



## CORPORATE SOCIAL RESPONSIBILITY AND RESPONSIVENESS: AN INSIGHT FROM ANAVRATNA COMPANY

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### **Abstract**

*Over the past few years, businesses and academic researchers alike have displayed increased levels of enthusiasm for corporate social responsibility (CSR). In particular, recent research suggests that CSR may be an excellent instrument to enhance the legitimacy of the firm among its stakeholders (e.g., Handelman and Arnold, 1999) and to develop positive social responsibility images (e.g., Brown and Dacin, 1997; Sen and Bhattacharya, 2001). This research has been extensively carried out to study and analyze perception of management towards various CSR policies and programs adopted for the development of local community. The research is purely qualitative in nature. The primary data has been extracted mostly from senior officials of the select company through semi-structured interviews. In the end, the researcher concludes the paper based on the findings drawn and gives suggestions accordingly.*

### **1. Introduction**

India is an emerging economy, which has gone through an extensive reform for economic stabilization and structural adjustment. The aim of the reform has been of three fold: a) reforming a distorted economy with a view to preparing it for transformation stage; b) redefine the role of the government and the public sector in a market driven economy; and c) recognize the private sector as the engine of development growth.

The philosophy behind Corporate Social Responsibility in India has evolved over the years. In the Pre-independence era it was considered as charity or philanthropy and perceived as such. Later, the trusteeship approach proposed by Mahatma Gandhi was adopted by certain business houses. Post- Independence with the emergence of Public Sector Undertakings organized CSR as a part of legal framework has emerged. Corporate social responsibility is back on the corporate law reform agenda. In 2010, the Government of India made it a voluntary spending and in 2013 with the introduction of The Companies Act 2013, 2% spending on net profit is made mandatory.

More and more Indian business organizations embrace the practice of CSR under different names such as corporate sustainability, social responsibility, and corporate citizenship. Corporate social responsiveness, corporate social performance, corporate citizenship, business citizenship, The CSR has been used as an umbrella concept to introduce a large number of ideas, concepts, and techniques. Nonetheless, the principle that companies must not only be concerned about profits and economic performance underlies all of them.

In spite of the many definitions of CSR advanced in past research (e.g., Swanson, 1995; Wood, 1991), much debate remains as to the exact nature of this complex concept (e.g., Rowley and Berman, 2000). Wood (1991, p. 693) integrated much of the previous work in an acknowledged definition of corporate social performance as the "configuration of the principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships."

According to Fitch, many social critics have noted the failure of corporations to behave in socially responsible ways but only a few have specified a problem solving approach to achieve the level of corporate responsibility desired by the society in which these corporations thrive (Fitch, 1976). Reich (1998) argues that the government should act as arbiter of business responsibility in society.

Corporate social responsiveness refers to the processes the businesses have developed 'for understanding and responding to development in the corporate social environment.' (Miles, 1987:74) CSR is alternatively referred to as "corporate citizenship," which essentially means that a company should be a "good neighbor" within its host community. In addition, Corporate social responsiveness is the management task of doing what one has decided to do so as to become socially responsible (Ackerman and Bauer, 1976, op. cit.).

Corporate social responsibility is a commitment to improve the well being of a community through discretionary business practices and contributions of corporate resources. Traditionally, communities have been the least regarded actor and historically neglected in policy and other related discussions relating to mineral development. However, in recent years,



especially after The Companies Act of 2013, local communities have been introduced as stakeholders into the previously binary relationship between the state and corporation.

Community development programs are programs to promote sustainable economic growth, environmental protection, education, skills building and the health and welfare of people who live near or are affected by a company's operations. They can be managed by a company department specifically designed for the purpose or even by an NGO, or through a foundation. They might also be managed within a company's purchasing, marketing, human resources or distribution departments. Some of the most innovative community development efforts arise from cross-functional partnerships between groups within a corporation.

### **1.1 Statement of the Problem**

It is known that majority of India's poorest live in villages and these villages are in a state of neglect and are mostly under developed. The problems of hunger, illiteracy, unemployment are still most acute in rural India. Though, India has potential as well as policies to meet challenges in rural areas but lack of responsiveness from the organizations has become the main cause of rural under development. Moreover, one side it is observed that mining industries are no doubt important in terms of employment, GDP, etc. On the other side it is noticed that such industries are causing severe harm especially in and around its premises, therefore, causing loss and danger to rural people. Thus, there is a need to study what initiatives are taken up to reduce the harm and for enhancing their quality of life.

### **1.2 Research Gap**

After an extensive and exhaustive literature review, it has been identified that most of the past research conducted study either to identify CSR practices in selected organizations and/ or compared them amongst each other. These studies are mostly broad in nature.. Also, very little efforts have been made to do an in depth and intensive study of a single organization from CSR perspective. Therefore, the present study shall address this gap.

### **1.3 Aim of the Study**

The main aim of this research is to study and examine the perception of management of select enterprise regarding policies and programs towards the social responsibility initiatives taken up for the development of local community at large.

