



Corporate Social Responsibility in selected Indian Organizations

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ABSTRACT

Corporate social responsibility has become imperative element of organizations' corporate strategy nowadays. Companies from all over the world are realizing need for the investment in betterment of society and environmental activities. Present study attempts to analysis CSR practices in selected Indian organizations viz. NTPC, Power Grid, Reliance Industries Limited and Tata Consultancy Services. Variables like promotion of education, eradicating hunger, protection of heritage, art and sports, rural development, disaster response, vocational training etc. are considered for the study. It was observed during the study that all the four selected companies contribute considerable amount to discharge their social responsibility. Out of fourteen activities selected, NTPC and Reliance spend on as many as eleven activities where as Power Grid spends on nine and TCS does eight activities. All the four companies emphasis spending upon promotion of education, eradicating hunger, environment sustainability and promoting gender equality.

KEYWORDS : Corporate Social Responsibility, Average profit, Companies act 2013, Corporate strategy

Introduction:

Corporate Social Responsibility is a voluntary contribution of companies whereby they integrate social and environmental concerns in their business operations and in their interactions with stakeholders. CSR is not just charity or donation but it is a commitment to working in an economically, environmentally and socially sustainable manner with balancing the interests of diverse stakeholders. It is an innovative way to contribute to the society rather than being just charity. The concept of CSR is also based on the assumption that enterprises should make decisions after considering not only financial factors such as profits or dividends but also they should consider immediate and long term social and environmental consequences of their activities.

In recent times companies from all over world have taken initiative in practicing CSR in the area of education, environment protection, rural welfare, waste management, water conservation, energy conservation, healthcare, disaster management and relief, manufacturing eco friendly product, green environment, diversity and equal opportunity, anti competitive behavior, non discrimination etc.

Definitions:

CSR is a movement aimed at encouraging companies to be more aware of the impact of their business on the rest of society including their own stakeholders and the environment. The concept comprises many definitions and practices. The way it is understood and implemented differs greatly for each company and country. Following are few definitions discussed across the globe about CSR.

According to William J. Bowen "Social Responsibility of businessman refers to the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society".

World Business Council for Sustainable Development describes CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

European Commission defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and interaction with their stakeholders on a voluntary basis."

According to Narayan Murthy, "Social responsibility is to create maximum shareholders value, working under the circumstances,

where it is fair to all its stakeholders, workers, consumers, the community, government and the environment."

Objectives of study:

- 1) To study the concept and theory of Corporate Social Responsibility
- 2) To analyze the extent of CSR practices made by the selected companies in India
- 3) To study category wise disclosure of Corporate Social Responsibilities of selected companies
- 4) To compare the selected companies based on CSR disclosure made by them

Scope of the study:

The scope of this study is confined to Corporate Social Responsibility practices under taken by selected public and private sector companies during the financial year 2015-16. Variables like promotion of education, eradicating hunger, protection of heritage, art and sports, rural development, disaster response, vocational training etc. are considered for the study.

Sample selection:

Present study is conducted with a view to analyze practices of Corporate Social Responsibility of Indian Organization. Random sample of four companies have been selected from BSE top 30 companies. Samples are taken from both public sector and private sector organizations. Two companies from public sector namely 1) NTPC Limited 2) Power Grid Corporation of India Limited and two companies from private sector namely 1) Reliance Industries Limited 2) Tata Consultancy Services have been selected for study purpose.

Sources of data:

Secondary data have been used for the purpose of this study. Annual reports of the selected companies have been main source of data. Other sources like previous researches, websites, and books on CSR etc. are used for the study purpose.

Corporate Social Responsibility by selected companies:

All the four companies contribute considerable amount to discharge their social responsibility. Following table shows total spending of the companies during the financial year 2015-16. Average profit mentioned here is the average of last three financial year's Net profit.

