Research Paper Commerce

Corporate Social Responsibility: A Study with special reference to BHEL

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The notion of corporate social responsibility (CSR) is not new in our society. It was born when corporations were born and societies to accommodate them. The 'soul' of corporate social responsibility is what the French philosopher Rousseau understood to be 'the social contract' between business and society. Rousseau conceptualised the relationship between business and society as being a 'symbiosis'. The Greek word 'symbiosis' means the co-living and co-existence of two parties in a mutually advantageous relationship. Thus, the social contract understands men (social members) as being able to act freely in a civil society that is united by a general will or 'volonte generale': 'The social contract that brings society into being is a pledge, and the society remains in being as a pledged good'

The social contract signifies the relationship between society and business. Business hosts their operations within society and in return society expects business to show responsibility for aspects of its operations. It may be that the reason behind the 'misconduct' of the social contract is the different understanding and explanations developed around the notion of CSR.

The classical view of Adam Smith of perfect markets and the 'invisible hand' have been the core perception of business responsibilities for the past three hundred years. In the early twentieth century, the social responsibility of business was tied up with market performance. Oliver Sheldon, encouraged management to take the initiative in raising ethical standards and justice in society through the ethic of economising by doing so, business provides wealth in society and increases its standard of living whilst retaining a satisfactory level of profit.

During the 1970s, most social issues became public policy matters and legislation was passed to address health and safety at work, environmental protection and consumer protection rights. The public policy approach provided legitimacy for socially responsible actions on behalf of management, as government, acting on behalf of its citizens, had a legitimate right to provide guidelines for managers and shape corporate behaviour to correspond with societal expectations.

Both approaches however, public policy and social responsiveness, have been criticised on the basis of ignoring the deeper values involved in CSR that is failure of advancing an understanding of the normative dimension related to corporate social behaviour (Buchholz, 1993).

By engaging in CSR activities, corporations will gain better recognition as responsible corporate citizens from the perspective of international and local investors. The traditional view of business is essentially to maximise profits. However, the traditional views are no longer accepted in today's business environment, where, as a result, corporations have adopted the concept of CSR, which is concerned with economic, environment, and social performance. Of late, the broader concept of CSR has been introduced, where the corporation's concern is seen to be shifting to broader components of CSR, which includes stakeholders as one of the most important components while not forgetting effects on the environment or society.

The Triple Bottom Line (TBL) is a CSR concept that takes into account the impact of corporations' activities on people, the planet and profits. The human component is also known as human capital, and the planet component refers to natural capital. TBL has been recognised as a framework for measuring business performance. The performance is being measured not only on profitability but also on the efficiency of the organisation in managing its human and natural capital. The environment (planet) has been considered one of the stakeholders of corporations. Environmentally concerned consumers may not support products and services from those corporations that harm the environment.

CORPORATE SOCIAL RESPONSIBILITY (CSR) – DEFINITION

The notion of corporate social responsibility has been open to various interpretations, reflecting the relationship of business and society at different times of history. The notion of corporate social responsibility has evolved over the years, in the context of this research report it is imperative to articulate the current meaning of CSR and, thereafter, discuss the role of government in relation to corporate social responsibility.

Historically speaking the notion of CSR has been associated with corporate philanthropy. Well known British and American entrepreneurs realised the need for getting involved with the community and contributing to its welfare by building schools and hospitals and making donations.

Since the mid 1990s the notion of CSR has been associated with the terms of 'corporate citizenship', 'corporate sustainability' and 'triple bottom line'. The term corporate citizenship describes a firm's engagement with stakeholders rather than shareholders alone. Corporate sustainability refers to corporate behaviour that is likely to affect sustainable development ie, company activity that creates opportunities for sustainable development. Triple bottom line usually refers to the balance and equal promotion of the economic, social and environmental interests of a business. On the contrary, in order for the firm to survive and be profitable it must engage with a range of stakeholders whose views on the company's success may

vary greatly. This view of CSR corresponds to the commonly cited 'business case' for it. The current definition of CSR - that postulates the engagement of a firm with stakeholders rather than shareholders alone - is derived from the stakeholder model of a firm, which was developed in the United States in the mid 1980s. To summarise, in its conventional form corporate social responsibility is seen as profitability plus compliance plus philanthropy.

Objectives of the study
The present study has been conducted

- To understand the concept and essence of the term CSR
- To establish a clear cut definition this will free from any sort of ambiguity.
- To ascertain up to what extent the organization under study has undertaken CSR activities and their impact.
- To identify the areas in which the company under study has undertaken CSR activities.
- Finally to give some valid conclusions and recommendations.

Methodology
The data base of this study is secondary nature. The major source of data of this study is official website of the company. Besides the website, other information which is available in the public domain has been considered. Regarding selection of the industry and the company it is mentioned worthy that BHEL is one of the best and largest PSUs in India as such it has been selected for case study as it has already made significant contribution in the area of CSR and in receipt of several awards.

