

Impact Of Corporate Social Responsibility Activities On Society Development

A Case Study of Public Sector Unit, Telangana, INDIA.

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Abstract:

In the present era of Globalization, the multinational corporations and local businesses have been adopting a new consciousness known as Corporate Social Responsibility (CSR) which has been playing a pivotal role in continuation of business and developing the community. CSR represents the uprightness with which a company governs itself, fulfills its mission, lives by its values, engages with its stakeholders, measures its impact and reports on its activities. Although most people appreciate the recent advancement of CSR, some argue that corporations are still not doing enough or are only acting in self-interest. But the society development depends upon the initiation of the Government, business organizations and the NGOs. The present study is focused on the impact of CSR activities on community development because the very logic of CSR is towards seeing its impact in community socially, environmentally and economically. It attempts to highlight the importance of Corporate Social Responsibility as a tool to ensure greater participation of business entrepreneurs towards community development and enhancing the quality of life while undertaking a developmental activity to achieve sustainable development. The study will also elucidate the theoretical and practical contribution of CSR toward achieving the goal of sustainable development in India.

The results suggest that the CSR activities have changed the lives of the poor and the poorest in the target area of the study. The CSR activities are to be planned and implemented not only for the development of the community but to become model for the other business organizations to focus on society development.

Key words: *Corporate social responsibility, community development, Outcomes of CSR, Corporate Image and corporate-society relations.*

Introduction:

The dynamics of business are changing right before our eyes and whether we acknowledge it or not, we can't escape its impact. One important aspect of business that has often got researchers interest is the role and representation of CSR or corporate social responsibility vis-a-vis society. Corporate Social Responsibility plays a key role in developing the society which is surrounded by the organization. CSR is one of the effective tools that synergizes the efforts of corporate and the social sector agencies towards sustainable growth and development of social objectives at large. CSR is at heart a process of managing the costs and benefits of business activity to both internal (employees, shareholders, investors) and external (institution of public governance, community members, civil society groups, other enterprises) stakeholders. The concept of CSR has been part of the academic and business vocabulary for decades. According to Meehan (2006), CSR together with the concepts of Corporate Social Performance (CSP) and Corporate Citizen (CS) are three perspectives under the main headline Corporate Responsibility (CR). Briefly, CSR may be interpreted as voluntary and philanthropic acts by business firms designed to alleviate social problems or benefit a disadvantaged group chosen by the firms' managers. Corporate Social Responsibility (CSR), can be described as, the continuous commitment by corporations towards the economic and social development of communities in which they operate.

The issue of corporate social responsibility (CSR) has been debated since the 1950s. Latest analysis by Secchi (2007) and Lee (2008) reported that the definition of CSR has been changing in meaning and practice. The classical view of CSR was narrowly limited to philanthropy and then shifted to the emphasis on business-society relations particularly referring to the contribution that a corporation or firm provided for solving social problems. In the early twentieth century, social performance was tied up with market performance. The pioneer of this view, Oliver Sheldon (1923), cited in Bichta, (2003), however, encouraged management to take the initiative in raising both ethical standards and justice in society through the ethic of economizing, i.e. economize the use of resources under the name of efficient resource mobilization and usage. By doing so, business creates wealth in society and provides better standards of living.

Review of Literature:

The term corporate social performance was first coined by Sethi (1975), expanded by Carroll (1979), and then furnished by Wartick and Cochran (1985). However, the credit to define CSR at the global level goes to Howard Bowen (1953) who highlighted the status and degree of responsibilities that business class should accept. Liberal thinker Milton Friedman defined the concept CSR in terms of owner's objectives and stakeholder responsiveness which recognizes direct and indirect stakeholder interests (Urmila, 2012).

In the 1990s, Peter Drucker and many other authors propagated CSR as a part of corporate strategy (Urmila, 2012). Carroll (1991) presented a more systematic sequence of the development of CSR in his model. Carroll demonstrated that all these responsibilities have always existed to some extent, but it was only recently that ethnic and philanthropist dimensions have emerged a very integral part of business (Sharma and Kiran, 2013). The OECD policy

Guidelines aim to “encourage the positive contributions that multinational enterprises can make to economic, environmental and social progress and to minimise the difficulties to which their various operations may give rise” (OECD, 2010).

