

Chapter 4

RESEARCH METHODOLOGY

4.1 Introduction

This chapter describes the details about research methodology applied by the researcher. This chapter provides the research design used for the study, benefits and scope of the study, the nature and source of data collected for the study and details about the research instrument used for the research purpose. Further, this chapter also provides a brief about the independent and dependent variables under study and provides the limitations and delimitations of the study. Scope of further study is also mentioned at the end.

Further, this chapter gives details about the hypotheses framed and developed from the critical literature review. Statistical packages and its tools and techniques such as SPSS and Excel have been used for analyzing the data and to test the hypotheses developed by the researcher.

4.2 Rationale of the Study

The research study marks some of the world's largest businesses have already realized the values that can be extracted from CSR. And, as is often the case, their far sightedness looks set to be rewarded in a market where regulations and attitudes towards responsible business processes are now among the significant forces shaping the future. When staff and would be recruits see clear demonstration of the company's commitment to the locality their commitment and interest in the company raises too. Equally, the more the company work with others to improve the image of an area the better recruits will be attracted to live and work there.

The Companies Act, 2013 made CSR mandate from 1st April, 2014. In these elite the proposed research study focuses on perceptions of the management body of an enterprise on CSR practices in selected enterprises of the Gujarat State. The study would be attempted to explore and describe the CSR practices. Although a number of studies have shown that

corporate social responsibility (CSR) activities often lead to greater organizational performance in western developed economies, researchers are yet to examine the strategic value of CSR in emerging economies. This study examines the link between

CSR activities and organizational performance. CSR in view of managerial perception of all three measures of organizational performance: financial performance, employee commitment, and corporate reputation. During the research an attempt have been made to find out the answers of the followings:

1. Organizational performance of the company with the mandatory CSR practices.
2. Existence and Objectives of CSR policies in the selected companies.
3. Managerial implications after the implementation of CSR in the selected company.
4. The impact on the financial perspective, employee commitment and reputation of the company due to the implementation of CSR initiatives.

4.3 Statement of the Problem

Corporate Social Responsibility has been a debatable topic for the organizational management since its mandatory inclusion in The Companies Act (2013). India is the first country which has imbibed a law for the Corporate Social Responsibility. The employees of the organization which implements CSR and the effect of CSR on an organization's Financial Performance, Corporate Reputation is to be studied. In a state like Gujarat which contributes the second highest in terms of amount spent for CSR implementation and betterment of community the impact is to be studied. The managers are an integral part of the organization and knowing their perception about the implementation of CSR is the need of the hour. Hence the study is undertaken to find the association between CSR and its impact on organizational performance. The statement of problem is as under:

“An Empirical Study of Management Perception of the Impact of Corporate Social Responsibility on Organizational Performance in Selected Companies of Gujarat State”

4.4 Objectives of the Research

1. To check the impact of selected demographic characters on awareness of CSR activities.
2. To check the impact of selected demographic characters on CSR activities of selected organizations.
3. To examine the association between CSR practices and financial performance
4. To examine the association between CSR practices and employee commitment.
5. To examine the association between CSR practices and corporate reputation.
6. To examine the association between CSR practices and managerial perception.
7. To explore the areas in order to improve the CSR effectiveness.

4.5 Benefits of the Research

1. This study makes an attempt to contribute to the existing literature pertaining to CSR initiative of various public and private sector enterprise.
2. It is also expected that this study makes an attempt to help in better understanding among employees about CSR activities of concern enterprise. This study makes an attempt in contribution for devising better CSR initiative considering three principles of United Nation's goal of 2030. The goals of Sustainable Development given by United Nations and implemented by UNESCO.
3. It is also expected that this study makes an attempt which helps in baseline analysis of various CSR activities implemented on basis of planned CSR activities and actually performed activities.
4. This study makes an attempt to guide various enterprises for making CSR initiatives more effective.
5. The study makes an attempt to review / analyse managerial implications of CSR activities in terms of image building and sustainable development of enterprise. This will be useful immensely to various corporate houses for creating, enhancing brand image.

6. This study also makes an attempt to suggest a way and means for making CSR initiatives effective which will be helpful to Government to frame policies with regard to CSR activities considering overall social impact of the same.
7. This study also makes an attempt to see the links between organizational performances of the company to the mandatory CSR practices.
8. This study also provides the attempt of knowing the degree of employee commitment towards the organization.
9. This study also attempts to find co-relation between CSR practices of the company and financial impact and also the overall corporate reputation.

4.6 Research Design

Research design for this study is combination of Descriptive and Exploratory in nature. Descriptive is due to the factors on which the employees have given their opinion and satisfaction level. The study is Exploratory due to its novice measurement of mapping the management perception for CSR. It involves a sound and scientific analysis of data with the help of measure of central tendency, measures of variation, hypothesis testing, correlation and the regression analysis.

4.7 Data Collection

4.7.1 Primary Data:

The primary data have been collected from selected employees of selected companies through structured non-disguised questionnaire. The questionnaire was framed on the base of objectives of the study.

