

## Impact of Corporate Social Responsibility Initiatives of Bhilai Steel Plant and ACC Jamul on the Perception of Beneficiaries

Aparajita Pattnaik<sup>1\*</sup>, Dr. Tattwamasi Paltasingh<sup>2</sup>

<sup>1\*</sup>P.G. Department of Sociology, Sambalpur University, Jyoti Vihar, Odisha, India. E-mail: aparajita.p14@gmail.com

<sup>2</sup>P.G. Department of Sociology, Sambalpur University, Jyoti Vihar, Odisha, India. E-mail: tpaltasingh@gmail.com

### ABSTRACT

This paper focuses on the impact of Corporate Social Responsibility (CSR) practices on the perception of the beneficiaries availing the fruits of CSR. Based on empirical observations the paper provides an overview of CSR initiatives of large scale public and private sector companies operating in Durg district of Chhattisgarh and the perception of the beneficiaries regarding the intentions of the companies towards social welfare. Based on the survey it was found that the companies have taken CSR initiatives in various fields like education, health care, environment, infrastructure development, women empowerment, vocational training etc. For this research, attempt has been made to find out whether the CSR initiatives in the area of education, health care, environment and infrastructure development have affected the perception of the beneficiaries positively or not. It was found that CSR initiatives on education, health care and infrastructure development have affected the perception of the beneficiaries positively. On the other hand CSR initiative in the field of environment has not affected the perception of the beneficiaries favourably. This indicates that the companies are ignoring their environmental responsibility which is one of the important elements of the triple bottom line. The companies need to make a balance between their environmental, social and economic responsibilities.

### KEYWORDS

Corporate Social Responsibility, Beneficiary's perception, Environmental responsibility.

### Introduction

The corporate world has changed tremendously since the last three to four decades. Issues which were considered minor and negligible are now considered remarkably significant for the survival, growth and reputation of the organization. Corporate strategies are being formulated to solve the social issues creatively. All these changes are because of the growing importance and popularity of Corporate Social Responsibility (CSR).

It has growingly been realized by the managers that only good financial performance is not the criteria to be considered as a responsible organization. Besides generating money, corporations should work for the society (**Freeman, R.E. 1984; Jamali, D. 2008**). Organizations need to consider the expectations of its stakeholders related to the social and environmental issues. The stakeholders may be the internal ones like employees, shareholders, suppliers etc or they may be the external stakeholders like consumers, community, government etc. Both groups of stakeholder are powerful enough to influence the success or failure of the organization. Thus **Abrams, F.W. (1951)** is of the view that equal balance among the demands of stakeholders like employees, customers and public at large is the prime responsibility of the organization.

CSR is considered as a means through which environmental and social problems can be resolved as the philosophy behind CSR is the promotion of equality, transparency and accountability. It believes in the principle of social justice. Thus, the business sector has the potential to solve the social problems in developing countries.

In this research, the CSR activities of large scale manufacturing firms, Bhilai Steel Plant (Public Sector Enterprise) and ACC Jamul (Private Company) has been studied. Further, the research aims to find out the perception of the respondents regarding the CSR activities of the organizations.

The paper is organized as follows. Section II introduces related work of Corporate Social Responsibility. Section III deals with methodology of the research. Section IV is based on data analysis and interpretation of the research. Finally conclusions have been drawn in section V.

## Related Work

CSR is not confined to the precise economic, technical and legal needs of the firm according to **Davies, K. (1960)**. He is of the opinion that CSR must include issues beyond the immediate environment of the company and action should be taken for resolving them. Similarly **Frederick, W.C. (1960)** has expressed that CSR is nothing but meeting the expectations of the community. This implies that the resources of the society should be used in such a way that it will encourage all round welfare of the society. **McGuire, J.W. (1963)** has suggested that the ideas of CSR is not confined to the economic and legal obligations of corporations, rather it encompass responsibilities towards the society also.

**Whellams, M. (2007)** has conducted case study on mining companies in Peru. He observed that these companies are actively engaged in diverse field of community development especially in which they operate.

**Society for Human Resource Management (2007)** has initiated a study among HR professionals in seven countries – United States, Australia, India, China, Canada, Mexico and Brazil. It was found that 57% of the surveyed companies in these seven countries implement community development programmes through company sponsored voluntary projects.