## **2. Review of Literature**

Venu Srinivasan (2007) highlighted that Corporate Social Responsibility is more than philanthropy and must not mean "giving and receiving". An effective CSR initiative must engage the less privileged on a partnership basis.

Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd in his research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.

Bhattacharyya & Chaturvedi (2012), article entitled "CSR looks to emerge as an independent stream with measurable output". He further stated that the proposed bill of CSR will affect the company's policies in many ways. According to his views, the company's activities will change a lot. He further said that the companies who have not engaged in CSR activities till now will start investing on society. Finally he stated that the company who has already engaged in these areas will get a strong foundation or bond with the society.

Bibhu Parshad (2012), article presented that companies today invests in a lot of areas like child labour, ground water, food, education, employment etc. but nobody is aware about the essential need of world's poor. The article suggested that profit earning is a natural fact of companies but CSR is beyond the natural and statutory obligation of the companies. At last, it was concluded that sustainable development is the development of society as well as the company in a balanced way.

Bansal, Parida, Kumar (2012) analyzed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. Some of these sectors were Transport Equipment sector, Finance and Metal Mining sector, IT & Power, Capital goods, Telecom, Housing, FMCG, Oil & Gas and Cipla. The paper considered the nature and areas of society in which the companies are investing. By considering all those areas it was concluded in the paper that today companies are not working only to earn profit but also have realized the importance of being social friendly. So, on the basis of the paper it can be said that social responsibility has now started taking a turn in the new direction.



### 3. Research Methodology

#### 3.1 Objectives

- To study general perceptions of management towards Community related CSR
- To ascertain varied Community related CSR policies and practices of select organization.
- To find out the most important factors that impact organization's CSR policies and decision making
- To examine various constraints faced by the select organization in designing and implementing social projects

#### 3.2 Research Design

This research is purely a descriptive qualitative research design. No hypothesis was developed before data collection.

#### 3.3 Methodology

The researcher has adopted qualitative descriptive research design for the present study. In this study, primary data has been collected by conducting both in-depth formal semi-structured interviews with 20 senior executives, 5 middle and 5 junior officials of the NMDC Ltd. In order to enable a smooth communication, the questionnaire was framed to be as precise as possible, including very brief and relevant information for the participants to answer. Most of the respondents of the study were males holding a minimum of post graduate degrees and more.

#### 3.4 Scope and Limitations of the study

The study has selected only one public sector, the only mining public sector in Hyderabad. The authenticity of this study largely depends on the primary data i.e. information obtained from the interviews.

### 4. Profile of National Minerals Development Corporation

NMDC has made valuable and substantial contribution to the National efforts in the mineral sector during the last five decades and has been accorded the status of schedule-A Public Sector Company. In recognition to the Company's growing status and consistent excellent performance, the Company has been categorized by the Department of Public Enterprises as "NAVRATNA" Public Sector Enterprise in 2008.

NMDC is India's single largest iron ore producer, presently producing about 30 million tonnes of iron ore from 3 fully mechanized mines in Bailadila Deposit(Chhattisgarh State) and Donimalai Iron Ore Mines (Karnataka State).

### 5. Findings and Result

#### 5.1 Key findings regarding perspectives towards CSR policies and programs in general

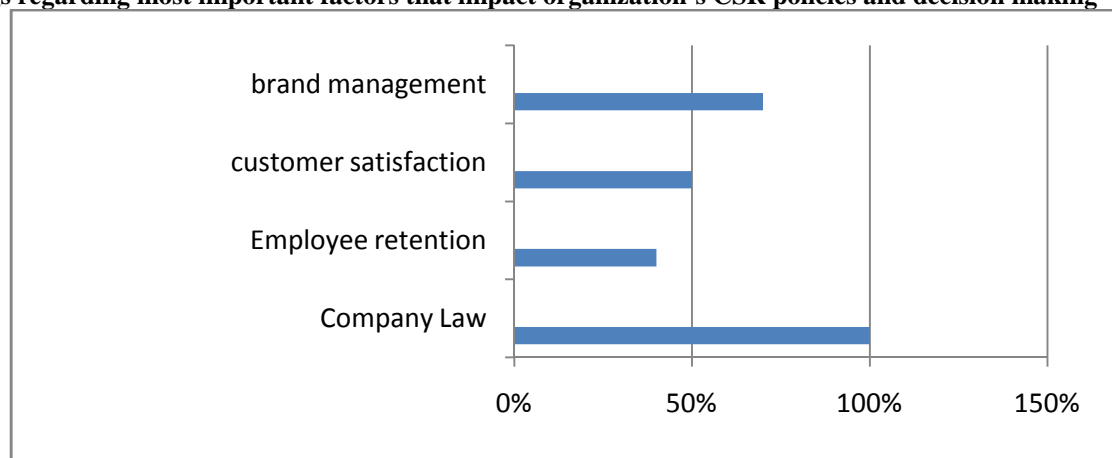
- All the respondents agree that CSR is a concept aimed at achieving commercial success in a way that does not compromise the well being of its employees or the local community
- Almost half of the respondents agree that CSR is just a new fancy term for something that companies have been already doing for a long time whereas rest does not agree to it.
- All the respondents agree that engaging in CSR initiatives has a positive influence on the overall performance of the business
- More than 85% of the respondents agree that implementing CSR should be a voluntary responsibility of every company irrespective of their nature of business and profits; however, 15% of the respondents disagree to it.
- More than 70% of the respondents agree that CSR should be strictly abided by law to ensure a wide uptake and effectiveness and whereas 20 % responded neutral and rest 10% disagreed to it.
- 80% of the respondents agree that Government should provide training to companies to help them to implement CSR whereas 5 % responded neutral and rest 15% disagreed to it.
- Almost 95% of the respondents agree that Government should give awards and recognition to those companies who are effectively carrying out CSR projects, however, 5% of the respondents disagree to it.
- 40% of the respondents agree that CSR should be adopted more by developing countries than developed countries whereas 20% showed a neutral response and 30% disagreed to it.