Role of CSR in Community Development

First of all community is generally defined as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, who live in close proximity and interact on a regular basis. There are shared expectations for all members of the group and responsibility taken from those expectations. The group is respectful and considerate of the individuality of other persons within the community. In a community there is a sense of community which is defined as the feelings of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one's self. CD may be defined as a process of challenging the undesirable and unacceptable disparity of conditions and infrastructure that negatively affect the quality of life in a place where people live and work. It functions best as process in locations where all strata of society and citizenry are engaged with sense of community solidarity (Community Glossary, 2009).

Community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities. These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community developers must understand both how to work with individuals and how to affect communities' positions within the context of larger social institutions.

CD is the process of developing active and sustainable communities based on social justice and mutual respect. It is about influencing power structures to remove the barriers that prevent people from participating in the issues that affect their lives. Community workers facilitate the participation of people in this process. They enable linkages to be made between communities and with the development of wider policies and programs. CD expresses values of fairness, equality, accountability, opportunity, choice, participation, mutuality, reciprocity and continuous learning. Educating, enabling and empowering are at the core of CD (Federation of Community Development Learning, 2009).

Evolution of Corporate Social Responsibility in India

The **evolution of corporate social responsibility in India** refers to changes over time in India of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporates should be responsible enough to address social issues. Thus companies should deal with the challenges and issues looked after to a certain extent by the states.

Under the Companies Act, 2013, any company having a net worth of rupees 500 crore or more or a turnover of rupees 1,000 crore or more or a net profit of rupees 5 crore or more should mandatorily spend at least 2% of last 3 years average net profits on CSR activities as specified in Schedule VII of the Companies Act, 2013 and as amended from time to time. . The rules came into effect from 1 April 2014.

The study - India's Top Companies for CSR 2014 scored companies based on four principal criteria: a. How well is the governance for CSR structured? b. How forthcoming are companies with respect to CSR activities and performance, c. How well are key stakeholders (employees, community, customers and suppliers) integrated within a company's CSR framework? and d. How pervasive are sustainability practices of companies?

Score of India's Top Companies for CSR- 2014

Rank	Manufacturing & Private	Rank	Public Companies	Rank	Services Companies
1	Tata Steel Ltd	1	SAIL	1	Infosys
2	Tata Chemicals Ltd	2	GAIL India	2	Wipro
3	Mahindra & Mahindra Ltd	3	NTPC	3	Bharati Airtel Ltd
4	Maruti Suzuki	4	Indian Oil Corporation	4	HCL Technologies
5	Tata Motors Ltd	5	ONGC	5	Tata Consultancy

Source: The study - India's Top Companies for CSR 2014 (www.responsiblefuture.in)

Need for the present study:

The NTPC Ltd is one of the Maharatna companies, involved in different aspects of electricity generation to meet the electricity demand at the national level and contributing to energy security. The company has operations spread across several states, and most of its projects/stations are located in remote rural areas, where basic infrastructure is inadequate. NTPC has always endeavored to be a leader in community development (CD) and corporate performance, which can be measured in terms of economic, social, and environmental impacts.

NTPC resolves to be a socially responsible corporate entity and to lead the sector in the areas of resettlement and rehabilitation with thrust on CD; environment protection, including effective ash utilization; and energy conservation. NTPC resolves to contribute towards sustainable power development by discharging corporate social responsibilities (CSR) that would positively impact on customers, employees, shareholders, communities, and the environment in various aspects of its operations. However, activities and expenditure related to staff benefits are not counted as CSR.

