostly working on temporary basis. Few of public sector and private companies give opportunity to students to work in a project to carry out CSR activities of the company. Majority of these companies are

engaging their CSR duties and responsibilities under the HR department. Sometimes other departments of the company like finance, sales and marketing are also part of the functioning CSR activities (Table 4.3).

Table 4.3 Strength of CSR Team (Permanent, Cross-functional and Voluntary based)

CORPORATES	NO OF EMPLOYEES - DIRECT & INDIRECT INCLUDING VOLUNTEERS
Public Sector (15)	55
Private Sector (30)	171
MNC Sector (15)	46



The data represents that there are various aspects which are related to the implementation of CSR activities. All the HR/CSR officials stated that their top management is supporting and encouraging the employees to do CSR activities in an effective manner. Few of these Corporates have gone through the consultancy services from the outside. The employees who are assigned with CSR work consider that a proper planning and its actual strategic implementation are prime tools to get a

fruitful result. At the same time they shared that the consideration should be more focused which will help the development of local community and society at large. A few public sector companies have conducted assessment (Internal/External) and feedback survey to gauge the opinion of the beneficiaries.

Monthly review meetings, minutes of meetings, meetings with village headman, meetings with board of directors, weekly or monthly visits to the sites where CSR activities are carried out, etc. are important mechanisms which drive the process in a smoother way. Sometime the Corporates send their employees to attend seminars, conferences to enhance their knowledge and to know what others are doing in the same field (Table 4.4).

Table 4.4 Various Aspects related to CSR Implementation

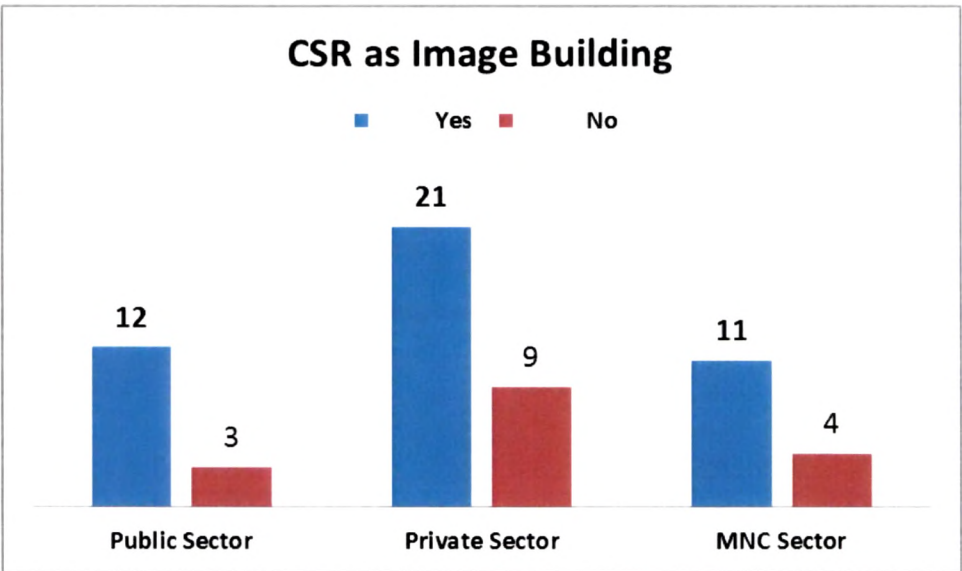
ASPECTS	PUBLIC SECTOR (15)	PRIVATE SECTOR (30)	MNC SECTOR(15)
Planning	12	26	10
Analysis	11	22	09
Strategies	12	24	08
Mechanism	11	20	07
Support	14	27	13
Encouragement	13	26	12
Trainings	09	09	03
Assessment (Internal/External)	10	13	03
Consultancy	06	02	01

The data exhibits that these entire three sector Corporates considered that CSR can be recognized as an image of good and responsible business entity. The CSR activities can represent a transparent and ethical corporate in society because they are concerned for the people of surrounding operation areas. Taking the example of Tata Group, most of these Corporates admired the Tata Group as a responsible company which created a good image through the CSR activities. Few of them are totally

against of propaganda of their CSR activities and viewed that it should not be a marketing tool to enrich products of the business (Table 4.5).