#### 5.2 Key findings regarding NMDC's CSR policies and programs

- All the respondents agree with CSR budgets allocated by their company
- All the respondents agree with the geographical area selected by their organization for CSR interventions
- All the respondents agree with the nature of CSR activities undertaken by your company
- All the respondents agree that CSR officials personally interact with local people at the time of project selection and design

- A majority of 90% of the respondents agree that the amount invested towards CSR is increasing annually whereas 10% of the respondents disagree to it.
- All the respondents agree that the nature of CSR interventions and reporting is becoming more structured and systematic within their organization
- Majority of the respondents revealed that most of the beneficiaries perceive that the social projects are undertaken by the state government or local authorities rather by NMDC.
- Majority of the respondents reveal that their social projects have a high positive impact in the lives of local people.
- NMDC undertakes CSR projects extensively for the benefit of women, trodden and deprived sections of the society.
- Most of the organization's CSR activities are undertaken near their branch units especially in Bastar, Chattisgarh
- More than 2% of their net profits are invested towards various social projects.
- The organization conducts need assessment and monitoring both by internal officers and external agencies and parties like NGOs, District collectors, Sarpanch, respective State Government.
- Various decisions regarding CSR projects are taken up by the organization's CSR sub board. Director personals and operational managers are also involved, as when required
- The employees voluntarily involve themselves in various CSR projects.
- The dealing officers are sent to various workshops and conferences in the area of CSR organized by various institutions externally.
- The beneficiaries are made aware of their CSR interventions through small boards near their social projects
- CSR activities are published in the company's annual report for public access and in the company's CSR quarterly report for internal management
- CSR policy is aligned with the company's vision and mission
- Various CSR projects are planned in advance and adopts a pro active approach
- CSR projects undertaken are in the areas of education, health, environment, skill development training, safe drinking water, mid day meal women development and village development.

### 5.3 Key findings regarding most important factors that impact organization's CSR policies and decision making



### 5.4 Major findings regarding various constraints faced by the organization

- According to data collected, lack of human resources is the main constraint followed by lack of support from local people, lack of knowhow, lack of employee motivation and lack of time
- When asked what are the other hindrances the respondents revealed that lack of dedicated NGOs and support from local contractors sometimes become obstacle for the execution of social projects
- The respondents also said that getting Government approvals for social projects is time consuming and long process.
- Government and local priorities sometimes differ when choosing social projects

## 6. Conclusion

With 'People' at heart of its philosophy and approach to Corporate Social Responsibility (CSR), NMDC has been striving to carryout meaningful work in the fields of Education, Health care, sustainable income generation and Agricultural development thus contributing to Nation building.



NMDC has been contributing its mite to help people by providing facilities for healthcare, education, civic amenities etc. and imparting training for development of skills for better employability including self employment to improve quality and dignity of life of the people living in the surrounding areas of its projects. NMDC

Besides being top foreign exchange earner for the country and joint top ranking company under the MOU system earning considerable profit year after year, NMDC has become a fore runner in the socio-economic and peripheral development in fulfilling its social obligations. NMDC strongly believes that the well being of the company cannot be separated from the well being of the neighbouring society.

Around Bailadila – the centre of NMDC’s major activity – there are 20 predominantly tribal villages and NMDC attempts to share the fruits of progress with them in a bid to improve the quality of their life. A full fledged peripheral development plan has been drawn up in each project management which finalises annual development schemes in the area.

Playing an active community development role involves making commitments that go beyond those of most businesses. Thus, if a company successfully incorporates the CSR practices in its day to day activities, it would not only gain public and international recognition but it will also be serve as an exemplary model for the rest to follow and would ultimately succeed in benefiting the entire public at large .

Therefore, Corporate Social Responsibility is an achievable and desirable dream and should be incorporated in the corporate sectors to achieve the ultimate visionary goal of Gross National Happiness.

## 7. Recommendations

- Although NMDC has a unique privilege of bringing remote areas to the main stream of civilization, the select company should take more initiatives to make the public aware of their social practices
- Further, the select company should also adopt some villages near their Head Office for the purpose of development.
- The company should continue to invest in on-going social projects to ensure its sustainability and take up few innovative SR activities

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