The CSR activities have been conducted in various villages under the target area of NTPC, Ramagundam unit. The activities like education, health, self employment, community development, rehabilitation, resettlement, drinking water, infrastructure facilities and so on. NTPC believes in growth with a human face and has been pursuing people-centered development. It is a socially committed organization and a socially responsible corporate citizen. It is focusing on fulfilling the corporate social responsibilities to develop the community in the jurisdiction of NTPC, Ramagundam unit. In accordance with its mission of being socially responsible corporate entity with trust on community development, NTPC aims to focus on implementing all community development programmes in the affected or neighbor villages around its operating stations based on specific needs of the community assessed through the need assessment survey. To understand the effectiveness and utility of the CD programmes carried out, it is imperative to conduct an evaluation study to measure the social, economic and cultural impact of the programmes / activities on the community. The aims of this evaluation activity is to set long-term community development priority, which could be achieved within the specified time frame. The evaluation process also would help an organization to create positive brand image and contribute the sustainable development. To sum up, social impact evaluation is a way of assessing the impact of CD activities on groups / community members and the results of evaluation then guides the future actions.

Aim of the study:

This study is taken up with the aim to understand the impact of the following aspects on community. The short term and long term social/ cultural/ economic impacts of the CSR –CD activities on the community, the effectiveness of the existing programmes / activities with respect to the needs of the community, the contribution of CSR-CD activities raising the living standards of people to assess the changing needs of the community and to make sure that the current programmes are in conformity with the needs expressed by the community.

Objectives of the study

- To prepare a comprehensive profile of all the activities done by the Public Sector Unit in Karimnagar district, Telangana State
- To determine the impact of the CSR-CD activity on the social / cultural / economic conditions of the people in communities
- To assess the changes in the quality of life among village communities through project interventions
- To suggest ways of enhancing community participation and community capacity building through CSR-CD activities
- To suggest requirements pertaining to budget allocations / resource utilistaion.

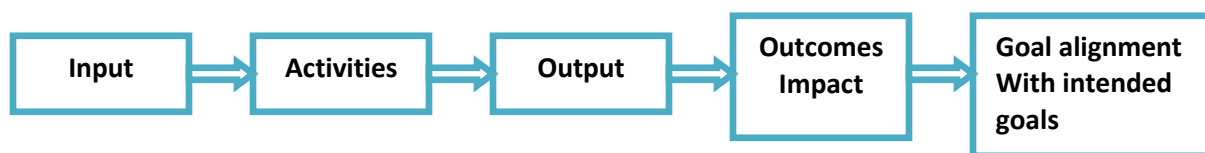
Methodology of the study:

Primary Data : The data has been collected from the beneficiaries of PSU at Karimnagar through CSR activities and these respondents have been selected randomly from the selected villages. These villages are mainly from two mandals. Viz., Ramagundam and Kamanpur mandals.

Secondary Data : The secondary data has been collected from the Public Sector Undertaking to understand and review the activities. The list of activities, villages covered from its annual reports.

Main study and Data Collection: Data collection was done by a survey team consisting of one professor and three research investigators from Satavahana University, Department of Commerce and Business Management, Karimnagar. Both the qualitative and quantitative data collected from primary and secondary sources.. The data from primary sources was collected through semi-structured interview schedule / questionnaire, focused group discussions with community and above all direct observation. The beneficiaries and PAPs are identified at this stage and special interviews were conducted with them. Regarding data related to educational related CSR activities, the Head Masters and Teaching staff of the local schools located in the villages were met and focused group interviews were taken. For health related matters, ANMs were interviewed. Focused group interviews were conducted with Surpanches, Village Officers, MROs, MEOs and Community Development Project officers at Godavarikhani.

