

Research Article

CSR: Perception V/S Reality

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A B S T R A C T

CSR is an obligation and responsibility of corporations towards society to serve different areas such as poverty, education, employment etc. CSR is where a company recognizes the society in which it exists and attempts to benefit it in same way. The research is empirical in nature and is based on primary and secondary data. Primary data, which is collected by survey through an online questionnaire and secondary data is based on observations. Random sampling method of data collection is used for collecting primary data and the responses of 50 respondents are analyzed. Some of our findings are based on secondary data which shows that Lego, Microsoft and Google are among the top three companies majorly contributing to the areas of corporate social responsibility.

Keywords: Corporate Responsibility, Perception, Reality, Social Responsibility

Introduction

Social Responsibility is a framework which poses an obligation on an entity, whether an organization or an individual that it must work for the upliftment of society at large and to create a balance between the economy and the ecosystem.

In recent times, more emphasis is being placed on corporate social responsibility because organizations get various benefits from society in terms of raw material, natural resources and skilled/ unskilled labour for its existence and in order to pay them back it fulfills social responsibility towards society. In general terms, CSR is an obligation and responsibility of corporations towards society to serve different areas such as poverty, education, employment, etc. CSR is where a company recognizes the society in which it exists and attempts to benefit it in same way. CSR (also known as Corporate Citizenship and Corporate Social Opportunity) is a concept whereby the organizations consider the interests of society by taking responsibility for the impact of their activities on all stakeholders as well as the environment. Social responsibility and business ethics are often regarded as the same concepts however social responsibility is one aspect of the overall discipline of Business ethics.

Number of issues have been raised regarding the relevance of CSR. However, business firms conduct social responsibility not only for profit motives but to fulfill other long term objectives. According to Professor Milton Friedman, the social responsibility of business is the green signal to pure socialism. Because of increasing literacy rate, people are more aware and expecting more from corporate houses to pay attention to their social needs.

Acc. to the EU Commission (2002) 347 final: 5 "...CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

Some people believe that social responsibility is the sole responsibility of the government but in the new scenario the emergence of private sector is also playing a great role in fulfillment of social responsibility and to justify the same, this paper aims to analyze the 10 private companies with the best CSR reputation in 2017 as per FORBES REPORT and also analyzing the perception of the employees regarding CSR activity. The perception of the employees have been recorded through a survey and the reliability of the survey depends on the responsiveness of the employees.

CSR has become an integral part of companies day to day operations in order to sustain competition and moreover people are willing to pay higher if they believe that the corporate is using their money for the purpose for which it is invested and the investors too will invest in those companies which have robust CSR initiatives.

Section-135

1. Every company having net worth of Rs.500 crore or more, or turnover or Rs.1000 crore or more or a net profit of Rs.500 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
2. The Board's report under sub-section (3) of section-134 shall disclose the composition of the Corporate Social Responsibility Committee.
3. The Corporate Social Responsibility Committee shall.
 - Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in schedule VII.
 - Recommend the amount of expenditure to be incurred on the activities referred to in clause.
 - monitor the Corporate Social Responsibility Policy of the company from time to time.
4. The Board of every company referred to in sub-section (1) shall.
 - After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such policy in its report and also place it on the company's website, if any, in such manner as may be prescribed.
 - Ensure that the activities as are included in Corporate Social Responsibility policy of the company are undertaken by the company.
5. The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Advantages

As we are aware of what Corporate Social Responsibility means, let's have a glance how it adds value to the corporate sphere.

- Enhances the corporate image.
- Helps to increase stakeholders attention, attraction and retention.
- Aids to attract more capital inflow from various sources.
- Positive publicity of the organization.
- Regulatory authorities become less hostile.

Disadvantages

The reasons behind the criticism of CSR as an unprofitable activity are.

- Divergence from the main objective i.e profit making.
- Backdrop to the companies image.
- High customer expectations.
- Increase in cost of production.

Literature Review

Jorge A Arevalo, A Deepa, (2011) "Corporate social responsibility practices in India: approach, drivers, and barriers", Corporate Governance The aim of this paper is to examine how corporations in India interpret Corporate Social Responsibility (CSR). Focusing on four commonly known approaches: the ethical, the statist, the liberal, and the stakeholder approach, the paper seeks to investigate the reported drivers and barriers to implementing CSR practices. The paper surveyed top-level managers of a sample of companies currently engaging in a CSR initiative, representing a variety of industry sectors. The study finds that the CSR approach that is most favored by Indian firms is the stakeholder approach and that the caring or the moral motive, followed by the strategic or profit motive, are important drivers for Indian firms to pursue CSR. Further, the results indicate that the most significant obstacles to CSR implementation are those related to lack of resources, followed by those related to the complexity and difficulty of implementing CSR.