**Mal, D. and Chauhan, K. (2014)** have conducted an exploratory study on some Indian companies and found that 30% of the companies surveyed take CSR initiatives in the field of infrastructure development.

**Ghosh, S. (2014)** has found that education, health care and environment are the areas where most CSR activities are concentrated. The most neglected areas are drinking water and sanitation. Manufacturing and service sectors are highly engaged in the field of CSR.

**Sarkar, J. and Sarkar, S. (2015)** have found through an empirical study that food, drinking water, sanitation and health, education, skill development/employment are the major CSR activities undertaken by big Indian companies.

**Kaur, S. and Bhaskaran, R. (2015)** has conducted a qualitative study on Indian public and private sector banks. They have found public sector banks are widely engaged in CSR initiatives such as education, community development, financial inclusion, rural development, entrepreneurship development and environment. Private Banks are actively engaged in community welfare, education and rural development.

**Poonam (2016)** has undertaken a study on Indian PSUs. The researcher has concluded that all the surveyed companies are having CSR policies and initiatives. They are working towards the promotion of education, environment, infrastructure, health, rural development and community welfare.

**Nippatlapalli, A.R. and Nair, S.S. (2016)** have conducted a study on some of the companies operating at SPSR Nallore district. The research objective of the study was to find out the relation between CSR and rural development. The researchers observed that the effect of CSR on rural development is positive.

**Barin, A. and Ansari, A. (2017)** have analyzed the CSR practices of the top ten oil and gas companies of India. They have observed that the companies are contributing significantly in the field of education, community development, and promotion of sports, vocational training and health care facilities. They have also observed that these companies are not paying attention to environment and sustainability.

**Ranjan, R. and Tiwary, P.K. (2017)** have observed that NTPC is an active player in the field of CSR. The company has taken initiatives for building community halls, Anganwadis, local markets, panchayat ghar, cremation grounds, bus stand, provision of drinking water, building and digging of water bodies, bathing ghats, hygiene associated activities.

**Dhavaleshwar, C. U. and Swadi, S.Y. (2018)** have undertaken a descriptive research on the CSR practices of Hindalco and concluded that the company is implementing various development programmes and activities for the integrated development of the rural community.

## Methodology

Exploratory research design is applied for conducting the study. One organization belonging to public sector undertaking i.e. Bhilai Steel Plant has been selected and one organization from private sector i.e. ACC Jamul has been selected for the study. The CSR activities of the two organizations and the perception of the beneficiaries regarding these CSR activities have been studied. 285 beneficiaries have been interviewed for understanding beneficiary's perception. The current research has used three sets of interviews for collecting relevant data. The first round of interview was a personal interview conducted with the heads of the CSR department of BSP and ACC Jamul. The second set of interview was conducted during the pilot study among 31 respondents. The pilot study helped in validating and restructuring of the interview schedule. The third and final round of interview was conducted on the final sample respondents residing in the peripheral villages of BSP and ACC Jamul. The Statistical Package for Social Science (SPSS) is employed for the purpose of data analysis. For testing hypothesis, one-way ANOVA and Regression analysis was applied.

## **Data Analysis and Interpretation**

This section explains the perception of beneficiaries regarding the CSR practices of the companies. The data collected through primary source is analyzed and presented in a systematic manner in this section. Suitable statistical tools were used to derive meaningful interpretations and come on appropriate conclusions and suggestions.

Impact of education, medical facilities, environment protection and infrastructure facilities on the perception of respondents regarding CSR activities of the companies has been described in section 4.1, 4.2, 4.3 and 4.4 respectively.

### **1) Impact of Education Facilities on the Perception of Respondents Regarding CSR Activities of the Companies**

In this section, regression and ANOVA is used for measuring the impact of education facilities on the perception of respondents.

#### **Hypothesis**

H0: Education services provided by the companies have not affected the general perception of the respondents favorably.

H1: Education services provided by the companies have affected the general perception of the respondents favorably.

#### **• Overall Impact**

The four independent variables identified for the research are as follows:

V1: The Company has established educational institutions in the local community.

V2: The Company provides scholarship to meritorious students.

