



An analytical study of corporate social responsibility in selected industries of Patna District

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Abstract

In the process of development, CSR lies in practicing as a core part of a company's development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices to achieve triple bottom-line results. The Indian Companies Act, 2013 provides under Section 135 relating to CSR. Schedule VII contains list of activities which a company can undertake as part of its initiatives. The paper deals with various CSR activities conducted by selected government, semi-government and private sector undertakings of Patna district. The paper also highlighted the various domains of CSR undertaken by the selected industries and for whom these activities are conducted. The paper raised various questions relating to CSR and its beneficiaries and their appropriate answer has been given on the basis of analytical study. The paper is divided into five important sections including introduction and conclusion. The universe of the study is selected industries / companies of Patna district both public sectors, private sectors with employee's and beneficiaries of cross sectional. Sample size is ideal to test the hypothesis and to find appropriate result.

Keywords: corporate social responsibility, cross sectional beneficiaries, international commitments of nation for development of children & women, national skill development mission, triple bottom-line results.

1. Introduction

Corporate Social Responsibility is a peripheral issue for their business and customer satisfaction. United Nations and the European Commission remarked that "Corporate Social Responsibility (CSR) leads to triple bottom-line: profits, protection of environment and fight for social justice". It is expected that Civil society, activist groups, Government and Corporate sectors should work together to create appropriate means and avenues for the marginalized and bring them to the mainstream but the success of CSR lies in practicing it as a core part of a company's development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices that achieve triple bottom-line results.

This study explores the determining factors of corporate social responsibility towards employees and other beneficiaries for social development of companies. Another aspect identified in the study, is the factors that contribute to improvement in the standard of social work intervention and CSR activities: A study with reference to Patna district company/industries. The basic questions that raised in the CSR discussion is that, why corporate should be socially responsible in the first place? Secondly, Why, instead, would corporate not go about their business of shareholder value maximization, and leave the task of pursuing social development to government agencies? Thirdly, What is the underlying rationale of CSR, and more specifically, in the context of Section 135, the economics of mandatory CSR? The question of "why CSR" can be essentially decomposed into three sub-queries namely, what is CSR, what is the rationale for CSR, and what is the rationale for mandated CSR.

The basic aims and objectives of this paper are

- To study the social development interventions under

Social work & Corporate Social Responsibilities facilities of the selected Patna District Industries/Companies.

- To assess the individual, group and community development activities of the selected Patna district Industries/Companies.
- To assess the corporate social responsibilities towards employee's and beneficiaries of the Social work and CSR facilities the selected Patna District Industries/Companies.
- To know the Satisfaction level of Social work and CSR services of the employees & beneficiaries the selected Patna district Industries/Companies.

1.1 Hypothesis & Research Methodology & sample size.

To fulfill the objectives of the study, the following hypothesis has been generated to find the results:

- There will be no significant difference between social development activities and social work & corporate social responsibilities facilities of the selected Patna district Industries/Companies.
- There will be no significant difference between individual, groups and community development activities and Social work intervention & corporate social responsibilities of the selected Patna district Industries/Companies
- There will be no significant difference between corporate social responsibilities towards employees & beneficiaries of CSR activities of the selected Patna district Industries/Companies
- There will be no significant difference between the Satisfaction level of Social work and CSR services of the employees & beneficiaries under Social work & CSR facilities of the selected Patna district Industries/Companies

The present study is based on the primary and secondary data. Primary data has been collected from the field survey with approved questionnaire and secondary data has been collected from magazines, internet, books, annual reports, and records from selected industries and companies. The study has been conducted at Patna District selected Industries/Companies with Employee's and Beneficiaries in Patna areas (Bihar) This study has been conducted Cross sectional beneficiaries based on Patna District Industries/Companies, Employee's and Beneficiaries. Purposive as well as random sampling method has been used.

Sample Size: The total sample size consists of 200 employees/ beneficiaries for selected 20 Industries/Companies i.e. Government, Semi Government and Private Sector of Patna district.

Tools & Techniques: Social demographic data sheet Questionnaire/Schedule for Social Work, CSR activities and Employees services satisfaction leveled by experts, authors' & social scientists. Employees and Beneficiaries, who are the posted in jobs and getting various services from the selected Patna District Industries/Companies and fulfilling the criteria has been considered for the study.