A Comprehensive Model for Social Impact Evaluation

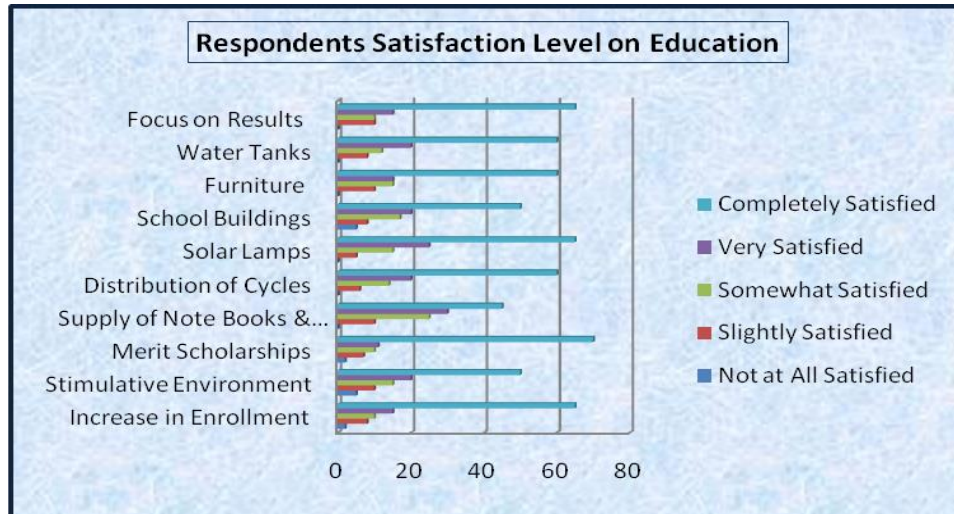


The survey has been conducted with the above stated model. The CSR activities Ramagundam Unit have been conducted in three mandals viz., Kamanpur, Ramagundam etc. The contribution of PSU for various activities has been focused in our survey and the output and impact has been identified in the target villages. The main CSR activities are considered for the research purpose. They are as follows:

1. Education
2. Health
3. Drinking Water
4. Infrastructure
5. Vocational Training & Self Employment Activities
6. Live stock Camps in the Villages
7. Rehabilitation
8. Civil works
9. Quality Circles Functioning
10. Competitive Examinations Coaching

EDUCATION: Education in its general sense is a form of learning in which the knowledge, skills and the habits of group of people are transferred from one generation to the next through teaching, training, or research. Education frequently takes place under the guidance of others and any experience as a formative effect on the way one thinks, feels, or acts may be considered

education. Education plays a key role in the life of an individual. Proper classroom environment stimulate the students to focus on education more. The initiation taken up by PSU - CSR to provide additional classrooms in the schools has been appreciated by the teachers and praised by the students because they are able to have good environment in the school.

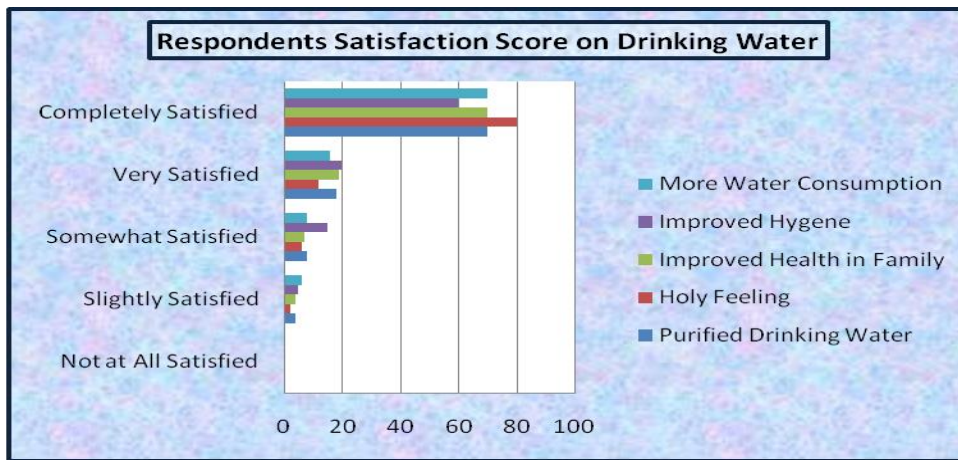


HEALTH: In order to provide good health services in Ramagundam and Kamanpur mandals, PSU - CSR has been focusing on conducting various primary health camps to healp rural people by conducting regular camps in different villages. In these camps general checkup, general weaknesses, back pains, dental related problems, eye checkups, malnutrition, viral fever, cough, allergies etc are being treated in the camps. If the patients are having any serious problem, they are referred to the local hospital for further treatment. For general problems medicines are being provided to the patients for getting relief.