Table 4.5 CSR works for Image Building

CORPORATES	IMAGE BUILDING	
	Yes	No
Public Sector (15)	12	03
Private Sector (30)	21	09
MNC Sector (15)	11	04



The information illustrates the key areas of the Corporates under the purview of CSR. The main focus areas are education, health care, vocational training programs, environment, awareness camps of various social issues, improvement of rural infrastructure, various sponsorship and charitable contributions etc. It is found that all these sectors companies are more concerned on education, health and vocational training programs. Rural infrastructure, renovation work in village and schools, awareness camps on environment, etc. are known activities of these companies. A few known public sector companies are involved in ‘The Akshaya Patra Foundation’ for providing free mid-day meal to schools.

Among all these three sectors, few of public sector companies are engaging micro financing/credit assistance. Organizing blood donation camps is also seen as a common CSR activity of these Corporates. The employees of the Corporates are the donors of the blood donation camp and they donate the collected blood units to hospitals and other local and government blood banks. Within the higher education program, some Corporates have adopted ITI institutions for enriching technical studies to rural youth. Sponsorship or contributions to religious, cultural and natural calamities are also part of the CSR activities.

In rural infrastructure program, the Corporates have worked to build and renovate schools, village community hall, temple etc. Few of public sector companies have lay down roads in the local villages. The vocational training program is one of the major concern areas of CSR for all these three sectors which includes training on tailoring, beauty parlor, flower making, *mehendi* classes, *papad* and snacks making, mobile and a/c repairing, motor driving etc. (Tables 4.6)

Table 4.6 Major Key Areas of CSR

KEY AREAS	PUBLIC SECTOR (15)	PRIVATE SECTOR (30)	MNC SECTOR (15)
Education	12	25	10
Health Care	10	24	09
Vocational Trainings	8	12	03
Environment	7	21	08
Awareness Camp on various social issues	5	18	04
Sponsorship, Charitable Contribution	6	15	05
Improving Rural Infrastructure	9	14	04
Welfare Programs	3	13	03
Income Generating Programmes	5	10	03
Child Welfare	4	11	08
Literacy Promotion	8	16	08
Rural/Community Development	8	14	03

Economic Empowerment of Women	7	9	03
Higher Education	4	13	04
Micro Financing/Credit Assistance	3	4	0

The data unravels that the main purpose of the CSR is to work for betterment of the local community or society. The CSR activity gives them to share a good time with villagers and that can help to strengthen the bondages with the neighbouring villages and their people. They believe that the purpose behind the CSR is not business oriented or profit making (Table 4.7).

Table 4.7 Main Purpose of CSR

PURPOSE OF CSR	PUBLIC SECTOR (15)	PRIVATE SECTOR (30)	MNC SECTOR(15)
Business Oriented	01	11	08
Profit Making	01	03	05
To work for betterment of local society	14	28	14
Altruism	08	15	06
Tax Reduction	04	11	05

The collected information declares that the companies adopt certain mechanism towards CSR or societal requirement. In public sectors, most of the Corporates carry out CSR activities through NGO/Trust and other government agencies. Few of the public sector and private sector Corporates are having their own registered Trusts or Foundations, under which they carry out their activities. It is also shown that most of these companies assign CSR activities to the HR department and its employees. MNC sector companies are not so involved with NGO or other government agencies (Table 4.8).