4.7.2 Secondary Data

The secondary data have been collected from reliable and authentic sources like, published research papers, various authentic websites, published and non-published Ph.D. thesis, annual report of the Organizations and other authentic sources. The relevant data which have used for the purpose of the study has taken from books, journals and electronic media.

4.8 Pilot Survey

Pilot Survey and Pre Test of Instrument: The questionnaire has been pre tested among 5 companies namely Reliance Petrochemicals Ltd, Sun Pharmaceuticals Ltd, Idex India Pvt Ltd, ABB Ltd and GSFC Ltd. Thereafter necessary modifications were incorporated based on the observations of the pilot study. The questionnaire thus modified was administered among the sample informants.

4.9 Tool / Instrument for Data Collection

For the purpose of collecting primary data, a structured questionnaire has been designed. Initially a draft has been prepared covering almost all the objectives of the study in consultation with the experts in the field. A five dimensional scaling technique (Likert Scale) ranging from “Strongly Agree” to “Strongly Disagree” and neutrality in the middle has been used. The specimen form of questionnaire has been provided in the appendix.

This questionnaire has been designed in three parts for the study. Part I deals with demographic information, Part II (A) deals with the employee’s perception about CSR and Part II (B) deals with the experience of CSR in their respective organisations.

4.10 Tools / Methods for Data Analysis

The primary data collected with the help of through structured non-disguised questionnaire is analyzed with the help of SPSS 21 and excel. The statistical tools like percentage, frequency distribution, mean, standard deviation, chi-square test, correlation, linear regression and factor analysis is used to analyses the primary data.

4.11 Sample Design

In this research, the sample design on the basis of suitability and availability of the requisite sampling frame has used. Here, convenience sampling method is preferred by the researcher to select the respondents of the selected Organizations.

4.11.1 Population

All the employees of companies involved in doing CSR activities in Gujarat state are the population for study. (Public as well as private established in the state of Gujarat)

4.11.2 Target Population

All employees of selected companies, involved in CSR activities of Gujarat constitute the population for study. Target population for this study is the employees working in companies that do CSR. The employees from all departments are the part of target population.

4.11.3 Sampling Techniques

The target population is finite but, due to difficulty in obtaining the data from employees in some organizations, Convenience Sampling method is used for this study. Otherwise, the researcher would have taken probability sampling techniques.



The researcher has selected eighteen companies of Gujarat state implementing CSR activities according to the five regions of the Gujarat state namely Kutchh, Saurashtra, North Gujarat, Central Gujarat and South Gujarat.

4.11.4 Sampling Frame

The employees of organizations implementing CSR in the state of Gujarat are taken as the sample frame of the study.

4.11.5 Sampling Unit

The employees of selected organizations implementing CSR in the state of Gujarat are considered to be a sampling unit for the purpose of this study.

4.11.6 Sample Size

To find out the appropriate number of sample, researcher has used the Sample Size formula for the standard error of the proportion as below:

$$\text{Sample Size (n)} = \frac{\pi (1 - \pi) z^2}{D^2}$$

Where,

n = Sample Size

π = The estimated population proportion (based on the literature review and researcher's judgment) estimate 92% (0.92)

Z = Level of confidence is 90% than associated z value is 1.645

D = The level of precision and desired precision is such that the allowable interval is set as $D = P$ (Sample Proportion) – π (population Proportion) = ± 0.05

This formula is taken from the book *“Marketing Research – An Applied Orientation”* by Naresh K. Malhotra (Sixth Edition) Pearson Publication, pp. 377-379

Calculation of Sample Size:

$$n = \frac{\pi (1 - \pi) z^2}{D^2}$$

$$n = \frac{0.92 (1 - 0.92) (1.645)^2}{(0.05)^2}$$

$$n = \frac{0.92 (0.08) (2.7060)}{0.0025}$$

$$n = \frac{0.19916}{0.0025}$$

n = 79.66 **So, sample size round off to 80**

Based on calculated sample size 80, also determine the total sample size. Considering the 18 companies as strata, total sample size for this research is (80 x 18) **1440**. i.e. all employees working under the organization practicing CSR. The below Table shows the total population of the study:

Table-4.1: Total Population of the Study

Name of company	Total Employees (approx.)
1. Reliance Petrochemicals Ltd	2733
2. Essar Ltd	7128
3. Larsen and Toubro Ltd	50728
4. ONGC Petro addition Ltd	623
5. GSFC	62345
6. Silox India Pvt. Ltd	2837
7. Prakash Chemicals Pvt. Ltd	135
8. Atul Ltd	3000
9. Adani Capital Pvt Ltd	839
10. Ultratech Pvt ltd	22000
11. Sun Pharma Ltd	35239
12. Idex Ltd	6834
13. ABB	34783
14. Zydus	24412
15. Indian Oil	33498
16. Nirma	1388
17. GGRC	179
18. GATL	328
TOTAL	2,89,029

(Reference: Official Websites of Organizations, Government Reports & Organizational Profile)

The below table shows distribution of sample size for this study:

