



Effectiveness of Corporate Social Responsibility Initiatives and Sustainable Development- A Study With Reference To MRPL, Karnataka State

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ABSTRACT

Corporate social responsibility (CSR) is not a new idea, but it has never been more prominent on the corporate agenda than it is today, for the uncertainty about the societal obligations of business notwithstanding. They are gradually heeding the concepts like 'inclusive growth', 'responsible business enterprise', and to cap it all – good corporate governance and Corporate Social Responsibility practices. This article analyses the statement, "the idea that the company's resources should be devoted to some cause other than making a profit is outrageous". The issue has broadened the governance thinking from single bottom line financial performance to triple bottom line or the concept called sustainability. The findings on the basis of the research study reveal the status and initiatives of CSR in MRPL, Dakshina Kannada.

KEYWORDS : Corporate Social Responsibility, Inclusive Growth, Samrakshan and Sustainable Development.

Introduction

In recent years, CSR or Corporate Social Responsibility has become the latest buzzword among the companies. This refers to the practice of the corporate in "giving back" to society in the form of programs that benefit the less privileged members of society. They can take the form of outreach programs that adopt schools; communities etc and provide funds for their upkeep as well as promote socially conscious business practices that lead to the betterment of society.

Need For the Study

A few studies have been conducted in India particularly in Karnataka State on corporate social responsibility in general. There is no much studies conducted in public sector undertakings in Karnataka State. Hence, there is a comprehensive study is needed to examine the corporate social responsibility initiatives in companies.

Objectives of the study

To understand the concept of Corporate Social Responsibility.

To examine the CSR initiatives of the biggest Public Sector in Petroleum, Oil and Refinery, India.

To develop the case study of the organisation about the funds allocated and utilised for various CSR activities.

To examine the status of MRPL with regard to other organisations, the 2011 guidelines and the local socio-economic development.

Scope of the Study

This study may be considered as 'micro study'. The area of the study limited to some MRPL **Mangalore Refinery and Petrochemicals Ltd.** company and Dakshina Kannada district of Karnataka.

Research Methodology

The present study is descriptive in nature. Conceptual framework was developed from the secondary data comprising of the published literature. The present study is in partly descriptive partly diagnostic in nature. Personal and telephonic interview were used to generate primary data. MRPL's website, annual reports were also used to find out the results.

Conceptual Framework of Corporate Social Responsibility

There is no single, commonly accepted definition of **Corporate Social Responsibility**. But following the US – UK tradition, it can be

defined as follows: "**Corporate Social Responsibility is operating a business in a manner which meets or excels the ethical, legal, commercial and public expectations that a society has from business.**"

Sustainable Development

In 1987, the World Commission on Environment and Development sought to address the problem of conflicts between environment and development goals by formulating a definition of sustainable development: "**Sustainable development**" seeks to meet the needs of the present without compromising the ability of future generations to meet their own needs".

Broadly sustainable development in the three dimensional focus can thus be defined as:

Economic-An economically sustainable system must be able to produce goods and services on a continuing basis, to maintain manageable levels of government and external debt, and to avoid extreme sectoral imbalances that damage agricultural or industrial production.

Environmental-An environmentally sustainable system must maintain a stable resource base, avoiding overexploitation of renewable resource systems or environmental sink functions and depleting non-renewable resources only to the extent that investment is made in adequate substitutes.

Social-a socially sustainable system must achieve fairness in distribution and opportunity, adequate provision of social services, including health and education, gender equity, and political accountability and participation.

Reasons for Corporate Social Responsibility

CSR could be also analyzed from a point of view that emphasizes the reasons that guide a company's social initiatives.

Pragmatic or rational reason (Companies want to do it):

The self-interest motive is undoubtedly the first and foremost impetus of a corporate social behaviour: business organizations assume increased responsibilities and take an active part in social projects in order to gain in terms of image and enhance profits on the long term. CSR actions usually induce companies a competitive advantage and reflect a win-win situation: for the society but for the company as well.

b. Deontological reason (Companies feel obliged to do it):

It is assumed that businesses have a moral duty regarding the society and the community environment in which they operate; this obligation goes beyond mere profit maximization. Companies exist in order to satisfy a certain range of social needs; this is the reason why they should act in a correct and responsible way.

c. Social pressure – based reason (Companies are made to do it):

Companies also assume corporate responsibilities because they have to comply with the ever increasing social requirements. Society as a whole rejects companies that do not prove a responsible behaviour and has certain expectations regarding the corporate involvement in social issues.

