



Practice of Corporate Social Responsibility (CSR) in NALCO - Awareness and Role of Employees: A Case Study

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ABSTRACT

Corporate Social Responsibility (CSR) is a growing phenomenon in the corporate world today and has become a buzzword. Involvement of employees in extension of CSR of a company is also on rise. This provides employees an HR opportunity to contribute to business success and employee satisfaction and performance. Under this background, this study reflects the level of awareness about the term CSR and role of employees in CSR of National Aluminum Company Limited (NALCO); a public sector undertaking, considered as a frontrunner CSR activities in Odisha.

Key word : CSR, HR, NALCO, PSU, RPDAC, Stakeholders

Introduction

The concept Corporate Social Responsibility (CSR) has attracted worldwide attention and acquired a new resonance in the global economy (Jamali and Mishrak, 2007). Many companies in India are encouraging voluntarism among their employees to engage themselves in CSR activities. National Aluminium Company Limited (NALCO) is viewed as a benchmark company for its CSR activities in Odisha (Parichaya, 2008). Way back in 1980s, when nomenclature like CSR was hardly talked about and was in focus, NALCO took up its moral responsibility towards society and has given top priority to social sector development (Parichaya, 2008). It has spent more than Rs. 136 crore towards peripheral developmental works. In fact, NALCO was adjudged as the best Public Sector Enterprise of 2008 for its Corporate Social Responsibility (CSR) activities by Think Odisha Leadership.

This study is an attempt to capture the practice of CSR in an Indian company, and to unfold the level of awareness about CSR and involvement of employees in it.

The Concept of Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a concept whereby organizations consider the interest of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and environment in all aspect of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and families as well as for local community and society at large (Ratnam, 2006). CSR as a concept means being ethical towards stakeholders that is not harming or hurting any stakeholder (Sethi, 1979; Carroll, 1979; Waddock, 2004; Wood, 1991; Jones, 2005). CSR has a dominant goal to better the condition of various stakeholders (Steiner, 1972; Waddock, 2004; Sethi, 1979).

CSR Policy of NALCO

For NALCO, CSR is a responsibility not charity as stated in

its website. As a policy, NALCO has been allocating 1 per cent of its net profit of the year for peripheral development activities of the succeeding year since 2002-03. Earlier, from 1998-99 it was allocating 0.5 per cent of its net profit for the purpose. At the time of distress and natural calamities the company has responded immediately to help the needy people by way of financial contribution to Chief Ministers Relief Fund, Prime Minister's National Relief Fund or direct distribution of relief materials like clothing, medicines, dry food etc. in addition to operating free community kitchen at sites.

NALCO has undertaken peripheral development activities in the districts of Angul and Koraput, where its plants and mines are located by placing funds with Rehabilitation & Peripheral Development Advisory Committees (RPDAC) constituted by Government of Odisha under the chairmanship of Revenue Divisional Commissioners (RDC). These Committees prepare the annual peripheral development projects for the respective regions and also monitor their implementation.

Shortcomings of the CSR Policy and Change of Strategy:

Placing of funds with Rehabilitation & Peripheral Development Advisory Committees (RPDAC) for periphery development works had many shortcomings within it. These are as follows:

- No objective assessments of community needs were made by the implementing agencies.
- Involvement of the primary stakeholder was not given due importance.
- Expenditure for peripheral development spread much beyond the periphery areas
- There was inordinate delay in implementation of projects
- Accountability and sustainability was found to be lacking.

In fact, NALCO had no much say over what peripheral development works to be done, where & how much to be spent on which schemes. Discussion with the officials of NALCO has revealed that CSR initiatives by NALCO was underplayed by political & bureaucratic decision making, in which local politicians try to take political mileage.

With the attack of Maoist on NALCO's bauxite mines at Panchpatmali in the district of Koraput on April 12, 2009, the

company realized that the local people are not with the company, since without their support Maoists could not had done it. This event became an eye opener for NALCO authorities. To overcome the shortcomings of its CSR policy, NALCO Board decided to set up a Foundation for implementing its own vision of CSR. The Foundation came up on 28th July 2010, under the Indian Trusts Act, 1882. The Foundation's objective is to focus CSR activities in the 15 km radius of NALCO Mines and Plants so as to endear people and would be spending 1% of its profits through it, beyond 1 percent given to RPDAC for peripheral development (Annual Report, 2009-10).

NALCO Foundation has adopted a project-based accountability approach (as against a donor-based approach adopted earlier), by ensuring participation of the primary stakeholders, at the grassroots, in the decision making process. The Foundation aims to ensure community participation, accountability, sustainability and measurable results.

Objective of the Study

The objective of this present paper is to explore the following:

1. The level of awareness of term "Corporate Social Responsibility (CSR)" among the employees of NALCO.
2. What do the employees understand by the term CSR?
3. To what extent the employees of NALCO are involved in CSR activities?

