

A Comparative Analysis of Corporate Social Responsibility of Selected Manufacturing Companies

Dr. Mamta Mishra

*Professor and Head, Department of Management Studies
Sinhgad College of Engineering, Pune, Maharashtra, India*

Shrikant Dharmadhikari

*HR Manager
Shoppers Stop, Mumbai, Maharashtra, India*

Abstract - Corporate Social Responsibility has become an integral part of corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities and others.

Keywords: Corporate Social Responsibility, Companies Act 2013, Social projects, Manufacturing companies.

I. INTRODUCTION

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

1.a Legal compliance regarding CSR:

The government has notified the rules for corporate social responsibility (CSR) spending under the new companies law, putting in place the much-debated plan aimed at encouraging companies to spend a portion of their profits on projects that benefit society. Under the plan, companies above a certain threshold have to spend 2% of average profit of the previous three years on CSR activities specified by the government, which does not include political funding. Companies those are unable to do so have to give reasons for falling short. The government has amended Schedule VII of the Act to include more activities under CSR than what had been defined earlier, but has withdrawn the discretion promised to boards earlier. "CSR will include all the programs and activities undertaken by the board of directors subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act,"

1.b Three Dimensional Aspects of CSR

The purpose of corporate social responsibility (CSR) is to make corporate business activity and corporate culture sustainable in three aspects:

- Economic aspects.
- Social aspects.
- Environmental and Ecological aspects.

II. OBJECTIVES

- 1) To study CSR done by manufacturing companies
- 2) To study the advantages of CSR to society and company
- 3) To do comparative study of the CSR activities done by company with section 467 of the Companies Act, 2013 Schedule VII
- 4) To suggest additional CSR activities to be carried out in future by the companies

III. RESEARCH METHODOLOGY

The research methodology is exploratory mostly based on secondary data sourced from journals, magazines, articles, etc. The researcher will collect the CSR activities done by the organization by having discussions with the HR manager about CSR activities done by theselected organizations. The research design would be a descriptive research with aspect to the objectives of the research.

Simple random sampling method as used to select the five companies. The data about the CSR activities of the five companies was collected and then a desk research was done. The CSR activities of the companies were compared with Sec 467 of the Companies Act, 2013 according to Central Government of India as a standard document.

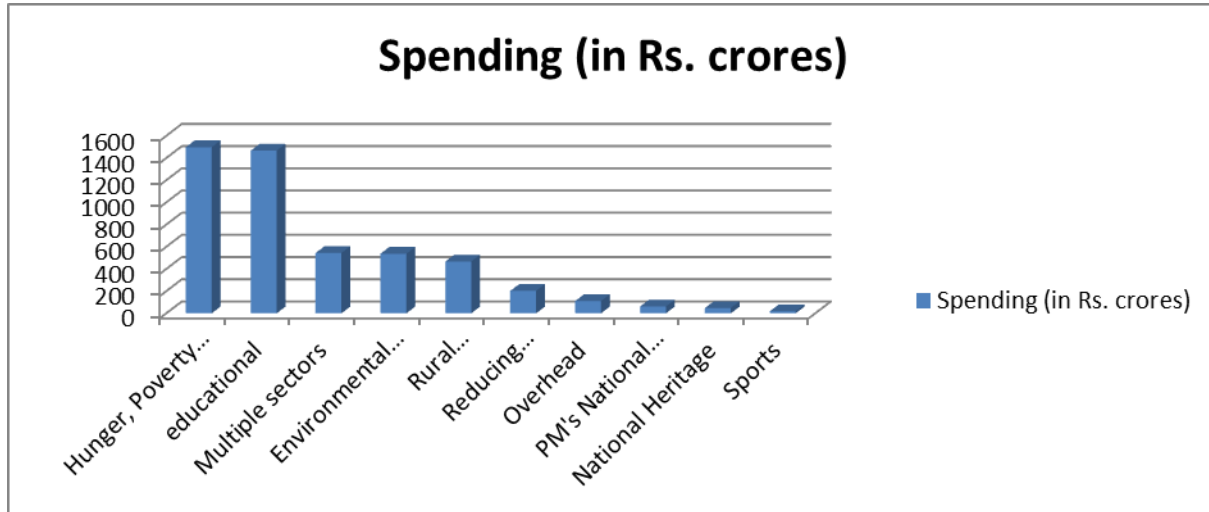
The companies selected for the research purpose are:-

