



CSR the Global Perspective with Special Reference to L&T Ltd, Ahmednagar

Prof. Anil Kumar Khandare

Associate Prof. PDVVPF IBMRD Ahmednagar.

Prof. Anil P Gaikwad

Assitant Prof. IBMRD, Ahmednagar

ABSTRACT

CSR is titled to aid an organization's mission as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment.

L&T has assumed a degree of responsibility for the welfare of society at large. The mutually interdependent relationship between their businesses and the social milieu in which they exist places corporate social responsibility in a position of crucial significance.

KEYWORDS : CSR, development, perspective

Introduction:

CSR Activities of L & T:

Health:

"When health is absent, wisdom

Cannot reveal itself, art cannot

Manifest, strength cannot fight, wealth

Becomes useless, and intelligence cannot be applied."

L&T endeavors to impact the lives of as many of the underprivileged as possible through various health and welfare schemes.

Environmental Conservation

L&T has enunciated Environmental Policy Statements as required by the ISO 14001 standard for its Heavy Engineering and Electrical & Electronics Divisions.

Treatment of Hazardous Waste

To minimize the impact of potential pollutants on the ecosystem, L&T adopts state-of-the-art techniques and employs processes to treat waste products.

Spread of Awareness

L&T's greening initiatives are visible in many locations - in the lush surroundings of its factories, in the public gardens it maintains, in the tree-plantation drives it undertakes periodically, and in the afforestation projects it has undertaken in the rural areas surrounding its factories.

CORPORATE SOCIAL RESPONSIBILITY

Historical Perspective

- Economic model – the invisible hand of the marketplace protected societal interest
- Legal model – laws protected societal interests

Modified the economic model

- Philanthropy
- Community obligations
- Paternalism

Historical Perspective

From the 1950's to the present the concept of CSR has gained considerable acceptance and the meaning has been broadened to include additional components

Evolving Viewpoints

CSR considers the impact of the company's actions on society (Bauer)

CSR requires decision makers to take actions that protect and improve the welfare of society as a whole along with their own interests (Davis and Blomstrom)

- CSR mandates that the corporation has not only economic and legal obligations, but also certain responsibilities to society that extend beyond these obligations (McGuire)
- CSR relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems, which by some normative standard have beneficial rather than adverse effects upon pertinent corporate stakeholders. The normative correctness of the products of corporate action have been the main focus of CSR (Epstein)
- CSR encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time

Understanding the Four Components

Responsibility	Societal Expectation	Examples
Economic	Required	Be profitable. Maximize sales, minimize costs, etc.
Legal	Required	Obey laws and regulations.
Ethical	Expected	Do what is right, fair and just.
Discretionary (Philanthropic)	Desired/Expected	Be a good corporate citizen.

Pyramid of CSR



CSR in Equation Form Is the Sum of:

- Economic Responsibilities (Make a profit)
- Legal Responsibilities (Obey the law)
- Ethical Responsibilities (Be ethical)
- Philanthropic Responsibilities (Good corporate citizen)

CSR Components	Owners	Consumers	Employees	Community	Others
Economic	1	4	2	3	5
Legal	3	2	1	4	5
Ethical	4	1	2	3	5
Philanthropic	3	4	2	1	5

Principles of Social Responsibility

The level of application of these principles is institutional and is based on a firm's basic obligations as a business organization. The value of this level is that it defines the institutional relationship between business and society at large, and specifies what is expected of any business. It has three major elements:

1. *Legitimacy* concerns business as a social institution, and frames the analytical view of the inter-relationship between business and society;
2. *Public responsibility* concerns the individual firm and its processes and outcomes within the framework of its own principles in terms of what it actually does;
3. *Managerial discretion* whereby managers and other organizational members are moral actors. Within every domain of corporate social responsibility, they are obliged to exercise such discretion as is available to them towards socially responsible outcomes.