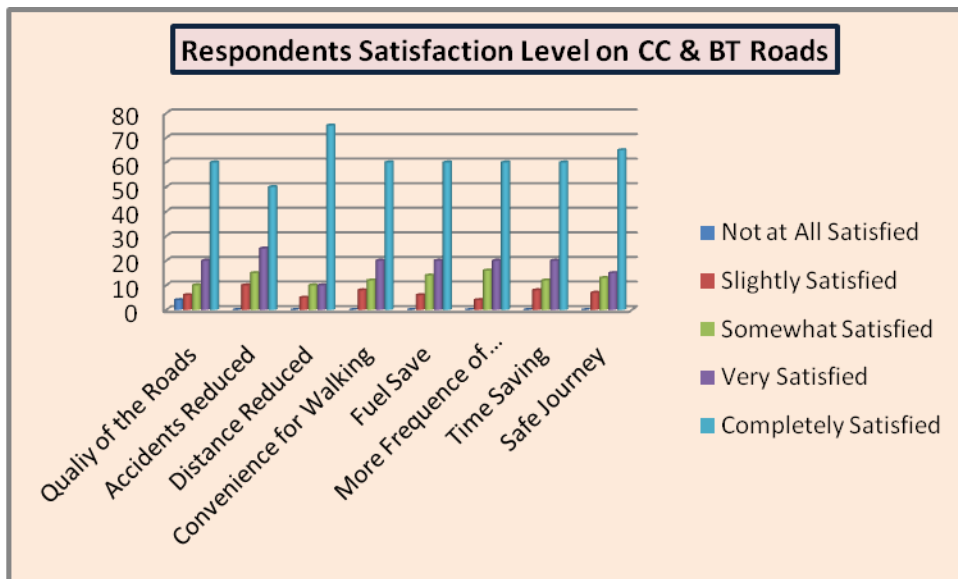


DRINKING WATER: A reverse osmosis plant is a manufacturing plant where the process of reverse osmosis takes place. The process also results in an amount of salty briny waste. The plants which are established in various villages have been giving tremendous service in giving purified water. The respondents who have given their opinion on RO plants, they are satisfied

with the service provided by PSU - CSR. Prior to the installation of RO Plant, people used to depend on municipal tap water which was not regularly available and it was not purified as RO Plant water.

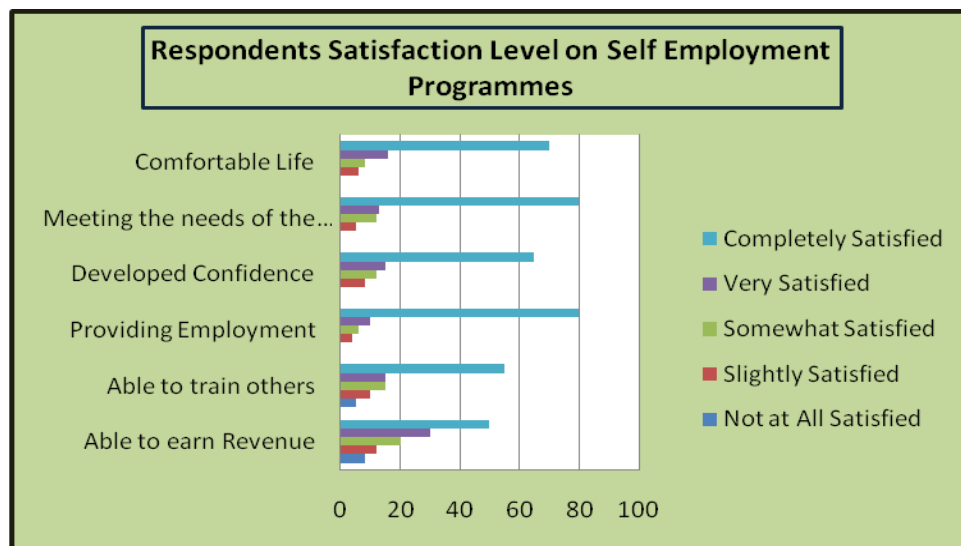


CC AND BT ROADS IN THE VILLAGES: Our survey team surprised at the laying of CC roads and BT roads in the villages. Malyalapalli is the village which was not having proper road facility years to together. Based on the need and request of the villagers and quality circles, 3kms BT road is laid to Malayalapalli village which is acclaimed by the villagers. Now alsl the villagers are so glad at the facility created by PSU - CSR as it is making them to go to the town at any time and public transport facility has been increased due to this road facility.