Table 4.8 Mechanisms adopted towards societal requirements

MECHANISM	PUBLIC SECTOR (15)	PRIVATE SECTOR (30)	MNC SECTOR (15)
CSR work done through NGO/TRUST	13	15	05
Own Foundation	8	7	01
Directly done by CSR/HR staff	12	25	08
Government Agencies	11	14	03

The data clearly reveals that the beneficiaries of the Corporates are local communities, women and youth, children/students, physically challenged etc. The beneficiaries are mostly belonging to nearby villages of the companies. The development of tribal people and their conditions are not the prime concern for the Corporates in comparison with the other beneficiaries. The CSR program has been designed according to the needs of the beneficiaries if it is approved by the top management. Majority of the public sector Corporates take the need assessment and feedback survey of the beneficiaries during implementation of their programs. Few private sector companies also take the feedback survey to get the effectiveness of the program (Table 4.9).

Table 4.9 List of Beneficiaries

BENEFICIARIES	PUBLIC SECTOR (15)	PRIVATE SECTOR (30)	MNC SECTOR (15)
Local Communities/Society	14	28	12
Villagers	08	23	07
Children/Students	09	25	10
Tribal	06	11	01
Women	11	22	05
Youth	10	20	07
Sports Personnel	06	10	02
Physically Challenged	08	13	02

The data unravels the Corporates' responses to the issues related to environment. Almost all Corporates are taking required precaution and having pollution control board certifications. Majority of the Corporates are having ISO 14000 for environment system certification from accredited company. Some of the Corporates have transformed or adopted green technology in their system to control environmental pollution. Tree plantation and environment day celebration on 5th June are common CSR or environment drives. But their involvement in mitigating global was the least (Table 4.10).

Table 4.10 Environment

ISSUES RELATED TO ENVIRONMENT	PUBLIC SECTOR (15)	PRIVATE SECTOR (30)	MNC SECTOR (15)
Responsible for Environmental Pollution	12	24	11
Taking required Precaution	14	28	13
Eco- friendly Products	07	18	12
Involvement in mitigating Global Warming	07	08	04

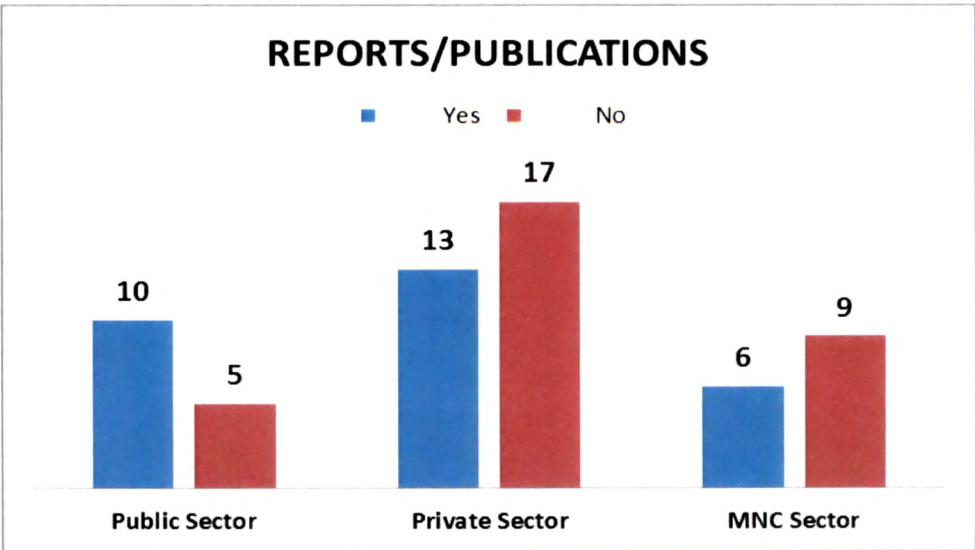
The data indicates that the Corporates' benefits of having CSR are to build good image, good relations with surrounding people, to create a responsible organization etc. Through the CSR activities the Corporates can construct an ethically responsible business and having a nice bonding with nearby people which in turn can strengthen the existing business system in a sustainable manner. To showcasing the CSR activities do not have much link to attract customers and excluding of company tax, it can even maintain a peace and protective environment with the surroundings (Table 4.11).