Statistical Analysis: Appropriate statically techniques have been used for data analysis SPSS. Some of these are mean, percentage, correlation, regression, chi-square test, t-test etc. Simple average and percentage etc has been used to evaluate the CSR items. Ranking has been given to the companies on the basis of CSR practices. Chi-square test has been used to analyze the view of stakeholders.

1.2 Corporate Social Responsibilities in India: A brief discussion.

CSR in India has traditionally been seen as a philanthropic activity. keeping in view with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. CSR is not new in India. Development of CSR can be traced back in different phases.

The first phase of CSR was predominantly determined by culture, religion, family tradition and industrialization. Business operations and CSR engagement were based mainly on corporate self-regulation. Being the oldest form of CSR, charity and philanthropy still influence CSR practices, especially in community development. In the pre-industrial period up to the 1850s, merchants committed themselves for the religious reasons, sharing their wealth, for instance, by building temples. Moreover, "the business community occupied a significant place in ancient India and the merchants provided relief in times of crisis such as famine or epidemics by opening go-downs of food and treasure chests" (Arora, 2004). Under colonial rule, western type of industrialization reached India and changed CSR from the 1850s onwards. The pioneers of industrialization in the 19th century in India were a few families such as the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhanian, Modi, Mahindra and Annamali, who were strongly devoted to philanthropically motivated CSR (Mohan, 2001).

The second phase of Indian CSR (1914-1960) was dominated by country's struggle for independence and

influenced fundamentally by Gandhian theory of trusteeship, which aimed to consolidate and amplify social development. During this period, Indian businesses actively engaged in the reform process. Not only the companies saw the country's economic development as a protest against colonial rule; but also they participated in its institutional and social development (India Partnership Forum 2002). The paradigm of the "mixed economy", with the emergence of Public Sector Undertakings and ample legislation on labour and environment standards, affected.

The third phase of Indian CSR (1960-1980). This phase was also characterized by shift from corporate self regulation to strict legal and public regulation of business activities. In this scenario, the public sector was seen as the prime mover of development. The 1960s was described as an "era of command and control", because strict legal regulations determined the activities of the private sector. The introduction of a regime of high taxes, quota and license system imposed tight restrictions on the private sector and indirectly triggered corporate malpractices. As a result, corporate governance, labour and environmental issues rose on the political agenda and quickly became the subject of legislation. Furthermore, state authorities established PSUs with the intention of guaranteeing the appropriate distribution of wealth to the needy (Arora, 2004).

In the fourth phase (1980s onwards), Indian companies and stakeholders began abandoning traditional philanthropic engagement and to some extent integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach. In the 1990s, the Indian government initiated reforms to liberalize and deregulate the Indian economy by tackling the shortcomings of the "mixed economy" and tried to integrate India into the global market. Consequently, controls and license system were partly abolished, and the Indian economy experienced a pronounced boom, which has persisted until today (Arora & Puranik, 2004). At present, Indian companies are now expected to discharge their stakeholders "responsibilities and societal obligations, along with their shareholders" wealth maximization goal. In India as in the rest of the world there is a growing realization that business cannot succeed which fails in a society.

Nowadays, India has been named among the top ten Asian countries paying increasing importance towards Corporate Social Responsibility (CSR) disclosure norms. Besides the public sector companies, it is the private sector companies that played dominant role in CSR activities. In the last decade, CSR has rapidly evolved in India with some companies focusing on strategic CSR initiatives to contribute toward nation building. Gradually, the companies in India started focusing on need-based initiatives aligned with the national priorities such as public health, education, livelihoods, water conservation and natural resource management. Intensive national level deliberations on the potential role and responsibility of the corporate sector in contributing toward addressing social issues were witnessed in the last decade. Its focus on persuading companies to participate in addressing social and developmental issues, not only as a part of their social responsibility but also their business practices. Setting an example for the private sector, guidelines regarding expenditure on CSR activities for Central Public Sector Enterprises were issued by Department of Public Enterprises. According to these "Guidelines on Corporate Social Responsibility and

Sustainability for Central Public Sector Enterprises” revised by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises every year, each CPSE shall with the approval of its Board of Directors make a budgetary allocation for CSR and Sustainability activities/projects for the year.