VOCATIONAL TRAINING & SELF EMPLOYMENT ACTIVITIES: Practical Action's work on livelihood diversification includes training in off-farm activities. This includes tailoring and embroidery as alternative sources of income that can be full time or part time activities. These skills can also be used at different times of year when agricultural work is in low demand and

extra income is needed. It is observed during the survey conducted in Ramagundam and Kamanpur mandals that the women who are trained in tailoring and embroidering are able to lead their life comfortably as they are getting regular income. The overall impression of this tailoring and embroidering activity is that women are very much satisfied and leading life happily.



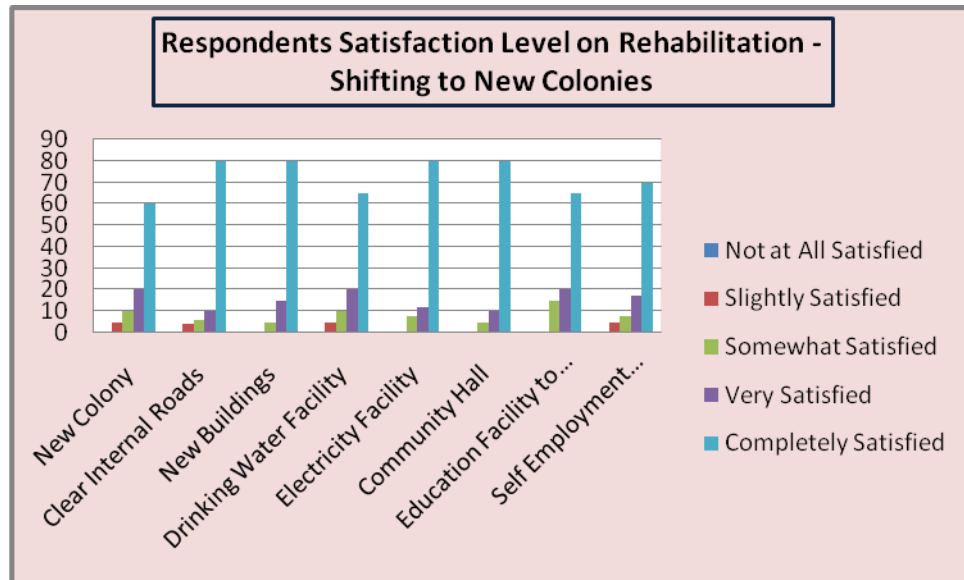
LIVESTOCK CAMPS IN VILLAGES: Livestock are domesticated animals raised in agricultural setting to produce commodities such as food, fiber and labour. Livestock are generally raised for profit. Livestock refers to any breed or population of animal kept by humans for a useful, commercial purpose. The economic value of livestock has been benefit to the farmers in the following ways:

- **Meat:** Meat the production of a useful form of dietary protein and energy.
- **Dairy products:** Livestock can be used as a source of milk, which can in turn easily be processed into other dairy products, such as yogurt, cheese, butter etc.
- **Fiber Livestock** produce a range of fiber/textiles. For example, sheep and goats produce wool and mohair etc.
- **Fertilizer:** Manure can be spread on fields to increase crop yields. This is an important reason why historically, plant and animal domestication have been intimately linked.
- **Labour:** Livestock were the only available source of non-human labor. They are still used for this purpose in many places of the world, including ploughing fields, transporting goods, and military functions.
- **Land management:** The grazing of livestock is sometimes used as a way to control weeds and undergrowth.

In the Ramagundam and Kamanpur mandals the live stock camps have been conducted to help the farmers for another alternate source of income the survey could find that farmers are very much satisfied with the camps as they have given them more benefits.

REHABILITATION PROGRAMMES - SHIFTING FAMILIES TO THE NEW COLONY: A new colony has been created with the help of PSU - CSR as it provided them the material for construction of their house. About 80 families were shifted from NTPC B type gate to Jangalapalli. It is a new colony where the drainage facility and drinking water has been provided

by PSU. The residents of Jangalapalli village are very glad that they got new permanent shelter as they were living under small tents prior their shifting from PSU. The survey team suggests providing other facilities like education and skills training programmes to the affected village is to be focused.