Table 4.11 Benefits of having CSR

BENEFITS OF CSR	PUBLIC SECTOR (15)	PRIVATE SECTOR(30)	MNC SECTOR(15)
Image Building	13	26	11
Good Rapport	12	27	11
Create Responsible Organization	12	25	12
Philanthropic Contribution	10	20	08
Tax Reduction	07	15	06
Attract Customers	07	13	08

The data illustrates that the public sector Corporates are more active in publishing their CSR activities. The private and MNC sector Corporates are not publishing their CSR activities in regular basis. A common fact of all these three sectors companies are that they publish in their company intranet for all users of the company. Sometimes they publish it in company’s quarterly or annual reports including the budgets. Few of the Corporates have separate reports for the CSR activities in annual basis. Those Corporates, who are having their own ‘Foundation’, have separate Foundation reports in quarterly or annual basis with budget for CSR activities. Few of Corporates publish their sustainability reporting (GRI Reporting) that is disclosure of company’s economic, environment, social and governance performance (Table 4.12).

Table 4.12 Reports/Publications of CSR

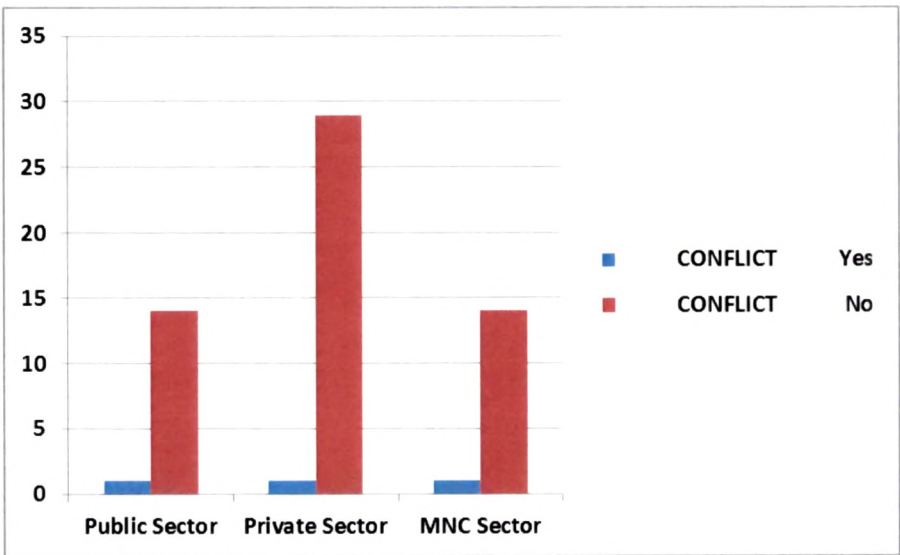


CORPORATES	REPORT/PUBLICATION	
	Yes	No
Public Sector (15)	10	05
Private Sector (30)	13	17
MNC Sector (15)	06	09

The data declared that there occurs little or no conflict during implementation of CSR activities among the top management, middle management and lower management of these three sectors of companies. Sometimes conflict takes place because of budget allocation and its effective implementation and approvals from the top management (Table 4.13).

Table 4.13 CSR activities create any conflict

CORPORATES	CONFLICT	
	Yes	No
Public Sector (15)	01	14
Private Sector (30)	01	29
MNC Sector (15)	01	14



The rating scale of data precisely exhibits that the awareness of public sector Corporates about CSR in local level marks as good. In the same way the awareness of public sector and MNC sector Corporates about CSR in local level place as good. The rating scale also shows that awareness of all these three public sector, private sector and MNC sector Corporates about CSR in national and global level noted as fair or poor (Table 4.14).