- 1) Badve Engineering Pvt. Ltd.
- 2) Garware polyester Ltd.
- 3) Suzlon Energy Ltd.
- 4) Varroc Engineering Pvt. Ltd.
- 5) Finolex Cables Limited

IV. LITERATURE REVIEW

Companies set a network of activities to be taken up in a consortium to tackle major environmental issues. It would also provide an opportunity to learn from each other. Everyone in the organization needs to recognize their own role in promoting CSR. Companies should provide wider professional development activities. Corporate sustainability is an evolving process and not an end. The Companies bill is a good initiative on the part of the government however what would be included in 'spending' on CSR is unclear and is left for the companies to decide. Across the globe, the concept of CSR has been accepted as an element for success and survival of business along with fulfilling social objectives. However, the challenge for the companies is to determine a strong and innovative CSR strategy which should deliver high performance in ethical, environmental and social areas and meet all the stakeholders' objectives. As per the statistics available through the daily Business Standard dtd. 6th January 2016, the break- up of amount spend for CSR activities in the FY 2015 is as:

Graph- 1 Spending on CSR activities



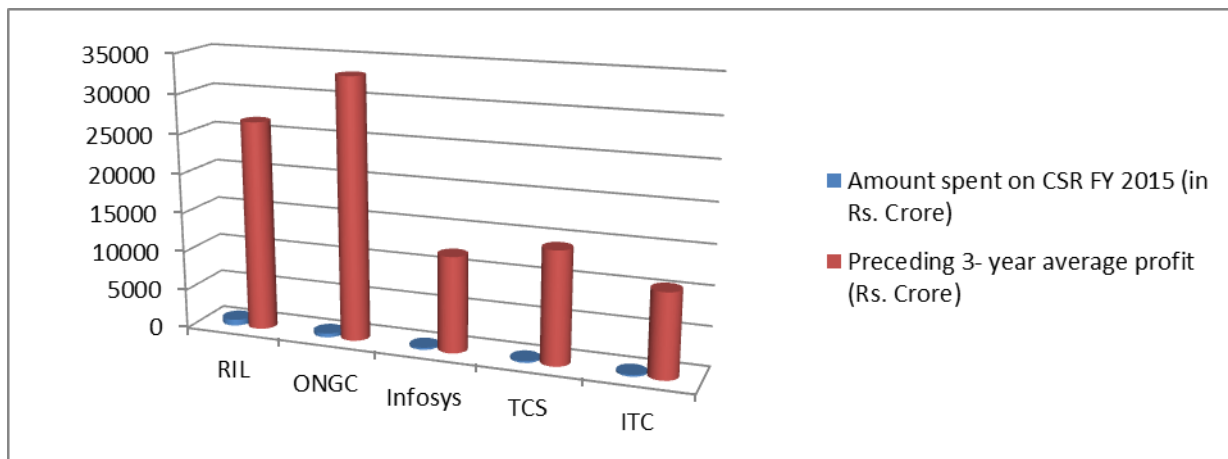
Source:IIAS

The move to make corporate social responsibility spending mandatory has resulted in social spending by Indian Inc. Spending on CSR activities by top 100 companies increased to Rs. 5240 crore in 2014-15 as compared to Rs. 3000 crore in 2012-13 when CSR spending was voluntary. As per Institutional Investor Advisory Services (IIAS) and The Companies Act 2013, it requires that companies to spend at least two percent of their average net profit of the preceding three years on CSR.

IIAS has tracked the spending of BSE 100 companies, where 95 companies qualify under the profitability criteria for mandatory spending. The remaining five companies were not required to spend as they made average losses in the preceding three years.

