

A study of Corporate Social Responsibility initiatives of major companies working in India

Dr. Pooja Sharma

Asst. Professor, Sagar Institute Of Research & Technology-Excellence, Bhopal (India)

ARTICLE DETAILS

Article History

Published Online: 10 November 2018

Keywords

official websites, Social welfare initiatives, disclosure, Ethical

Corresponding Author

Email: [poojasgi.sharma\[at\]gmail.com](mailto:poojasgi.sharma[at]gmail.com)

ABSTRACT

Corporate social responsibility (CSR) is emerging as a new field in the management research. In India, many firms have taken the initiatives of CSR practices which have met with varying needs of the society. The present study is an attempt to understand the status and progress and initiatives made by large firms of India in context to CSR policy framing and implementation. Data has been collected from the official websites of the firms and ministry. The purpose of this study to know the status and progress and spending done by Public and Private Companies and to know priority areas of CSR spending. Based on the quantitative analysis, the paper CSR reporting, consumers' perception is at low state and questionable. The willingness to learn and gain more knowledge about CSR found from the survey has drawn a bright future for CSR implementation and CSR disclosure in Bhopal city.

1. Introduction

Corporate Social Responsibility (CSR) has been the buzz word in Indian industry after the recent amendment in the Companies Act, Companies have to spend 2% of their profits on social initiatives pertaining to education, welfare of women, self employment and other welfare activity. The main aim of this initiative is to improve the economically backward areas and improve the standard of living condition of the masses. Corporate houses are going beyond the tradition of focusing on just profitability and are fulfilling their social responsibility and contributing to stakeholders including investors, customers, employees, and the community at large, all of whom are impacted by their actions. By the 20th century, the formal Indian companies that had emerged has started carrying out various social initiatives, examples being Tata group, Birla group and later after independence, companies both in the public and private sector (like SAIL, ITC, HUL, HPCL, BPCL, ONGC, etc) started giving its support for various causes in the area of education, child welfare, health, development of weaker sections. Even fast moving consumer goods (FMCG) companies in India are doing well in the field of environment, health care, education, community welfare, women's empowerment and child care (Khan, 2009). Out of all the stakeholders of CSR, consumers are the ones who buy the product of these companies and contribute in the profit making.

2. Literature Review

Andre Sobczak, Gervaise Debucquet and Christelle Havard (2006), in this paper, the authors analysed the impact of education on students' and young managers' perception of companies and corporate social responsibility. The research is based on an electronic questionnaire for students and alumni of different institutions of higher education of higher education in Nantes (France). The main result of this exploratory study is the impact of the different types of academic institutions on the respondents' perception on companies and their attitude towards CSR concepts and tools.

Jean – Marie Codron, Lucie Siriex and Thomas Reardon (2006), this paper focuses on the environmental and ethical attributes of food products and their production processes. The paper first presented the four movements that have brought to the fore new aspects of food product quality, to wit: 1) aspects of environmental ethics and 2) social ethics. Consumers tend to perceive the organic production movement and the integrated agricultural movement as a single group because they both deal with the environment. Finally, the paper identified challenges faced by those promoting food products with environmental and social/ethical attributes as they attempt to communicate coherent signals to consumers at this crucial moment in the emergence of a mass market for these products.

PHAM Duc Hieu, (2011), the author of this paper has examined how executives and managers from different Vietnamese enterprises represent their awareness and their perceptions of corporate social responsibility, as well as whether the attitude of Vietnamese consumers towards CSR. Structured questionnaires have been used to collect data from managers and customers. 30 selected companies operating in three main sectors namely, Banking, Brewery and Clothing and Textiles have been taken into account. Based on the analysis, the paper provided evidence that while a large proportion of managers expressed a highly positive attitude towards CSR and its reporting, consumers' perception is at low state and questionable. Although the consumers do not have a clear attitude, the research results showed that the awareness of consumers and their purchasing decisions influence significantly on the CSR implementation as well as CSR disclosure of companies.

Percy Marquina Feldman and Arturo Z. Vasques-Parraga (2013), the objective of this research is to explain key antecedents to consumer social responses, in particular, the comparative effects of CSR initiatives and CA in the consumer purchasing behavior. A choice-based conjoint model was applied to quota consumer samples from two disparate countries (USA and Peru) in the shoe industry. The variables

used in the study are company's environmental commitment, corporate giving to worthy causes, good labour practices, leadership in the industry, product quality and technological innovation. The main results of the study demonstrated that some CSR initiatives such as companies' environmental commitments, along with some CA, such as product quality significantly explain the nature of consumer responses and a trade-off effect on consumers' willingness to pay for a product.

3. Objectives

1. To study status and progress and spending done by Public and Private Companies in last two years.
2. To identify Priority areas of CSR spending.
3. To study the awareness level of consumers towards CSR practices in Bhopal city.