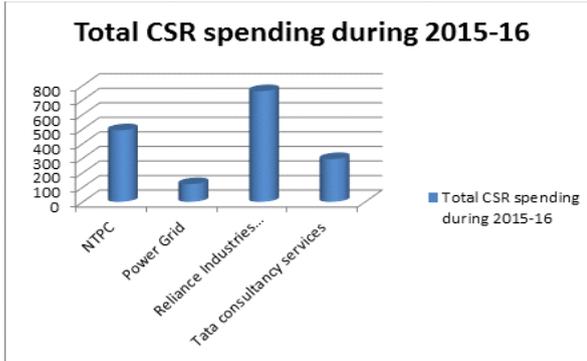
Table no. 1: CSR spending by selected companies during the year 2015-16

Name of the company	CSR spending during the year 2015-16	CSR expenditure as a percentage of profit

NTPC	491.8 crore	3.62% of average profit
Power Grid	121.79 crore	2% of average profit
Reliance Industries limited	761 crore	3.35% of average profit
Tata consultancy services	294.23 crore	1.64% of average profit

Source: Annual reports of the companies

Table no. 1 shows CSR spending of selected companies during the year 2015-16. Reliance Industries limited spends highest out of four companies e.i. 761 crore during the year 2015-16. Percentage wise spending of NTPC is highest 3.62% of average profit after CSR during the year whereas Reliance is second highest with 3.35% of average profit. TCS contributed only 1.64% of average profit upon Corporate Social Responsibility during the year.



Disclosure of Corporate Social Responsibilities variables by companies:

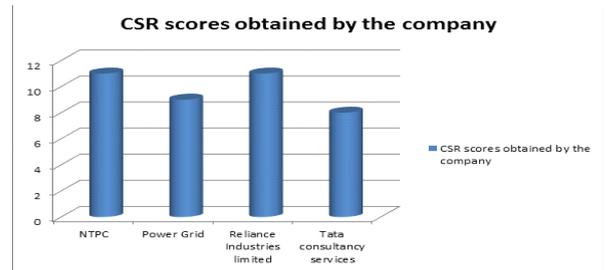
Annual reports of the selected companies were scanned in order to find the level of CSR reporting of the companies. Total fourteen variables were selected for the study.

Table no. 2 Scores of CSR reporting

Sr. no.	Variables	NTPC	Power Grid	Reliance	TCS
1	Promotion of education and skill development	1	1	1	1
2	Eradicating hunger, poverty and malnutrition	1	1	1	1
3	Promoting Gender equality and empowering women	1	1	1	1
4	Health services and Medical Support	1	1	1	1
5	Protection of Heritage, art, culture or sports	1	0	1	1
6	Rural development	1	1	1	0
7	Sanitation and drinking water	1	1	1	0
8	Conservation of scarce resources (water, energy)	1	0	1	0
9	Disaster response	0	0	1	1
10	Environmental sustainability	1	1	1	1
11	Vocational training programmes (tailoring, weaving, automobile repairing)	0	1	0	0
12	Construction of roads, parks etc.	0	1	0	0
13	Operating of trust/Membership in NGOs	1	0	1	1
14	Support to differently abled person	1	0	0	0
	Total	11	9	11	8

Source: Prepared by author source from annual reports of the companies

Table no. 2 clearly depicts the magnitude of CSR reporting of the selected companies during the study year. NTPC and Reliance report as many as eleven variables out of total fourteen variables where as Power grid report nine and TCS report eight variables out of total fourteen. All the four companies disclose variables like promotion of education, eradicating hunger, poverty and malnutrition, promoting Gender equality and empowering women and Environmental sustainability.



Conclusion:

Corporate social responsibility has become imperative element of organizations' corporate strategy nowadays. Companies from all over the world are realizing need for the investment in betterment of society and environmental activities. It was observed during the study that all the four selected companies contribute considerable amount to discharge their social responsibility. Out of fourteen activities selected, NTPC and Reliance spend on as many as eleven activities where as Power Grid spends on nine and TCS does eight activities. Indian Companies Act 2013 has made CSR mandatory for a certain category of companies in India. Also companies are taking serious efforts to accept CSR as an element for success and survival of business along with fulfilling social objectives. However there is a need to formulate policies and to adopt various instruments to determine a strong and innovative CSR strategy which is useful to the stakeholders and deliver high performance in social, ethical and environmental areas.

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