As per article in Business Standard the figures are as follows:

Graph – 2 Top 5 spenders in CSR



Source IIAS

V. DATA ANALYSIS

The CSR activities of the five companies were compared with Sec 467 of the Companies Act, 2013.

1) The first parameter mentioned in Schedule VII of Companies Act is about eradicating hunger, poverty and

malnutrition, promoting preventive health care and sanitation and making available safe drinking water; Badve Engineering, Suzlon Energy, Varroc Engineering and Finolex cables performed these CSR activities except Garware Polyester.

- 2) The Second Parameter; promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects; are performed by, Garware Polyester, Suzlon Energy, Varroc Engineering, Finolex Cables whereas not performed by Badve Engineering.
- 3) The third parameter which is promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups; is only performed by Garware Polyester and Suzlon Energy
- 4) The fourth parameter; ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; is performed by all companies except Badve Engineering
- 5) The fifth parameter; protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional and handicrafts is only performed by Varroc Engineering
- 6) Measures for the benefit of armed forces veterans, war widows and their dependents; these activities are not performed by any of the five companies
- 7) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports; these activities are performed by Garware Polyester and Varroc Engineering. Badve Engineering, Suzlon Energy and Finolex cables do not carry out these activities.
- 8) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women; Garware Polyester and Suzlon Energy perform these activities.
- 9) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; only Suzlon Energy Perform these activities; other companies don't perform.
- 10) The last parameter; Rural development projects is performed by all the companies, each company has some activities for rural development.

VI. FINDINGS

- 1) Badve Engineers perform CSR related to health activities and relief to various calamity affected areas in Chakan MIDC, Pune
 - 2) Garware Polyester perform activities related to Health, Sports, Women empowerment and rural development in Aurangabad
 - 3) Suzlon Energy focuses on CSR activities related to Livelihood, Education, Health, Civic Amenities and Environment in Maharashtra, Tamil Nadu, Gujarat, Madhya Pradesh
 - 4) Varroc Engineering carries out Health, Environment, Conserving History, Education, Sports as their CSR activities in Aurangabad
 - 5) Finolex cables focuses on Social Welfare and Rural Development, Education, Medical, Sports, Environment and Safety Initiatives, Cultural programs as their CSR activities in Pune & Ratnagiri region
- It was found out that most of the companies are following some of their CSR activities every year, without including any new activities or increasing their reach to other parts of India.

VII. SUGGESTIONS

The companies can include new CSR activities and also they can increase their reach to other geographic areas. The suggestions to each company are given separately depending on their type of business and their areas of operations.

- 1) Badve Engineers: The company can include few more CSR activities to its portfolio like
 - Educational Activities
 - Sports activities

- Women empowerment
- 2) Garware Polyester: The company can carry on other CSR activities like :-
 - Sanitation facilities
 - Providing safe drinking water to rural areas
 - Measures for benefit of armed forces veterans, war widows etc.
- 3) Suzlon Energy: The company can include few more CSR activities to its portfolio like
 - Protection of national heritage
 - Measures for benefit of armed forces veterans, war widows etc.
 - The can focus more on promotion of sports
- 4) Varroc Engineering: The organization can add the following to their CSR activities
 - women empowerment
 - Setting up homes and hostels for women and orphans
- 5) Finolex Cables: They can focus on :-
 - Protection of national heritage
 - Contribution to PM National Relief Fund or other fund set up by central government
 - Women empowerment

VIII. CONCLUSION

CSR clearly impacts our corporations, society, and educational organizations. Despite its complexities, the numerous sustainability initiatives point toward continued, positive impact. CSR policy should function as a built-in, self-regulating mechanism whereby businesses would monitor and ensure their adherence to law, ethical standards and international norms. In the recent years corporate business houses have substantially involved towards societal responsibilities. Companies have started to realize the importance of CSR and initiating the steps towards it. The companies are following the similar activities each year, they should change or add few more activities in their portfolio which would lead to overall benefit of the society.

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