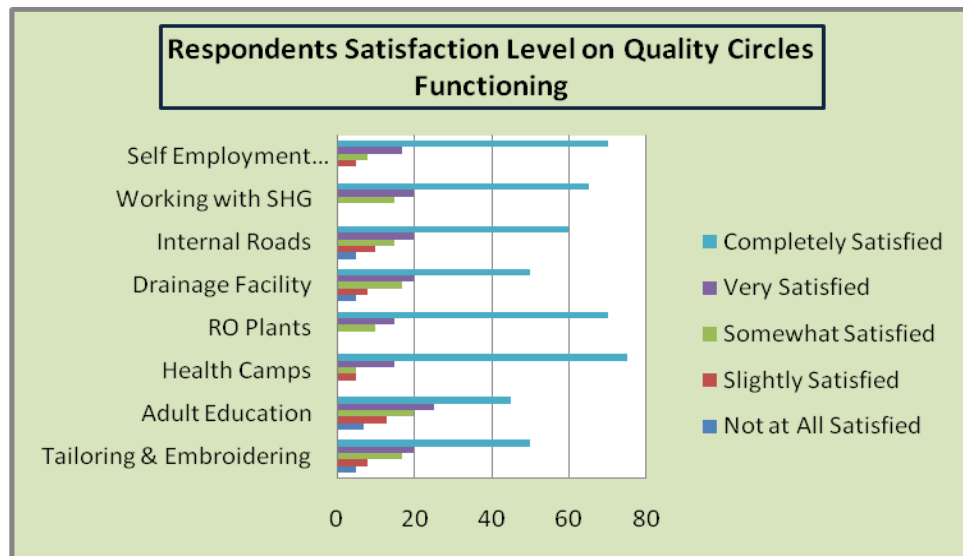
CIVIL WORKS: The civil works which are taken up in the villages are helping the school children particularly. The works like class room, library, lab and kitchen are able to provide good environment in the schools. The class rooms which are constructed in the schools are able to make the students to sit comfortably in the free environment with high ventilation. The teachers are able to teach properly as the classroom environment is supportive. The library which is created in the schools is able to help the students to refer more books and acquire knowledge. If the schools are able to collect number general books apart from text books, they would help the school children to learn more. The lab facilities are being provided and kitchen is constructed in few schools which are helping the children to feel comfortable in the schools.

We could find during the impact survey that the enrollment in the classes has been increased and the children are having the impression that because of PSU - CSR the schools are having the environment like corporate schools.

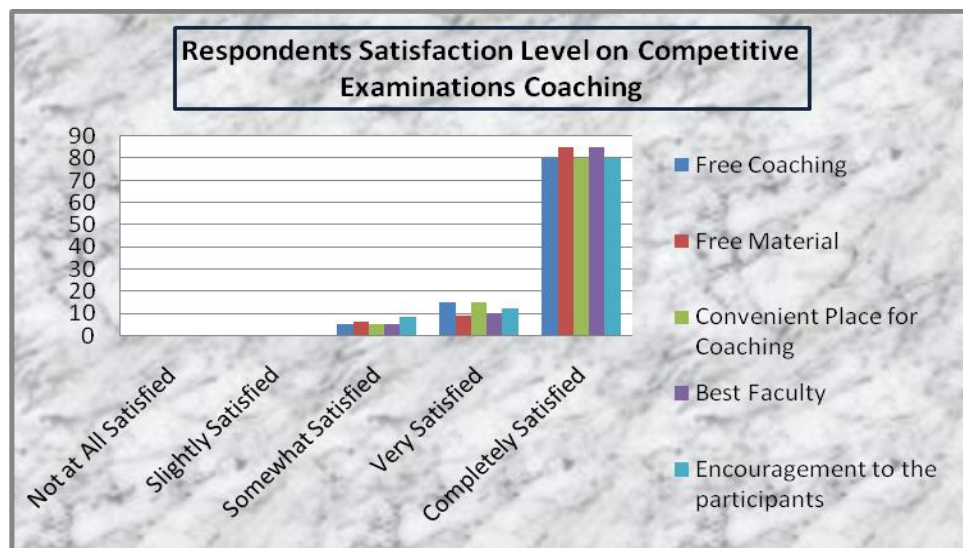
The survey team suggests that few more classrooms are to be constructed in the needy schools. Particularly the library and lab facilities with internet are to be provided to the schools which makes the students to focus on education to build their career.