Processes of social responsibility

Corporate social responsiveness consists of the capacity of a business to respond to social pressures. This suggests the ability of a business organization to survive through adaptation to its business environment. To do so, it must know as much as possible about the business environment. But the environment of a business is not static; it is a complex and ever changing set of circumstances. Three elements are identified as being basic to this level of the CSR model:

1. *Business environment scanning*: indicates the informational gathering arm of the business and the transmission of the information gathered throughout the organization.
2. *Stakeholder management*: A stakeholder is defined as any group or individual which can affect or is affected by the achievement of the firm's objectives, such as owners, suppliers, employees, customers, competitors, domestic and foreign governments, non-profit organizations and environmental and consumer protection groups. Stakeholder management refers to mapping the relationships of stakeholders to the firm (and among each other) whilst finding, listening and meeting their expectations that legitimate concerns should be balanced and met as a prerequisite for any measurement process.
3. *Issues management*: Having identified the motivating principles of a firm and determined the identities, relationships and power of stakeholders, the researcher now turns to the main issues which concern stakeholders

The Outcomes

The main focus of measurement is the third level of the CSR model. To determine whether CSR makes a difference. There are, again, three main categories:

1. *Internal stakeholder effects* are those that affect stakeholders within the firm. It may also be concerned with human resource policies, such as the positive or negative effects of corporate hiring and employee benefits practices.
2. *External stakeholder effects* concern the impact of corporate ac-

tions on persons or groups outside the firm. They may involve, for example, the negative effects of a product recall, the positive effects of community-related corporate philanthropy or, assuming that the natural environment is a stakeholder, the effects of toxic waste disposal.

3. *External institutional effects* refer to the effects upon the larger institution of business, rather than on any particular stakeholder group. For example, several environmental disasters have made the public aware of the effect of business decisions on the general public. This new awareness has brought about pressure for environmental regulation, which has then affected the entire institution of business, rather than one specific firm.

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Indian companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal. In India as in the rest of the world there is a growing realization that business cannot succeed in a society which fails. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status. However, the concept of CSR is not new in India. The idea of social responsibility in the Indian society, bounded by notion of caste and fate, dates back to the time of British Rule when Indian reformers launched reform movements which slowly became more socially responsible. During the independence struggle Indian companies, which began to proliferate and prosper from the mid 19th century, throw in their lot with **Mahatma Gandhi** and the resulting concern for the nations caused many of them to be involved in providing education, health service and even clean water. As part of the survey, over 100 companies—ranging from large to mid-sized corporations—responded to questionnaires sent to around 1,000 companies during September-October 2010. Besides, a group of researchers conducted an in-depth study of CSR programmes in top business houses. The respondents unanimously acknowledged that social responsibility was no longer an exclusive domain of the government and CSR is much more than "passive philanthropy beyond the private sector, corporate players in India's public sector too have been actively involved in corporate social responsibility initiatives. Most public sector units in the heavy engineering industry have not only set up a township around the plant, but also established a school, a hospital and several other civic facilities for its employees and those that live in that area. Private sector companies have been encouraged to undertake rural development programmes down the years through fiscal incentives by the government. For instance, special benefits are offered in the industrial policy to companies that set up industries in backward areas and tax incentives are also offered to companies that set up water purification projects.

LARSEN & TOUBRO COMPANY OVERVIEW

Larsen & Toubro Limited (L&T) is a technology, engineering, construction and manufacturing company. It is one of the largest and most respected companies in India's private sector. Seven decades of a strong, customer-focused approach and the continuous quest for world-class quality have enabled it to attain and sustain leadership in all its major lines of business. L&T has an international presence, with a global spread of offices. A thrust on international business has seen overseas earnings grow significantly. It continues to grow its overseas manufacturing footprint, with facilities in China and the Gulf region. L&T believes that progress must be achieved in harmony with the environment. A commitment to community welfare and environmental protection are an integral part of the corporate vision.

VISION

L & T should be professionally-managed Indian multinational committed to total customer satisfaction and enhancing shareholder value.

L & T shall be an innovative, entrepreneurial and empowered team constantly creating value and attaining global benchmark.

L & T shall foster a culture of caring, trust and continuous learning while meeting expectations of employees, stakeholder and society.