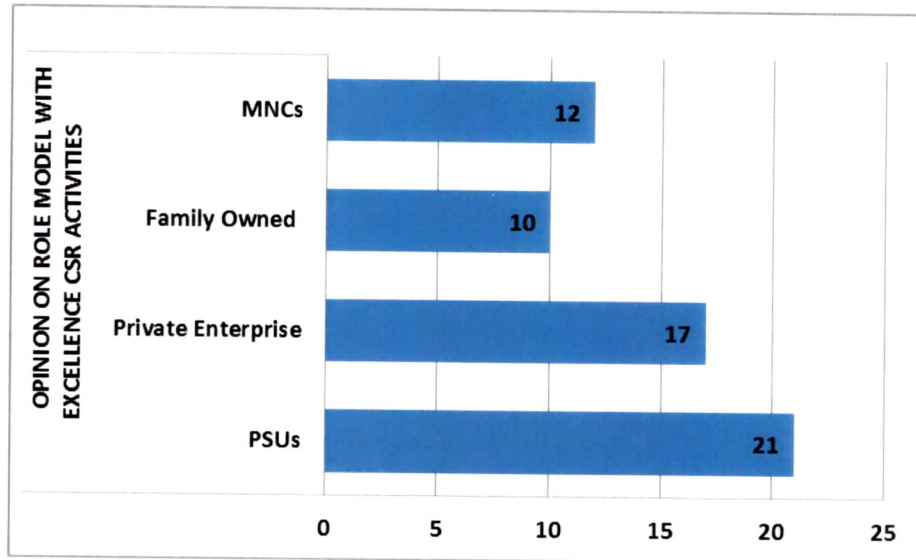
Table 4.14 Respondents' Awareness of CSR

AWAR-NESS LEVEL	PUBLIC SECTOR (15)				PRIVATE SECTOR (30)				MNC SECTOR (15)			
	Ex cell ent	G o o d	Fa ir	P o or	Ex cel len t	Go od	F ai r	P o or	Exc elle nt	G o o d	Fai r	P o or
Local	2	7	1	0	3	13	1	0	0	8	0	0
National	2	7	1	0	3	7	5	0	0	8	0	0
Global	2	7	1	0	2	7	6	0	0	7	3	3

The data reveals that most of the respondents have stated that public sector companies are doing good CSR activities as compared to private sector, family owned and MNC sectors. Most of the respondents explained the example of Tata Group with excellence CSR. Few companies have quoted their own example of doing good CSR work. They have also mentioned the examples of other private companies like Infosys, Birla Group, Reliance Industries Limited for their CSR activities. Percentage wise, PSU (35%) followed by Private Enterprises (28.33%), MNCs (20%) and lastly family owned company/organization (16.66%) are doing good CSR activities (Table 4.15).

Table 4.15 Respondents opinion about Role Model Corporates with Excellence CSR Activities

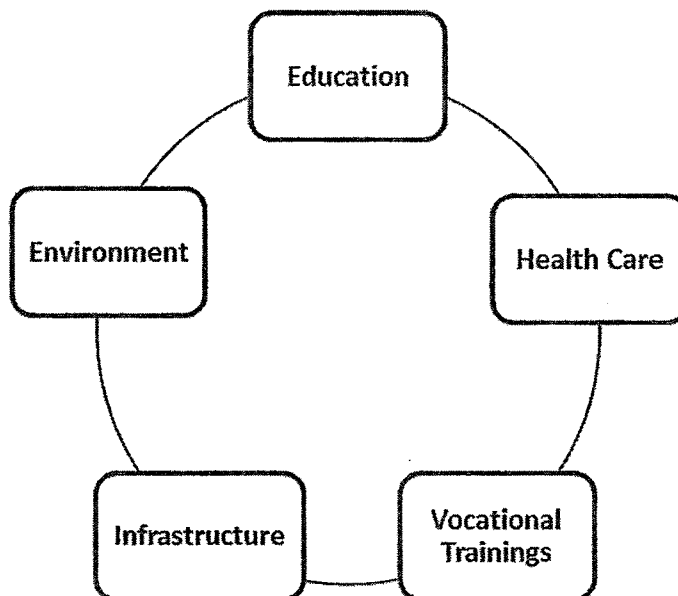
OPINION ON ROLE MODEL WITH EXCELLENCE CSR ACTIVITIES			
PSUs	Private Enterprise	Family Owned	MNCs
21	17	10	12