V3: The Company works for promoting literacy among adults.

V4: The Company works for promoting education among women.

The dependent variable is represented as V5

V5: Education facilities imparted by the organizations have influenced the perception of respondents.

The response were gathered employing the following scale: 1) Very Poor 2) Poor 3) Fair 4) Good 5) Very good 6) Excellent. In this section, regression and ANOVA is used for measuring the impact of education facilities on the perception of respondents'. The SPSS result is shown below:

**Table 1.** Impact of Educational Facilities on CSR Perception

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.117	2	25.058	24.503	.000 <sup>b</sup>
	Residual	288.395	282	1.023		
	<b>Total</b>	<b>338.512</b>	<b>284</b>			

a. Dependent Variable: perception (V5)

b. Predictors (Independent variable): (Constant), educational institutions (V1), scholarship (V2), adult education (V3), women education (V4).

Source: SPSS Output

Table 1 shows that exact significant level (.000) is less than the significance level ( $\alpha=0.05$ ) set for the study. Therefore, the null hypothesis is rejected. This indicates, education facilities imparted by the companies have affected the general perception of the respondents favorably.

## 2) Impact of Medical Facilities on the Perception of Respondents Regarding CSR Activities of the Companies

In this section, regression and ANOVA is used for measuring the impact of medical facilities on the perception of respondents.

### Hypothesis

H0: Medical facilities imparted by the companies have not affected the general perception of the respondents favorably.

H1: Medical facilities imparted by the companies have affected the general perception of the respondents favorably.

### • Overall Impact

The four independent variables identified for the research are as follows:

V1: The Company has established hospital in the local community.

V2: The hospital provides free service to the respondents.

V3: The Company organizes special medical camp for treatment of diseases or for surgeries.

V4: The Company organizes awareness camp in the local area.

The dependent variable is represented as V5

V5: Medical facilities imparted by the companies have affected the perception of respondents.

The response were gathered employing the following scale: 1) Very Poor 2) Poor 3) Fair 4) Good 5) Very good 6) Excellent. The SPSS result is shown below:

**Table 2.** Impact of Medical Facilities on CSR Perception

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	141.292	4	35.323	50.149	.000 <sup>b</sup>
	Residual	197.221	280	.704		
	<b>Total</b>	<b>338.512</b>	<b>284</b>			

a. Dependent Variable: perception (V5)

b. Predictors: (Constant), awareness camp (V4), free service (V2), hospital (V1), medical camp (V3)

Source: SPSS Output

Table 2 shows that exact significant level (.000) is less than the significance level ( $\alpha=0.05$ ) set for the study. Therefore,

the null hypothesis is rejected. This indicates, medical facilities imparted by the companies have affected the general perception of the respondents favorably.

### 3) Impact of Environment Protection Activities on the Perception of Respondents

In this section, regression and ANOVA is used for identifying the effect of Environment Protection activities on the perception of respondents.

#### Hypothesis

H0: Environment protection activities undertaken by the companies have not affected the general perception of the respondents favorably.

H1: Environment protection activities undertaken by the companies have affected the general perception of the respondents favorably.

#### • Overall Impact

The five independent variables identified for the research are as follows:

V1: The companies have appropriately arranged. campaigns that has improved the environment.

V2: The companies are actively involved in plantation.

V3: The companies are complying with the government regulations for minimizing pollution.

V4: The companies are working for the recycling of the industrial waste.

V5: The companies are promoting and creating awareness regarding rain water harvesting.

The dependent variable is represented as V6

V6: Environment protection activities undertaken by the companies have affected the perception of respondents.

The response were gathered employing the following scale: 1) Very Poor 2) Poor 3) Fair 4) Good 5) Very good 6) Excellent. The SPSS result is shown below:

**Table 3.** Impact of Environment Protection Activities on CSR Perception

ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.240	2	.620	.518	.596 <sup>b</sup>
	Residual	337.272	28	1.196		
	<b>Total</b>	<b>338.512</b>	<b>28</b>			

a. Dependent Variable: perception

b. Predictors: (Constant), comply, plantation

Source: SPSS Output

Table 3 shows that exact significant level (.596) is greater than the significance level ( $\alpha=0.05$ ) set for the study. Therefore, the null hypothesis is accepted. This indicates, environment protection activities imparted by the companies have not affected the general perception of the respondents favorably.