4. Rationale of the Study

Socially responsible behaviour of the company is good market practice and that it generates positive consequences for the business is increasingly accepted, but there is still a lack of research on potential benefits of social responsibility from the marketing perspective, as well as on its effects on the consumer segment. The empirical evidence about the relation between Corporate Social Responsibility Practices and consumer behavior is still limited. Hence, the current work aims to highlight the view about the corporate social responsibility practices on Consumer perspective in Bhopal City as well to know about CSR spending of BSE listed companies with the help of Secondary data which helps to know the changes of CSR spending occurred during last two years and to know in which sector companies are taking more initiative or spending.

5. Research Methodology

A structured questionnaire was used to collect the necessary data whereby it will serve as primary data to answer the research questions and objectives pertaining to CSR practices and reporting in Bhopal. The questionnaire is prepared for consumers of the selected FMCG companies. Each pattern of survey questionnaire consists of 8 statements pertaining to the relationship between CSR perceptions and CSR practice and reporting. In view of time and cost constraints, a convenience sampling method was used to collect data consumers in Bhopal city. I have used Likert five-point interval scale .The results will be answered by the consumer understanding about the CSR value.

6. Hypothesis

CSR has recently shifted to the field of marketing, and in particular the CSR-consumer relationship, to understand how firms social, ethical, and environmental initiatives can influence marketplace outcomes. Marketplace evidence suggests CSR is becoming a more salient purchase criterion among consumers who not only expect businesses to be socially responsible, but also want to be informed about what firms are doing, and will support firms that pursue CSR initiatives.

H₁: In the context of Bhopal, consumer's behavior is influenced by companies' CSR practices and disclosures.

7. Analysis and Results

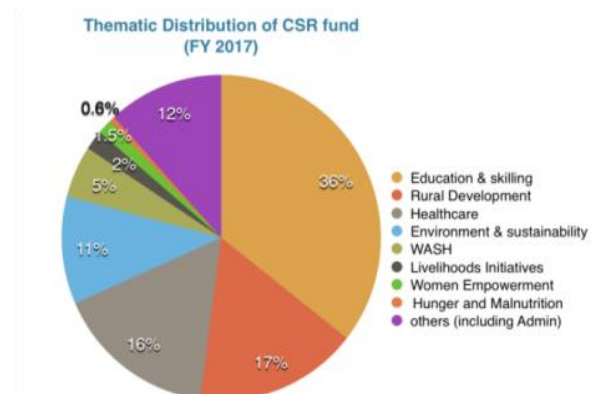
CSR spending done by Public and Private Companies during 2016-17 and 2017-18

S.No	Company Type	Financial Year 2017-18		Financial Year 2016-17	
		No. of Companies	Expenditure (in Crores)	No. of Companies	Expenditure (in Crores)
1	PSUs	95	638.35	81	211.12
	PSUs with no CSR expenditure	21	-	15	-
	PSU with CSR expenditure	74	-	66	211.12
2	Private Sector Companies	3985	3198.82	4019	1402.68
	Private Sector Companies with no CSR expenditure	801	-	331	-
	Private Sector Companies with CSR expenditure	3204	3198.82	4019	1402.68
		4100	3837.17	4100	1613.80

This data has been taken through karmayog and ministry of corporate affairs this research was based on BSE listed 4100 companies to know the flow of CSR spending sector wise. All of these companies are with prescribed CSR of INR 1Cr. or above

The Prescribed CSR budget of Indian corporate has increased by 28% in FY 2017-18 since FY 2016-17 while the actual CSR spend has gone up by 57% during the 2017-18. Private companies mainly FMCG, telecommunication and Automobile sector are spending more on CSR in comparison of other firms. A recent report of Ministry of Corporate affairs said. It that 1/3rd of the companies could not meet the mandatory CSR while 1/3rd of the companies spend more than the prescribed CSR. A few companies have taken CSR to the

next level by spending almost twice or more of the prescribed CSR.



This substantial increase in CSR funding in the last financial year has given a lot of push to quality education initiatives along with intensifying Skilling India Mission and Swachh Bharat Mission of Government of India.

Education project received 36% of the CSR fund while Swachh Bharat related projects received 7.3% of Indian companies' CSR fund. Almost 1/3rd of CSR fund was spent on education projects while another 1/3rd was spent on rural development and healthcare projects. Addressing hunger and malnutrition and environment sustainability related projects is gaining new ground as there seems to be substantial increase in CSR spend in these areas.

8. Customers' survey

With the selected sample size, 100 questionnaires for consumers have been distributed. However, only 97 responses were considered complete and valid for data. The results in the Table No. 1 show that the eight statements have scores of more than 50% agreement. About 71% of respondents know the meaning of "Corporate social responsibility". It reflects the fact that CSR is familiar to consumers. Furthermore, nearly

52% mentioned that companies should conduct social responsibility initiatives. A majority of consumer (62%) express their want of buying products of a company with good social responsibility practices. In addition, 51% of those surveyed think it is important to examine companies' CSR strategies. And 53% of respondents said they would make some changes in behavior for social responsibility. However, these results above are not meaning that consumers have strong support for companies' practices as about 69% of respondents still buy products from immoral companies. And a majority either say "disagree" (56%) or "strongly disagree" (14%), for a total of 70% are aware that they are not willing to pay a premium for goods/services from socially responsible companies. Overall, the descriptive statistics suggest that the young customers show the higher positive attitude toward CSR than older. Many of them are students and young workers with better education so they pay more to companies' CSR strategies. Young customers, however, are not willing to pay a premium for goods or services from responsible companies. The reason is due to their low financial status that does not allow them to buy products with high quality but high price.