- Majority of the Public sectors, Private sectors and MNC sector companies are taking help or involve the local NGO to implement their activities. The Reliance Industries Limited in Vadodara work in collaboration with Jan Shikshan Sansthan to impart vocational trainings like computer applications, motor driving, mobile repairing, technician training for youth and beauty parlor course, embroidery, flower making, *mehendi* making for girls and women. The other NGOs who work with Corporates in linking with CSR are SVADES, Pratham, Manav Seva Foundation, Baroda Citizens Council, United Way of Baroda etc.
- Majority of Public sector companies which exist in Vadodara region have fixed budget for implementation of CSR activities for the community development.
- Except a few, majority of the Private sector and MNC sector companies, other companies in Vadodara spend budget for CSR on need basis. Whenever need arises or the village Panchayat, or people of surrounding communities, schools, hospitals etc. are put up an application requesting the companies to support, then the companies may attend their needs by reviewing the request and discuss with officials who are responsible in the field of CSR. If the reason for requesting help is genuinely required for the beneficiaries, the companies would ready to take the issue into consideration.

- The data shows that a few Public sector companies in Vadodara region i.e. IOCL, GACL, ONGC, GAIL, GSFC are making analysis of baseline survey, before implementing the CSR projects. After the completion of program, these companies also do impact assessment survey to gauge the outcome and feedback from the program. Most of these companies taking help in doing survey and report from the students of the various faculties i.e. Faculty of Social Work, Faculty of Family and Community Sciences, Faculty of Management, etc. of The M.S. University of Baroda, Vadodara, Gujarat.
- A few companies have set up their own foundation/trust to work for social development of downtrodden areas and communities. Dipaak Nitrite Limited, Vadodara, a private enterprise produces a spectrum of chemicals had been established their own foundation in 1982, namely “Deepak Foundation”. It involves mainly women and children development, integrated livelihood program, disaster relief and rehabilitation and integrated child development. Another manufacturing division of chemical, Transpek Industries Limited, Vadodara, set up “Shroffs Foundation Trust” to cater the needy by working for community development, natural resource management, drudgery reduction, livelihood security, health program and education program.
- 99% of the companies from all the three sectors stated that, the top management gives regular support and encouragement in making CSR plan effectively. Only 1% viewed that sometimes there is little conflict between the top management, the middle management and the lower management in allocating funds and its effective implementation.
- All companies are having the similar view as CSR initiatives affect the day today work life in a positive way. It gives a sense of belongingness to work for betterment of society and needy people.
- Within the area of health care and environment, organizing blood donation camps and tree plantation seem very common among all Corporates.
- Among the two industrial segment i.e. manufacturing and service, the manufacturing unit in Vadodara is doing more CSR activities than the service unit.
- In some companies corporate communication department is taking care of their CSR activities.

- Majority of the corporate sectors made the HR department of their companies fully responsible for organizing CSR activities. In some companies CSR officials work under the umbrella of HR department.
- It is found that majority of the Public sector companies and large Private sector companies like Reliance Industries Limited and Transpek have separate department/cell for CSR with few regular CSR officials.
- CSR activities of MNC sector in Vadodara are less as compared to Public and Private sectors.
- The study found that the corporate participation among service industries CSR initiatives is not so satisfactory.
- The study shows that all these three sectors companies in Vadodara region have taken major consideration on five 'core' areas. These are:
 - ✓ Education
 - ✓ Health Care
 - ✓ Vocational Trainings
 - ✓ Infrastructure
 - ✓ Environment



- Other kinds of CSR activities include sponsorship/charitable contribution to the various social causes like Vadodara International Marathon, traditional classical music concerts, dance programs, religious and cultural events like Garba celebrations, Kite festivals etc. They are also financially

supporting to preserve historical monuments, helping to provide food and shelter to the people who suffer in natural calamities etc.