Methodology of Study

The research design for the study is exploratory in nature. It is an empirical and analytical study based on primary and secondary data. The responses of the employees were elicited through a questionnaire by visiting personally and discussing with them.

Sample Design and Size

Respondents were selected basing on judgment sampling method. As many as 218 employees of NALCO working in its Bhubaneswar, Angul and Damanjodi locations were contacted for the purpose of study, out of which 125 are Executives and 98 are Non-executives.

Findings of the Study

The findings of the study are presented in the table 1, 2 and 3.

To ascertain whether the opinion of the Executives and Non-Executives significantly differ or same, "Z" (Two Sample for Means) test has been done.

Null Hypothesis (H0) There is no significant difference in response/opinion between the Executives and Non-Executives of NALCO.

Alternative Hypothesis (H1) - There is significant difference in response/opinion between the Executives and Non-Executives of NALCO.

The Z value (Zs) has been calculated and compared with the critical Z value (Zc) at 5 percent level of significance (1.645). When, the ZS was found to be smaller than the Zc ; H0 was accepted, otherwise rejected.

Table 1: Awareness of the term CSR among Executives and Non-Executives of NALCO

Category	Executives	Non-Executives	Total	Z value (Zs)
Yes	99 (79 %)	52 (56 %)	151 (69 %)	0.433
No	26 (21 %)	41(44 %)	67 (31%)	
Total	125 (100 %)	93 (100 %)	218 (100 %)	

Here, H0 is accepted. Hence, there is no significant difference between the Executives and Non-executives of NALCO regarding awareness of the term CSR. The table reveals that the awareness of the term CSR among employees is close to 70 percent. It is also distressing to note that one fourth of executives and 40 percent of Non-Executives have not come across the term CSR before this study.

Table 2: Meaning of CSR as understood by the Executives and Non-Executives of NALCO

Options	Executives	Non-Executives	Total	Z value (Zs)
A) Welfare measures for employees	0 (0 %)	09 (10%)	9 (4.1 %)	0.324
B) Obligation to the Govt.	0 (0 %)	01 (01%)	1 (0.5 %)	
C) Obligation to shareholders	01 (01 %)	01 (01%)	2 (0.9 %)	
D) Producing quality products, operating ethically and morally	04 (03 %)	10 (11%)	14 (6.4 %)	
E) Peripheral development works, engaging in environmental protection, giving charity/donations	83 (66 %)	62 (67%)	145 (66.5 %)	
ABCDE	11 (09 %)	01 (01%)	12 (5.5 %)	
Some Combination of A,B,C,D,E	26 (21 %)	09 (10%)	35 (16.1 %)	
Total	125 (100 %)	93 (100 %)	218 (100 %)	

Here, H0 is accepted. Hence, there is no significant difference between the meaning of CSR as understood by the Executives and Non-executives. The table reveals that CSR is understood to be "Peripheral development works, engaging in environmental protection, giving charity/donations" by the employees as 66.5 percent of respondents have opined so. Only 5 percent of the employees have an understanding of CSR in its totality represented by ABCDE.

Table 3: Involvement of Executives and Non-Executives in the CSR activities by NALCO

Options	Executives	Non-Executives	Total	Z value (Zs)
Very active	11 (09 %)	17 (18 %)	28 (13 %)	0.545
Active	38 (30 %)	39 (42 %)	77 (35 %)	
Occasionally	56 (45 %)	29 (31 %)	85 (39 %)	
Rarely	17 (14 %)	08 (09 %)	25 (11 %)	
Not at all	03 (02 %)	0 (0 %)	03 (01 %)	
Total	125 (100%)	93 (100%)	218 (100 %)	

Here, H0 is accepted. Hence, there is no significant difference in involvement of the Executives and Non-Executives in the CSR activities by NALCO. It shows that 13 percent of the employees of NALCO are very active, 35 percent active and 39 percent are occasionally active in the CSR activities by NALCO.

The study reveals that the philosophy of CSR is yet to take a firm root in NALCO. Only 69 percent of employees are aware of the term CSR, even though NALCO is pursuing CSR almost for 30 years. Further, involvement of employees in CSR is not high. This is due to the donor based approach to CSR by NALCO, where no scope exists for employees to be involved in it.

Conclusion

Establishment of NALCO Foundation for carrying out CSR activities and doubling of CSR allocation demonstrates the company's resolve to make CSR more comprehensive & inclusive; but there is no room for participation of the employees in CSR activities. Employee's involvement in CSR should be taken up as a matter of HR policy. NALCO can institutionalize voluntarism among employees through appropriate incentives and recognition. Steps should be taken at corporate level to increase the awareness level among the employees and public regarding CSR by observation of CSR week within and outside the company.

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