Table No.1 Distribution of consumers' responses towards statements

S/N	Statements	5	4	3	2	1
1	Information of the term "Corporate Social Responsibility".	20	48	14	9	6
2	Companies should perform social responsibility initiatives.	9	43	14	25	6
3	Companies are obligated to donate and welfare of the public.	9	34	18	25	11
4	If I bought products of a company with good social responsibility practices, I would be more likely to continue buying that company's products.	8	52	29	8	0
5	I would avoid buying products from immoral companies.	7	15	8	38	29
6	I am willing to pay a premium for goods/services from socially responsible companies.	6	20	3	54	14
7	As per your opinion it is important to examine companies' CSR strategies	14	35	7	36	5
8	I will prefer some changes in behavior for social responsibility.	20	31	7	36	3

The Chi-square is used to test whether the consumer's behavior is influenced by companies' CSR practices and disclosures or not. The value of P is .9887 which is more than the significance level (0.05), Hence we fail to reject Hypothesis it means consumer's behavior is influenced by companies' CSR practices and disclosures. Thus, we conclude that there is a relationship between consumer's behavior and companies' CSR practices and all the information companies give in their report regarding CSR which creates goodwill of companies in market and helps to attract customers with the good cause work of societal welfare.

9. Conclusions

This paper has provided interesting results on two factors affecting CSR implementation and CSR reporting of enterprises in Bhopal. For consumers, although they are not having a clear attitude, the research results indicates that the awareness of consumers and their purchasing decisions influence significantly on the CSR implementation as well as CSR disclosure of companies. Although firms are committed

towards providing a good quality products and services at reasonable price as important factors in being socially responsible. Various companies are not willing to report their CSR initiatives. Therefore, customers do not have or have very limited information about CSR implementation and CSR achievement of companies; as a result, they do not realize the importance and benefits of CSR. The majority of consumers focus on the price of products rather than CSR when making purchasing decisions. CSR initiatives should build by including Social Responsibility, Environmental Responsibility and Economic Responsibility and CSR spending of various companies are increasing continuously as seen with the ministry of corporate affairs data and karmayog companies report shows that companies are mainly spent on Education, Health and Rural development. We, as consumers and stakeholders must accelerate and support those companies who have recognized CSR initiatives and are taking steps to do business responsibly as well as contribute to benefit society.

References

1. Andre Sobczak, Gervaise Debucquet and Christelle Havard (2006). A review of corporate social responsibility in India. *Development*, 47(3), 93-100.
2. Bourreau, M., Gensollen, M., Moreau, F., Waelbroeck, P. (2012). "Selling Less of More"? The impact of Digitization on record Companies." *Telecom ParisTech*, pp. 1-24.
3. Conway, C.(2003), "Tracking Health and Well-being in Goa's Mining Belt", Case Study 5, Ecosystem Approach to Human Health, International Development Research Centre, Canada.
4. Jean – Marie Codron, Lucie Siriex and Thomas Reardon (2006)", *Management, Auditing Journal*, 16 (5), pp.274-288.
5. Khanna, P. Gupta,G., Bahra, B.,2011 'Status of Corporate Social Responsibility: in Indian Context'. *APJRB*, Volume 2, Issue 1.
6. Pednekar. Mahesh C., 'Corporate Social Responsibility & Business Strategy - A Case Study on the Tata Group under MrRatan Tata'.
7. Percy Marquina Feldman and Arturo Z. Vasques-Parraga (2013),. "The Digitization of Word of Mouth: Promise and Challenges of Online Feedback Mechanisms." *Management Science* 49(10): 1407-1424.
8. Sherlekar S.A. (1999), *Ethics and Management*, Mumbai: Himalaya Publishing House.
9. Theophand A. Mathias, *Corporate Ethics*, New Delhi: Allied Publishers Ltd.
10. Tyagi, R. U. P. A. L. (2012, July). Impact of corporate social responsibility on financial performance and competitiveness of business: a study of Indian firms. In *Social science research network*. <http://ssrn.com/abstract> (Vol. 2251580).
11. <http://indiamicrofinance.com/microfinance-demonetisation.html>
12. <https://economictimes.indiatimes.com › Markets › Stocks › News>
13. <https://www.pressreader.com/india/financial-chronicle/20160331/282200830058227>
14. www.karmayoga.com
15. www.ministryofcorporateaffairs.com