- It is shown that all these three corporate sectors try to adopt the nearby villages where their operational plant is located. Some of them are not totally adopting the village but provide necessary amenities of drinking water, donation to school building, road construction to the upliftment of rural people. The public sector companies i.e. IOCL, IOCL, GSFC, GACL etc. adopted the villages of Undera, Koyali, Rampura, Dhanora, Karodia, Rānoli, Bajwa, Dashrath etc. The Private sector companies i.e. Reliance Industries Limited, Alembic Limited, Aditya Birla Insulator etc. adopted the surrounding villages of Bajwa, Koyali, Rampura, Dhanora, Panelav, Sathrota, etc. the MNC sector companies i.e. ABB, FAG, Dupont etc. adopted villages nearby i.e. Maneja, Makarpura, Fatehpura, Manjusar, Nimeshra etc.
- The CSR activities of Private sector and MNC sector banks are mostly centrally controlled. Their head or corporate offices are more involved in CSR than the regional branches. In regional branches the banks are limited to blood donation camp, tree plantation, donations etc.
- The beneficiaries of these companies are mainly youth, women, school children, elderly and local community at large. The beneficiaries are also providing equal support to Corporates in implementation of CSR activities. The beneficiaries feel that these CSR activities are useful and making a observable positive difference in the surrounding villages. The beneficiaries shared that the Corporates should continue these CSR activities in a planned and regular way with more and more involvement of local people.
- Since the last two decades the concern for environment is growing in a fast track. Majority of the Corporates follow the statutory precautions to protect the environment. Most of these companies are having international standard of environmental management system i.e. ISO 14000 which provides practical tools for companies and organizations looking to identify and control their environmental impact and constantly improve

their environmental performance. ISO 14001:2004 and ISO 14004:2004 focus on environmental management systems.

- The Public sector companies like Gujarat Refinery (IOCL), ONGC, GAIL, GSFC etc. the private sector companies like Kemrock, Diamond Power Infrastructure Limited, Jyoti Limited, and the MNC sector ABB, FAG, DuPont etc. are having ISO 1400 standard.
- Under the banner of CSR majority of these companies involve in tree plantation in workplace and surrounding villages, schools etc. Some of these companies are engaged in various environmental awareness camps, establishing and maintaining green parks, tree guards, distribute tree and fruit sapling to farmers, waste land development programs, promoting green environment through different social events.
- The study clearly shows that majority of the Corporates do not publish their CSR activities in national and global level. It is also found from the data that none of these companies have CSR accreditation or management certifications like SA 8000, GRI Reporting etc. in local operational areas. They publish their reports in their quarterly or annual reports, office intranet, etc. Few of these companies have received awards in the field of CSR. E.g. GIPCL has been conferred with two Awards of Excellence 2011 by the Federation of Gujarat Industries (FGI), Vadodara, viz. 1. FGI Award for Excellence in the area of 'Outstanding Contribution in the Field of 'Corporate Social Responsibilities (CSR)'. 2. FGI Award for Excellence in the area of 'Rural Development by Individual, NGO or Institution' conferred to DEEP - Development Efforts for Rural Economy and People, an NGO promoted by GIPCL. The award also carries a cash prize of Rs. 50,000/- (Rupees Fifty Thousand). Each award comprising a Trophy and a Citation were handed over by the Hon'ble Chief Minister of Gujarat, Shri Narendra Modi, at a function held on 10th September, 2012 at FGI Business Centre, Vadodara History and Culture of Vadodara.