Financial Analysis

Larsen & Toubro Limited - Financial and Strategic Analysis Review is an in-depth business, strategic and financial analysis of Larsen & Toubro Limited. The report provides a comprehensive insight into the

company, including business structure and operations, executive biographies and key competitors. The hallmark of the report is the detailed strategic analysis of the company. This highlights its strengths and weaknesses and the opportunities and threats it faces going forward.

Larsen & Toubro Limited (L&T) is a technology, engineering, construction and manufacturing company. It is one of the largest companies in the Indian private sector. The company is engaged in providing a wide range of advanced solutions, products and services in the technology, engineering, construction and manufacturing sectors. L&T's businesses are supported by a wide marketing and distribution network. It operates in six business divisions namely, Engineering & Construction Projects, Heavy Engineering, Engineering Construction & Contracts, Electrical & Electronics, Machinery & Industrial Products and Information Technology & Engineering Services.

Larsen & Toubro EBG Division at Ahmednagar

Larsen & Toubro's electrical and electronics business division (EBG) is targeting to more than double its turnover to over Rs 8,000 crore by 2015, thanks to vibrant activity in India's power sector to add over 200,000 Mw of installed capacity by the end of the 12th five-year plan.

Last year, L&T had reorganized its business units under various verticals termed as 'Operating Companies' (OCs), with its own internal boards, to spur growth and optimize internal resources. The EBG operating company, one among the eight OCs in the re-organized structure, currently generates a turnover of about Rs 3,500 crore. L&T's total annual turnover is Rs 35,000 crore.

"To achieve the target and to scale up capacities, we will invest over Rs 1,000 crore in manufacturing facilities and up gradation of existing capacity," R N Mukhija, president (operations) and director of L&T told Business Standard.

He said the plan was to grow organically by a minimum of 15 per cent year on year to reach a target of Rs 8,000 crore. Any revenue from new acquisitions will be over and above this target. L&T hopes to garner a minimum one-fourth of its EBG turnover from overseas operations. Tamco, a switchgear company L&T acquired in Malaysia in 2008, will contribute about Rs 2,500 crore to the turnover, he said.

The EBG division offers solutions for the power sector in low and medium voltage categories. The EBG comprises an Electrical and Automation Operating Company, two standalone business units of Medical Equipment and Systems (MED) and the recently divested Petroleum Dispensing Pumps and Systems.

Corporate Social Responsibility of L & T

L&T believes that the true and full measure of growth, success and progress lies beyond balance sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people. Through its social investments, L&T addresses the needs of communities residing in the vicinity of its facilities, taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development. The company proactively provides assistance in situations such as natural calamities and assists victims of nature's fury or social neglect. Many social initiatives are undertaken in partnership with government agencies and NGOs.

Rehabilitation Efforts

L&T is among the first in the Indian corporate sector to join rescue and rehabilitation efforts for the victims of natural calamity. When Orissa, Gujarat and Bhutan were ravaged by the cyclone, EBG swung into action to provide shelter to the workforce including its employees and contractors' men and also provide relief to those people who became homeless.

L&T extended assistance in the form of men, machine and money during the earthquake in Gujarat. L&T redeployed equipment from its various construction sites in Gujarat and sent a multi-skilled team of engineers for rescue and relief operations.

Larsen & Toubro Human Resource Employees

Employees shape an organization. They are a precious asset and a critical resource for a growing organization. Every year we recruit qualified talent to fuel our expansion and review remuneration of ex-

isting talent so that they too grow with the organization. As a result, this year our staff costs increased by 30% to Rs. 19.98 Bn. The true measure of human resource efficiency would be to view employee costs as a percentage of total income; on this ratio we maintained previous year's level even as we added 5,416 employees to reinforce projects and manufacturing capacities at existing and new locations.

We offer benefits like the provident fund, family pension, gratuity and superannuation fund, the last two being fully funded in accordance with actuarial valuations. Other benefits offered include transport to workplace, subsidised canteens, medical benefits, welfare activities and counseling. LTIT offers 4-year industry integrated diploma courses exclusively for the children of employees and deceased employees.