Table-4.2: Selected Sample Size

Name of company	Selected Respondents
1. Reliance Petrochemicals Ltd	115
2. Essar Ltd	67
3. Larsen and Toubro Ltd	98
4. ONGC Petro addition Ltd	97
5. GSFC	87
6. Silox India Pvt. Ltd	85
7. Prakash Chemicals Pvt. Ltd	57
8. Atul Ltd	67
9. Adani Capital Pvt Ltd	99
10. Ultratech Pvt ltd	78
11. Sun Pharma Ltd	69
12. Idex Ltd	102
13. ABB	98
14. Zydus	110
15. Indian Oil	98
16. Nirma	102
17. GGRC	56
18. GATL	53
TOTAL	1,538

4.12 Reliability of the Data

To test the reliability of the data, Cronbach's alpha test is used. The following table showing the alpha score:

Table-4.3: Reliability Statistics

	Cronbach's Alpha	N of Items
Overall Data	.947	77
All CSR Activities	.943	42
Managerial Implications	.955	25

Interpretation: As the above table shows the values of Cronbach's Alpha is more than 0.90 in all three categories, the data is found accurate for further data analysis.

4.13 Variables under Study

The following independent and dependent variables have been selected on the basis of detailed review of literature:

Independent Variables	Dependent Variables
<ol style="list-style-type: none">1. Corporate Social Responsibility Activities<ol style="list-style-type: none">a. Educationb. Employment generation and skill developmentc. Women Empowermentd. Health and Sanitizatione. Benefits of Armed Veteransf. Community Developmentg. Philanthropyh. Environmental Protectioni. Protection of National Heritage, Art and Culturej. Promotion of Sportsk. P.M's Relief Fundl. R and D Projects	<ol style="list-style-type: none">1. Corporate Reputation2. Employee Commitment3. Managerial Perception4. Financial Performance

4.14 Hypotheses of the Study

The following Hypotheses are framed on the basis of research objectives and the research article of Rettab et. al.:

H01: There is no significant association between selected demographic variables and Awareness of CSR activities.

H02: There is no significant association between selected demographic variables and Perception of Employees of selected Organizations.

H03: There is no significant association between CSR policies and Employee Commitment.

H04: There is no significant association between CSR Practices and Managerial Perception.

H05: There is no significant association between CSR Practices and Financial Performance.

H06: There is no significant association between CSR and Corporate Reputation.

(Source: Rettab, Belaid & Ben Brik, Anis & Mellahi, Kamel. (2008). A Study of Management Perceptions of the Impact of Corporate Social Responsibility on Organisational Performance in Emerging Economies: The Case of Dubai. Journal of Business Ethics. 89. 371-390. 10.1007/s10551-008-0005-9.)

4.15 Operational Definitions

- **Corporate Social Responsibility:** Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.
- **Corporate Reputation:** Conceptually, corporate reputation can be defined as the collective perception of the organization's past actions and expectations regarding its future actions, in view of its efficiency in relation to the main competitors. In the context of the thesis the reputor or

image of a company determined on the CSR implemented by the organisation.

- **Financial performance:** Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. In the context of this thesis, the impact of CSR on the overall financial execution and discharge from the organisation for the implementation of CSR.
- **Employee Commitment:** If an employee is affectively committed to their organisation, it means that they want to stay at their organisation. They typically identify with the organisational goals, feel that they fit into the organisation and are satisfied with their work. In this context, the zeal and enthusiasm of employees who want to stay in the organisation which implements CSR.
- **Managerial Perception:** Managerial perception is a process that allows one to understand how the behaviours, words, appearance and choices influence the ways that others see in a person. In this context, managerial perception about CSR refers to the attitude, perception and behaviour towards the concept of CSR

4.16 Limitations of the Study

- **Cost Constraint:** There was no external funding or fellowship received for this research. The researcher has borne the cost individually and hence, could not conduct the research study on a macro level.
- **Time:** The time factor in collecting the responses might be limiting factor. The COVID-19 Pandemic is one of the limitations in collecting the data from respondents.
- **Limitation of Sample Size:** Sample size is limited to 1538 respondents only among selected public and private sector enterprises having presence.
- The research design and sample size used in the research may limit the findings of the study.
- Statistical software and tools used by the researcher may limit the findings of the study.

- The data is collected from the respondents through the structured non-disguised questionnaire, there may be possibility that respondents might be in hurried and given incorrect answers, even they may not be fully loyal in answering the questions might be distorted the analysis and findings.
- The researcher has collected the primary data from selected organizations in Gujarat. Hence, it would not be appropriate to generalize the results as representation of all the organizations implementing CSR in Gujarat and fit for the entire population.

4.17 Delimitations of the Study

- The assumption has been made that all the enterprises either public or private selected for the study are assumed to actively involved in CSR activities.
- It is assumed that all the all employees of the enterprise are fully aware about the CSR activities undertaken by respective enterprises.
- This study is delimited to only one state namely : Gujarat and only 18 organizations have been incorporated for the purpose of study.
- Sampling technique is considered for the study purpose is also the delimitation of the study. Some other sampling techniques may be used to conduct the same study for selected sectors as well as states.