QUALITY CIRCLES FUNCTIONING: A quality circle is a volunteer group composed of workers, who do the same or similar work, usually under the leadership of their own supervisor (or an elected team leader), who meet regularly in paid time who are trained to identify, analyze and solve work-related problems and present their solutions to management and where possible

implement the solutions themselves in order to improve the performance of the organization, and motivate and enrich the work of employees. Based on the experience the true quality circles become self-managing, having gained the confidence of management.



COMPETITIVE EXAMINATIONS COACHING: With its noble Mission to instill into the inept mind of the promising youths an indomitable spirit to take the challenge, unflinching faith, firm conviction, uncompromising dedication and dogged determination to be crowned with success and to transform the new young generation into versatile experts and leaders of the future, PSU has a glowing Vision to achieve academic excellence in providing coaching facility for Competitive Examinations.



FINDINGS OF THE STUDY:

The role of CSR in CD used in this paper is any direct and indirect benefits received by the community as results of social commitment of corporations to the overall community and social system. The outcomes of CSR in CD are as follows:

1. **Good image:** This is related to increasing the image of the organizations by doing various society development activities.
2. **Closeness between corporations and community:** Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and producers of goods and services. Close relationship between the organization and society has been developed.
3. **Retaining talents:** Organizations with a reputation for CSR can take advantage of their status and strengthen their appeal as an attractive employer by making their commitment part of their value proposition for potential candidates. It is also found that the organization has been finding the talented pool and using their talents to train others.
4. **Best way to provide education:** Through CSR the rural students are getting various benefits like free note books, school bags, uniforms, shoes, cycles, merit scholarships, solar lamps etc which is encouraging the students to come to the school regularly.
5. **CSR helps in providing good health:** It is found in the study that CSR activities are playing a key role in providing good health to the rural people where the organization is working through free medical camps, eye surgical camps, surgeries and by providing medicines and spectacles etc.
6. **CSR helps to protect environment:** Some of the world's largest companies have made a highly visible commitment to CSR, for example, with initiatives aimed at reducing their environmental footprint.
7. **Communities provide the licence to operate:** Apart from internal drivers such as values and ethos, some of the key stakeholders that influence corporate behaviour include governments (through laws and regulations), investors and customers.
8. **Attracting and retaining employees:** Several human resource studies have linked a company's ability to attract, retain and motivate employees with their CSR commitments. Interventions that encourage and enable employees to participate are shown to increase employee morale and a sense of belonging to the company.
9. **Communities as suppliers:** There are certain innovative CSR initiatives emerging, wherein companies have invested in enhancing community livelihood by incorporating them into their supply chain. This has benefitted communities and increased their income levels, while providing these companies with an additional and secure supply chain.
10. **Enhancing corporate reputation:** The traditional benefit of generating goodwill, creating a positive image and branding benefits continue to exist for companies that operate effective CSR programmes. This allows companies to position themselves as responsible corporate citizens.

CONCLUSION:

The CSR activities in PSU are a deeply ingrained belief of doing business by adding value to the community and society on a sustainable basis through dedicated policies, institutional setup and engagement process to promote inclusive growth. The present study concludes that that CSR is about business, government and civil society collaboration with the bottom line is the achievement of win-win situation among the three entities. Roles of CSR in CD refer to the ways the responsible behavior is perceived by community of stakeholders and how impacts are felt by them. The analysis shows that CSR proved to have many roles in developing the society and it has created lot of impact in the lives of many. The study suggests that some more CSR activities are to be planned with the collaboration of the beneficiaries to create more impact in the development of the society. In this line, if all the business organizations are able to lineup, the way for the society development becomes smooth and easy.

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