The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company’s relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. It will be interesting to observe the ways in which this will translate into action at the ground level, and how the understanding of CSR is set to undergo a change.

With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs. 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the Companies Act, 2013.

Corporation’s CSR focus areas are inspired by national developmental policies and international commitments of nation for development of children, women and weaker sections. HPCL’s CSR focus areas are based on inspiration from legislations on Child Rights, Child Development and Education, National Health Policy and National Health Missions, Health Care in India- Vision 2020, National Skill

Development Mission, and policies on community/rural development.

4. Data Analysis and Presentation

The total sample consists of 200 employees/ beneficiaries in 20 selected Industries/Companies. In 20 Industries/Companies of Patna district, 100 beneficiaries & 100 employees are included to test the hypothesis. Out of 200employees/ beneficiaries, 90 samples are from government sector, 40 samples are from semi-government sector and 70 samples are from private sector undertakings of Patna district. The data has been examined for the last five financial years that is from 2014 to 2019. The justification for selecting the sample is as under:

- These companies are listed in Government, Semi-government and Privates sector in Patna district.
- These companies are practicing CSR practices in different areas and some have been awarded for CSR practices.
- Appropriate SPSS statistical tools & technique has been used for data analysis.

Socio-Demographic Profile of Stakeholders

The table no -1 is constructed to show the Social Demographic Profile of employees and beneficiaries those who are getting various types of services by Government, Semi-Government and Private Industries/companies of Patna District. The total employees and beneficiaries are taken 200, out of them 100 employees & 100 beneficiaries, 100 male & 100 female,140 lower social economic status & 60 middle social economic status, and 130 stakeholders’ from rural areas & 70 from urban areas getting social work and CSR services by Patna District Industries/Companies

Table 1: Showing that Socio-Demographic Data of Stakeholders (Employees & Beneficiaries)

S.N	Industry/Company	Employees	Beneficiaries	Sex		SES	Areas
				Male	Female		
	IOC	5	5	4	6	L	R
	NTPC	6	4	5	5	L	R
	Powergrid	7	3	6	4	L	R
	REC	6	4	4	6	L	R
	HPCLT	6	4	5	5	L	R
	EIL	4	6	6	4	M	R
	SBI BANK	5	5	5	5	M	R
	Canara Bank	4	6	6	4	L	U
	PNB BANK	5	5	4	6	M	U
	HDFC BANK	4	6	5	5	M	U
	ICICI BANK	6	4	4	6	M	R
	Sbi Life Insurance	4	6	5	5	L	R
	The New India Insu.Com	3	7	6	4	L	U
	Starindia constructive	4	6	5	5	L	U
	Tata hitachi construction	5	5	6	4	M	R
	Rodic consultative	4	6	4	6	L	U
	Inductus consultative	6	4	5	5	L	R
	Bajaj allaince insu.company	5	5	4	6	L	U
	Reliance industry	7	3	7	3	L	R
	ITC	4	6	4	6	L	U
	Total	100	100	100	100	L= 140 M= 60	R=130 U=70

Table No. 1 Abbreviations- SES= Social Economic Status, L= Lower Income Below 15000/PM, M= Middle, R= Rural, U= Urban

• CSR activities by the companies of Patna district

The major services of social work and CSR activities undertaken by the government/ semi – government/ private

sector industries/companies of Patna district are health & sanitation, drinking water, education, relief measures, rural support, vocational & capacity building training, women &

child development, poverty alleviation (SC,ST,OBC), animal and agriculture development, community and youth development, social empowerment/infrastructure, social work intervention in stake holders and miscellaneous activities.

Descriptive Statistics Analysis

Table no. 2 showing that descriptive statistics analysis of mean and Standard deviation of sex, age and type of stakeholders of the Patna district who are getting benefits of CSR.