Sr. No	Particular	FY 2010-12 (Rs. in BN)	FY 2011-13 (Rs. in BN)
1.	Cost towards wages salary(a)	11.79	15.62
2.	Other benefit cost(b)	3.56	4.36
3.	Total Personal Cost (a+b)	15.36	19.98
4	Average payout per each billion	0.48	0.53

Training

Our success depends on our people. We therefore continuously invest in improving employee skills, capacities, commitment and motivation through comprehensive training programs.

Employee Benefits

We offer benefits like the provident fund, family pension, gratuity and superannuation fund, the last two being fully funded in accordance with actuarial valuations. Other benefits offered include transport to workplace, subsidised canteens, medical benefits,

Welfare activities and counseling. LT offers 4-year industry integrated diploma courses exclusively for the children of employees and deceased employees. Enriching Work Environment

We are conscious of the fact that our employees dedicate their most productive years towards our success. In return we have created an ambience to ensure their professional and personal development. We are building a more positive work environment through a host of initiatives like developmental workshops, talks, activities and training programs directed towards enhancing employee engagement and empowering them to lead a more fulfilling life.

2) Enhancing Wellness and Well-being

Enrichment sessions are conducted for employees on various topics like team building, lifestyle modification, family life education, diet & nutrition and self management.

3) Promoting Life Skills

Here we focused on strengthening interpersonal relationships through sessions on parenting, personality development, mental health & well-being, managing emotions, enriching relationships & married life and creativity & thinking skills along with Sessions for parents whose children are appearing in board exams or going abroad for higher studies.

4) Occupational Health and Safety

Safety continues to get our unremitting attention. Our safety strategy is to nurture a zero accident culture and to reinforce it with fail-safe procedures, the best protective gear and vigilant inspection. It is our commitment to provide a clean, safe and healthy workplace and to enlist the active support of all employees in achieving these ends. The EHS department conducts awareness programs, mock drills, first aid training, safety induction program, safety audits, occupational disease control and periodic medical check up for workmen engaged in hazardous operations.

Customers

Customer satisfaction is the foundation of our economic sustainability. A strong, customer-focused approach and the constant quest for world-class quality have enabled L&T to attain and sustain leadership in its major lines of business across seven decades.

To sharpen customer focus and provide specialized resources, L&T put in place a new business management structure and set up Operating Companies to cover specific business clusters.

L&T believes that customer satisfaction is the true barometer of a brand's success. Enhancing knowledge in selection, application, operation, safety and skills in maintenance of the product enhances the customer's product experience manifold. We therefore extend our responsibility beyond the sale of the product. Our certifications include ASTA, KEEMA, CQC; international markings like CE, UL and, CSA; approved by independent testing laboratories like ERDA, Central Power Research Institute (CPRI) and ERTL. EBG customer interaction centre provides a single window to the customers and ensures that all queries and complaints are promptly attended to.

Customer Health and Safety

We regard customer safety as of the utmost importance. Our product hand-over process is clearly defined. Our products are trusted for their quality and safety across the world. This is not just the result of intelligent safety features but a safety culture that goes beyond our operating and manufacturing locations, to the premises and personnel of our end users / customers.

CSR Activities

Trust / Foundation for CSR: Larsen & Toubro Public Charitable Trust

CSR Areas:

1. Community Welfare
2. Disaster Relief
3. Education
4. Employee Welfare
5. Energy
6. Environment
7. Healthcare
8. Vocational Training
9. Water
10. Women

Three main CSR activities:

Health

Larsen & Toubro Limited, in its corporate policy, philosophy and deeds has shown a commitment to social responsibility, with a range of activities as vast as it is varied - from environmental preservation, a field in which it has won laurels, to rural and social development. It has taken giant strides in promoting safety, health and hygiene, both within the corporation and externally.

L&T's rural development programmes touch the lives of people in remote villages and isolated communities. L&T offers a comprehensive package of medical services to the community. It has also set up several full-fledged schools and runs nurseries of talent. The initiatives against HIV/AIDS are part of L & T's wide spectrum of health and welfare programmes for the community.