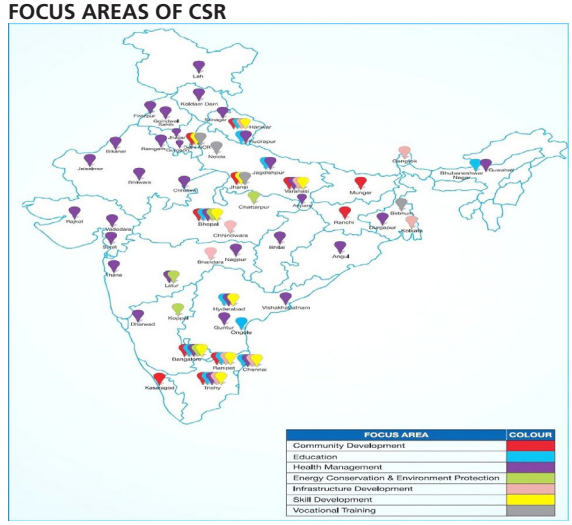
It is significantly observed that Status of Public Grievances of the company as on 31-12-2013 is as follows:

- No of Grievances received ----Nil
- No of grievances settled within the stipulated time -----Nil
- No of grievances outstanding ----Nil
- No of grievances forwarded to Appellate authority ---Nil

The above information indicates that the company is completely free from any sorts of grievances either from inside or outside the organization. This is one of the valid reasons behind the selection of the company.

CSR Activities done by BHEL:
- BHEL donates mobile Medicare unit (Each van costs Rs 16lakhs) which is provided with various facilities. BHEL has decided to spend Rs 76 Lakhs in coming 3years.In 2012-13 BHEL has donated four ambulances to Helpage India.
- BHEL Sangeetha Sabha Sign Agreement
- BHEL marks national eye donation day
- Life Line Express inaugurated for needy people of Bundelkhand
- Sponsored 6th Hum Kishor Festival
- BHEL campaign helps 1488 persons to gain eyesight = Rs 1.83 Crores spent in 2012-13
- Construction of community hall at kumaresapura village
- MOU signed with Bharathidasan University for contributing 55 lakhs for improving hygiene
- BHEL reaches out to the victims of Uttarkhand . It has made a humble contribution to help alleviate their suffering. To this effect Rs 2Crore contributed to Chief Ministers' Relief Fund of Uttarkhand. BHEL employees have contributed one days salary for the victims of Uttarkhand.
- Hot and hygiene mid day meals provided to school children through Akhshay Patra Foundation at Kamrup district of Assam.
- Environment and Species protection through afforestation of barren land at Ramdurga Koppal district , Karnataka
- Promoting quality education through establishment of 10 integrated learning centres for 300 deprived children
- Providing medical van for operation in Durgapur region of West Bengal.
- Rehabilitation works carried out at Tadong Senior secondary school, Sikkim damaged by earthquake.
- Van provided for easy transport of blood bank and day care centre established at Thane (Mumbai) for patients and children affected with Thalassemia.
- BHEL vehicles carrying relief materials for the victims of natural calamity in Uttarkhand.

MAJOR FINDINGS OF THE STUDY
FOCUS AREAS OF CSR



CURRENT TRENDS OF CSR IN INDIA:

Provisions of recently passed Companies Act -2013
According to the recently passed Companies Bill 2012(replacing 1956 Co. Act) CSR spends and reporting have been made more stringent. Clauses 134 and 135 specifies that companies with net worth more than Rs 500 crores, or turnover more than Rs 1000 crores, or net profit more than Rs 5 crores are required to constitute a CSR committee to formulate CSR policy for the company. Companies now would have to spend a minimum of 2% of average net profit earned during preceding three years before formulation of the policy.

Section VII of the said Companies bill lists the following activities that qualify as CSR

Initiatives:
- Poverty eradication
- Promotion of education, gender equality, and women empowerment
- Reducing child mortality and improving maternal health
- Combating AIDS/HIV, malaria, and other diseases
- Ensuring environmental sustainability
- Employment-enhancing vocational skills and social business projects.
- Relief and funds for socio-economic development such as for welfare of SC/ST, OBCs, minorities, and women.

Recommendations
- The concept of private-public partnership (PPP) should be applied in the effective implementation of CSR i.e. government and business houses should act in collaboration for the cause.
- Periodic review of the CSR activities should be conducted by every business entity so as to identify the pitfalls and the areas left out. For the purpose the companies under study may resort to CSR audit as has been mentioned in the voluntary guidelines 2009 issued by the Ministry of Corporate Affairs, GOI. It is further recommended that conducing of CSR audit and submission of report by the companies to the Registrar of Companies may be made mandatory and in case of default in the matter there should be provision in the charter of the company for severe punishment even cancellation of registration of the said company.
- NGOs should be encouraged to act in collaboration for the

CSR activities under different schemes and projects as they play a crucial role in the up liftmen of the masses.

- It should be kept in mind by the all concerned that the concept of CSR is basically philanthropic in nature so in undertaking or claiming some activities as CSR should be always from that perspective. Above all in doing and reporting CSR, the betterment and wellbeing of the people beyond the existing Indian legal framework should be given top most concern.
- It should be ensured by the concerned ministry that the companies stick to those activities like:

√ Poverty eradication
√ Promotion of education, gender equality, and women e powerment
√ Reducing child mortality and improving maternal health
√ Combating AIDS/HIV, malaria, and other diseases
√ Ensuring environmental sustainability
√ Employment-enhancing vocational skills and social business projects.
√ Relief and funds for socio-economic development such as for welfare of SC/ST, OBCs, Minorities and women. As stipulated in newly passed companies bill, 2013

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