National Voluntary Guidelines on Corporate Social Responsibilities Business in India

This is a summary of the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business. These guidelines have been developed through an extensive consultative process by a **Guidelines Drafting Committee (GDC)** comprising of experienced professionals representing different stakeholder groups. These guidelines have been released by **Ministry of Corporate Affairs on July 8, 2011** and can be accessed at:

The guidelines have been articulated in the form of 9 principles which are as follows:

1. Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
3. Businesses should promote well-being of all employees.
4. Businesses should respect interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
5. Businesses should respect and promote human rights.
6. Business should respect, protect, and make efforts to restore the environment
7. Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
8. Businesses should support inclusive growth and equitable development
9. Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Mangalore Refinery and Petrochemicals Limited

MRPL carries out its main business activities including manufacturing activities at one location namely Mangalore in the State of Karnataka. The Company has 3 offices set up, one each at Mangalore, Mumbai and Delhi to extend support/ liaison services.

3 depots, one each at Kasargod (Kerala), Hindupur (Andhra Pradesh) and Hosur (Tamil Nadu).

2 retail outlets, one each at Maddur and Hubli in the State of Karnataka.

National and International covering 22 countries major being Singapore, Mauritius, Netherlands, Japan and UAE.

Mangalore Refinery and Petrochemicals Limited: CSR Initiatives

The objective of the company promoted under the name of “**SAM-RAKSHAN**” is to promote in a holistic and sustainable manner, development of under-privileged communities, affected by poverty, illness and physical disabilities. The company's with these objectives has implemented a number of CSR programmes.

Major Corporate Social Responsibility (CSR) Initiatives

MRPL's CSR initiative continues to be influenced by the needs and concerns of the community residing in the close proximity of the refinery. The CSR initiative of company known as “**SAMRAKSHAN**” have 5 areas with a vision to protect, preserve and promote people, peace and progress in and around of the refinery as under.

- **Shikshana Samrakshan,**
- **Arogya Samrakshan**
- **Bahujan Samrakshan**
- **Prakrithi Samrakshan**
- **Sanskriti Samrakshan**

With these objectives, the company has implemented number of CSR schemes during the year.

The major scheme covered under the CSR activities during the year includes:

1. Construction of community hall,
2. Road asphaltting,
3. midday meal to support school students,
4. Setting up of computer lab
5. Construction of school building, toilet blocks for schools,
6. Providing scholarship and financial assistance to girl and meritorious students including SC/ST students,
7. Add on facilities to SC/ST community, to government schools
8. Self employment training for women,
9. Free distribution of sewing machines to women,
10. Construction of Anganwadi, artificial limb camp, mega medical camp and running a free primary health centre.
11. Promotion of livelihood for economically weaker section of people by organising computerised stitch craft.
12. JCB and crane operating training programme.
13. Participation in development of appropriate access road to and from remote villages to main arterial roads

Major Findings

The main thrust area where the company has taken various initiatives are in line with DPE guidelines and has spent Rs.240 Million in various CSR schemes during last 4 years.

Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax approximately in (2%). The Company has spent ` 4.65 Crores on CSR during the year 2012-13 which is around 0.5% of profit after tax of `909 Crore during 2011-12.

5 List the activities in 4 above has been incurred.

The major area in which the above expenditure has been incurred includes education, health care, livelihood support and community development projects.

Conclusion

It is our opinion that companies and businesses work together with the governmental agencies to promote sustainable practices and alleviate the severe environmental and social problems that are besetting us and in this respect, the firms should indeed look beyond their bottom line and have a social component in their accounting statements as a means of measuring the environmental and social impact of their businesses. It is worth remembering that we have not inherited the earth but merely borrowed it from our children. Hence, we do have a

duty to make the world a habitable place for future generations and focus on sustainability instead of destruction.

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