Table 2: Analysis of Sex, Age & Stakeholders

Items	Number of Population(N)	Minimum	Maximum	Mean	Std. Deviation
Sex	200	1.00	2.00	1.5150	.50103
Age	200	22	46	32.28	4.865
Stakeholders	200	1.00	2.00	1.6000	.49113

This table shows the total number of population (N) and significant different between mean sex ratio 1.51 out of maximum 2.00, age ratio 32.2 out of maximum 46, stakeholder ratio 1.60 out of 2.00 and SD sex ratio.50 out of 2.00, age ratio 4.86 out of 46 and stakeholder.49.1 out of 2.00.

Another table-3 shows the frequency level and percent level of the different status of industry/company who are involved in CSR activities.

Table 3: Status of Industries/Companies

Items	Frequency	Percent	Valid Percent	Cumulative Percent
Govt.	9	4.1	45.0	45.0
Semi. Govt.	4	1.8	20.0	65.0
Private	7	3.2	35.0	100.0
Total	20	9.1	100.0	45.0

The frequency level and percent level of the different status of industry/company. Government sector high level frequency 9 and percentage 4.1 % out of 20.

Table no.4 constructed to show the frequency level and percent level of employees and beneficiary who are benefited by CSR activities.

Table 4: Stakeholders

Items	Frequency	Percent	Valid Percent	Cumulative Percent
Employees	100	50.0	50.0	50.0
Beneficiary	100	50.0	50.0	100.0
Total	200	100.0	100.0	

Employees and Beneficiaries equal level percentage and frequency 50% out 100 for employees and 50% out of 100 for beneficiaries.

Table 5: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Sex	200	1.4150	.49396	.03493
Stakeholders	200	1.4150	.49396	.03493

Table no. 5 showing that one sample statistical test of sex and stakeholders. There is 0 % error.

Table 6: One-Sample Test

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Sex	40.512	199	.000	1.41500	1.3461	1.4839
Stkhdrs	40.512	199	.000	1.41500	1.3461	1.4839

Table no. 6 depicts the results of one sample test of sex and stakeholders. There is equal sum value of stakeholders.

Table 7: Mean & SD

Items	Mean	Std. Deviation	N
Company	1.8500	.93330	20
Sex	1.4150	.49396	200
Stakeholders	1.4150	.49396	200

Table no. 7 shows that mean and SD of company, sex and stakeholders. There is no error.

Table 8: Correlation

		Company	Sex	Stakeholders
Compay	Pearson Correlation	1	.a	.a
	Sig. (2-tailed)		.000	.000
	N	20	20	20
Sex	Pearson Correlation	.a	1	1.000**
	Sig. (2-tailed)	.000		.000
	N	20	200	200
Stakeholders	Pearson Correlation	.a	1.000**	1
	Sig. (2-tailed)	.000	.000	
	N	20	200	200

Table No. 8 **. Correlation is significant at the 0.01 level (2-tailed).

This table no -8 is showing that results of correlation with company, sex and stakeholder.

Table 9: Chi- Square Test Companies with Social work & CSR Activities

	Cmpny	Stkhdr	HS	DKW	EDU	RM	RS	VTCTB	W&CD	PA	AA	CYD	SE	SW	Misc
Chi-Square	1.900 ^a	.000 ^b	132.760 ^c	1.025E2 ^c	1.672E2 ^d	102.640 ^e	61.240 ^e	94.780 ^f	1.232E2 ^g	1.017E2 ^g	78.700 ^h	1.124E2 ^h	92.500 ⁱ	1.088E2 ⁱ	91.300 ^j
Df	2	1	5	5	6	5	5	5	5	5	5	5	5	5	5
Asymp. Sig.	.387	1.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
Exact Sig.	.427	1.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
Point Probability	.095	.056	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000

HS-health & sanitation, DKW- drinking water, EDU- education, RM-relief measures,RS- rural support, VTCTB-vocational training & capacity building, W&CD-women & child development, PA-poverty alleviation (SC,ST,OBC),AA- animal and agriculture development, CYD-community and youth development,SE- social empowerment/infrastructure,SW- social work intervention in stake holders and Misc. - miscellaneous activities.

Table no.09 depicts the complete picture of chi-square test of industries/companies there social work & CSR various activities. Most of government sector, semi- government and private sector industries are facilitating high level service of health and Sanitation (HS) 132.7 and second, Relief Measure (RM) 102.6.