B) Environment

Global warming: at L&T, we have always been conscious of the need to maintain harmony with the environment. We continuously seek newer environment-friendly approaches in all our operations – energy conservation, exploring alternative sources like wind and solar energy, waste water reduction, etc. The Zero Discharge approach of the Powai Campus saves over 350,000 liters water everyday through water treatment and recycling. More than 13,500 trees have been planted in different L&T campuses in the last year, and an additional 4,000 saplings were distributed among local communities.

Response to natural calamities

L&T and its employees have provided relief measures during natural calamities like earthquake and floods. L&T has assisted in disaster relief through employee and corporate donations, employee volunteering, supply of construction material, medical and food supplies. After the floods in Surat (Gujarat-India), L&T played a major role in road-clearing operations, organising medical camps, and supply of food, water, clothes and other relief materials.

C) Employee Volunteering

L&T encourages employees to volunteer for CSR activities, resulting in a self-driven approach while retaining consistency. L&T employees and the ladies clubs formed by their families at different locations, serve their communities by investing personal resources and time. From taking initiatives in building the next generation of productive citizens, empowering women, paying regular visits to old age homes and orphanages,

to organizing blood donation camps, our employees have always believed in truly making a difference to the world in which they live.

Global Perspective

Major Global Issues that attract Social Responsibility

1. Eradication of Poverty and Hunger
2. Universal Primary education
3. Promote equality and empower women
4. Reduce Child Mortality
5. Improve Maternal Health
6. Combat HIV/AIDS/Malaria and other critical diseases
7. Ensure Environmental sustainability
8. Develop a Global Partnership for development

Areas where Enterprises are engaged in CSR initiatives

1. Water conservation
2. Revival of traditional arts and crafts
3. Culture and Heritage
4. Environmental protection
5. Greening the Environment
6. Transforming, managing wastes and garbage handling
7. Health for all
8. Providing means for better livelihood
9. Rural Welfare
10. Primary Education
11. Disaster Management and Relief
12. Sports
13. HIV/AIDS
14. Child Labor
15. Women health and education

Blood Donation Camp at Larsen & Toubro (Oman)

Larsen & Toubro (Oman) LLC recently organized a Blood Donation Camp in memory of one of our beloved founding father, Henning Holck Larsen (HHL). The camp was organized in cooperation with the Ministry of Health, Sultanate of Oman. This blood donation camp aimed at invoking a sense of commitment among the employees towards the society.

Larsen & Toubro (Oman) LLC along with the Ministry of Health, Sultanate of Oman encouraged employees from various projects of LTO (Workmen & Staff) to come forward and participate in this event. Over 150 units of blood was collected from this camp.

Opportunities for Bhutanese youth in construction thro CSTI

The Royal Government of Bhutan (RGoB) organized a special programme to educate the youth of Bhutan on the employment opportunities in different fields in a bid to minimize the unemployment issues at Bhutan. Dasho Dr. Sonam Tenzin, Secretary, Ministry of Labour & Human Resources, RGoB, invited Mr. K G Nagaraj, from the Hydel Business Unit & Mr. Gautam Narayan Pramanik of CSTI, Kolkata to give brief presentation for Bhutanese youths on "Opportunities for Bhutanese youths in Construction thro Trainings About 3000 Bhutanese youths and other Senior Delegates of Govt. of Bhutan participated in this one day seminar at Thimpu on 09th March 2010.

Conclusion:

As the CSR is a form of Corporate self regulation integrated into business model and deliberates inclusion of public interest into corporate decision making. The L & T which is in multi business with its multi location is not doing only its business ethics but besides this it also used to performed & so its responsibility towards society by doing lots of social activities which can be directly related with its consumer, stakeholders, employees & people residing its near location.

Any organization should not focus on profit making strategy. But also should think to make position impact among countries, make them aware by doing Social Activities. L & T is not only performed social responsibility in India but besides this it used to perform this nation which linked with L & T in either of firm. According to survey L & T is in the list of fortune of 500 companies for its CSR activities.

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