### 4) Impact of Infrastructure Facilities on the Perception of Respondents

In this section, regression and ANOVA is used for measuring the impact of Infrastructure facilities on the perception of respondents.

## Hypothesis

H0: Infrastructure facilities provided by the companies have not affected the general perception of the respondents favorably.

H1: Infrastructure facilities provided by the companies have affected the general perception of the respondents favorably.

### • Overall Impact

The three independent variables identified for the research are as follows:

V1: The companies are working for supplying safe drinking water to the local community.

V2: The companies are working for the improvement of roads in the local community.

V3: The companies are involved in community development programs like community hall, children park, bus stand, old age homes, library and stadium.

The dependent variable is represented as V4

V4: Infrastructure facilities provided by the companies have affected the perception of respondents.

The response were gathered employing the following scale: 1) Very Poor 2) Poor 3) Fair 4) Good 5) Very good 6) Excellent. The SPSS result is shown below:

**Table 4.** Impact of Infrastructure Facilities on CSR Perception

ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	92.206	3	30.735	35.065	.000 <sup>b</sup>
	Residual	246.306	281	.877		
	Total	338.512	284			

a. Dependent Variable: perception

b. Predictors: (Constant), CD Programs, roads, drinking water

Source: SPSS Output

Table 4 shows that exact significant level (.000) is less than the significance level ( $\alpha=0.05$ ) set for the study. Therefore, the null hypothesis is rejected. This indicates, infrastructure facilities imparted by the companies have affected the general perception of the respondents favorably.

## Conclusion

Corporate social responsibility is a corporate initiative for creating a better world. The initiative is useful for improving the health care, education, environment and other infrastructures in the community. Developing countries like India, where there are inadequate infrastructures, are in need of support from business community. Business can become partner to the government in developmental process. Two arguments can be put forward for the involvement of business in social development. The first one is the business case of CSR where it is argued that by getting involved in socially responsible business practices, companies can reap profit, market share, improved brand image etc. Secondly, it should act responsibly towards its stakeholders because it is the moral duty of the business to do so. Business does not operate in vacuum; it is a part of the society and thus needs to care for it.

In this works it has been concluded that the companies are successful in fulfilling the expectations of the beneficiaries in the area of education, health care and infrastructure development. Environmental sustainability is one of the neglected themes of CSR initiatives of the companies.

The present research is based on CSR activities of BSP and ACC Jamul situated in Durg district of Chhattisgarh. There are many dimensions and issues related to the study. Thus there is wide scope for research in this area. This research is based on manufacturing industry only. This type of research can

further be done on service sector like education, healthcare, banking etc. This research has applied SPSS statistical tools for data analysis purpose. In future the researcher can use advanced and more sophisticated tools like R, Matlab/Scilab for the purpose of data analysis.

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Mrs. Aparajita Pattnaik is working as an Assistant Professor in the Department of Management at Bhilai Institute of Technology, Durg. She is pursuing Ph.D. at Sambalpur University, Jyoti Vihar, Odisha. Her broad research interests are in the areas of Corporate Social Responsibility, Entrepreneurship, Innovation Management, and Human Resource Management. She has close to 10 years of teaching experience in CSR at PG level. She is having publications in several International Journals and conferences.



Dr. Tattwamasi Paltasingh is at present working as Professor and Head, P.G Department of Sociology, Sambalpur University, Odisha. She has obtained her Doctorate Degree from TISS Mumbai with a UGC Research Fellowship for her Doctoral Dissertation in the broad area of Sociology of Development. She has directed several research projects related to Elementary, Secondary and Higher Education, Tribal Study, Development Studies, Entrepreneurship, Gender Studies, Evaluation and Policy Studies. Prof. Paltasingh has extensive academic experience and substantial contribution to research, teaching and extension activities. She has published two Edited Volumes titled 'Caring for the Elderly: Social Gerontology in the Indian Context' (2015) by SAGE & Emerging Issues in Gerontology: Relevance and Possibilities by Bookwell (2014). She has published about 40 academic papers in reputed National and International journals and as book chapters.