Analysis of Data

In this study the analysis has been made on the various domains of social work and corporate social responsibilities activities practices by selected industries/companies. There is variation in different activities among the different industries/companies. Most of the Government sector industries are facilitating high level service to health and sanitation, drinking water, rural supports education, rural development measurement, woman and child development. Private sector industries are also facilitating the high level service of social work and corporate social responsibilities activities. Semi- Government sector industries are facilitating middle and low level of social work and corporate social responsibilities activities.

The statistical analysis status of sex, age and stakeholders are Mean Sex ratio 1.51 out of maximum 2.00, age ratio 32.2 out of maximum 46, Stakeholder ratio 1.60 out of 2.00 and SD sex ratio.50 out of 2.00, age ratio 4.86 out of 46 and Stakeholder.49.1 out of 2.00. Most of government sector, semi- government and private sector industries are facilitating high level service of health and Sanitation (HS) 132.7 and second, Relief Measure (RM) 102.6.

Some stakeholders are gating high level of health and sanitation. Drinking water, education social work benefits through government sector industries and as well as private sector industries/companies.

Most of the stakeholders are gating social work and corporate social responsibilities service in poverty alleviation (SC, OBC & weaker section) of high and middle level service delivering for poverty alleviation by government, semi-government and private sector. And most of the stakeholders are getting middle level service of social empowerment and Infrastructure, animal & agriculture and rural supports by government sector, Semi-government and private industries/companies.

In this study, there is significant difference found in Social work and CSR services of government sector industries/companies i.e. Major services of Industries/companies are delivered by Power Grid, REC, HPCLT, EIL and Canara Bank except relief measure. PNB

provides Drinking Water, Education, and Relief measure, Rural Support, Vocational & Capacity building training, Woman & Child Development, Animal & Agriculture, Social Empowerment/Infrastructure and Miscellaneous. Animal & Agriculture services are not delivered by listed industries/companies except Power Grid, Health & Sanitation, Poverty Alleviation (SC/ST/OBC), Social Work intervention in Stakeholder is found very satisfactory by Industries/Companies.

Major Findings

- This study is based on cross sectional and compares with rural and urban areas industry. In which purposive as well as random sampling is used for selecting the subjects of either group of beneficiary.
- In either group preponderance of lower and middle socio-economic status was seen (140/60 and 130/70) respectively.
- Significance preponderance of government sector, semi-government and private sector industries/company of corporate social responsibilities activities.
- Significance preponderance of government sector, semi-government and private sector industries/companies their stakeholders i.e. employees and beneficiaries.
- There is significance difference between no. of employees and beneficiaries in government and semi-government sector industries/companies.
- Most of government sector, semi- government and private sector industries are facilitating high level service of Health and Sanitation (HS) 132.7 and second, Relief Measure (RM) 102.6 (see. Figure.9).
- There is significance difference between Social work and CSR services in Health, Drinking Water, Education, Social work intervention, Vocational training to government sector industries/companies and semi-Government sector as well as private sector industries.
- There is significance difference between Social work and CSR services in relief measure, community & youth development, woman & child development, poverty alleviation, rural support, miscellaneous and animals & environments of Government sector to Semi-government and Private sector industries/companies.
- Most of the government, semi- government and private sector industries are facilitating low level service of agriculture, animal and (AA) 78.78 and vocational training capacity building (VTCTB) 94.70 (see Figure. 9)

5. Conclusion & Suggestions

The success of CSR lies in practicing it as a core part of a company’s development strategy. It is important for the corporate sector to identify, promote and implement successful policies and practices to achieve triple bottom-line results. The Indian Companies Act, 2013 provides

under Section 135 relating to CSR. Schedule VII contains list of activities which a company can undertake as part of its initiatives. With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs.500 crore or a turnover of Rs.1000 crore or net profit of Rs.5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the Companies Act, 2013. In this context, the present research indicates an interesting path for the future research. The research explores the various areas of CSR under the legal framework of Indian Companies Act, 2013. Researcher suggests that industries or companies government, semi-government and private sector should actively participate and improve their social work and corporate social responsibilities activities of various domains.

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