Singh S, Mittal S, (2019) "Analysis of drivers of CSR practices' implementation among family firms in India: A stakeholder's perspective", Differences in institutional environment and governance structures pave the way for heterogeneous nature of different businesses; this, in turn, shapes the way various sections of society act toward each other enacting their responsibilities. Taking into account the unique institutional environment and governance structures of firms in developing economies, this paper aims to build on the "stakeholder theory" to address the issue of the implementation of Corporate Social Responsibilities (CSR) practices in these economies, particularly India. This paper also aims to uncover the saliency (legitimacy and power) of

different stakeholder groups on different aspects of a firm's CSR activities. Further, as most of the firms in developing economies are family-run firms, the paper examines role of organizational leadership in shaping firms' CSR strategies.

Research Methodology

The research is empirical in nature and is based on primary data which is collected by survey through an online questionnaire. Some of the observations are also based on secondary data which is derived from The Forbes List- "The 10 Companies with the Best CSR Reputations In 2017".

The primary data is collected through the method of random sampling. A total of 50 employees of various companies acted as respondents for the survey. In order to explore employee experiences of CSR, a structured online questionnaire sought valuable feedback. The questionnaire is all about employees personal level of awareness regarding their companies CSR activities and it analyzes the data in the form of pie charts. The secondary data is collected and examined in the form of table.

Objectives

- To analyze which companies are effectively fulfilling their corporate social responsibility.
- To analyze the reasons or benefits of practicing social responsibility by companies.
- To study the contribution of Top 10 companies fulfilling CSR.
- To examine the views of employees regarding companies CSR activities.

Data Collection and Interpretation

FORBES LIST- "The 10 Companies with the Best CSR Reputations in 2017"

Table 1. Companies' CSR Findings

Company	Red Trak CSR Points	Rank (2017)	Rank (2016)
Lego	74.4	1	5
Microsoft	74.1	2	2
Google	73.9	3	1
Walt Disney Company	73.5	4	3
BMW Group	71.5	5	4
Intel	71.1	6	10
Robert Bosch	71	7	21
Cisco Systems	71	8	24
Rolls Royce Aerospace	70.7	9	8
Colgate -Palmolive	70.4	10	23

(source: <https://www.forbes.com/sites/karstenstrauss/2017/09/13/the-10-companies-with-the-best-csr-reputations-in-2017/#5ab1193a-546b>)

The companies are analyzed based on their social responsibility reputations, positive influence on society and treatment of employees. The table examines the 10 best companies as per the consumers perception regarding most socially responsible companies with its proprietary rep track pulse system.

LEGO tops this year's roster as it beats all other companies in the perception that it behaves ethically, conducts business fairly, operates transparently, protects the environment and supports worthy causes while Microsoft maintains consistency by retaining second position from last year by earning a retrack CSR score of 74.1. On the other hand, Google falls from its first position in 2016 to third position in 2017 with a score of 73.9. Walt Disney Company secured fourth position in 2017 as against third place in last year with a fall of 1.2 points this year. BMW Group secured fifth position this year with a fall of 2.4 points from last year whereas Intel reached 6th position as against 10th position in 2016. Robert Bosch secured 7th position as against 21st position with a rise of 1.4 points. Cisco systems measures 71 points this year with a rise of 1.8 points while Rolls Royce Aerospace falls from 8th place to 9th place with -2.4 points. Colgate Palmolive shows a very favourable change of position from 23rd to 10th with a rise of 1.1 points.

Dropping on the list are Apple, Samsung and Volkswagen that have witnessed a fall in their CSR Reputations. Apple and Samsung secured 49th and 89th places respectively with a fall of 5.3 points each. At 100th place is Volkswagen which dropped by 8.2 points this year.

Research Finding

The primary data for the research purpose is collected through an online questionnaire from the employees of different companies regarding their perception about their company's CSR practices and the following generalizations are made Figure 1:

Employee's Perception of their Company's CSR

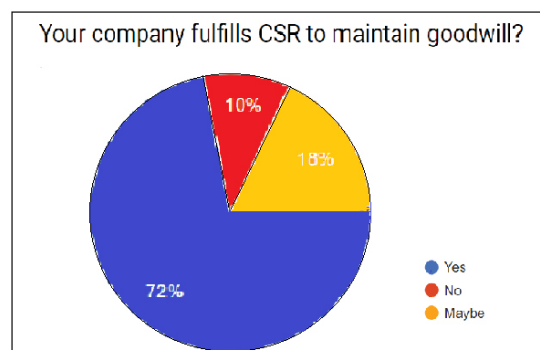


Figure 1. CSR v/s maintain goodwill

The employees were asked about their views if they feel their company fulfills CSR practices to maintain the reputation of their organization. 72% of the employees

responded in favour of the question. Around 10% of them disagree with the proposition. 18% of the total people did not make any claim.

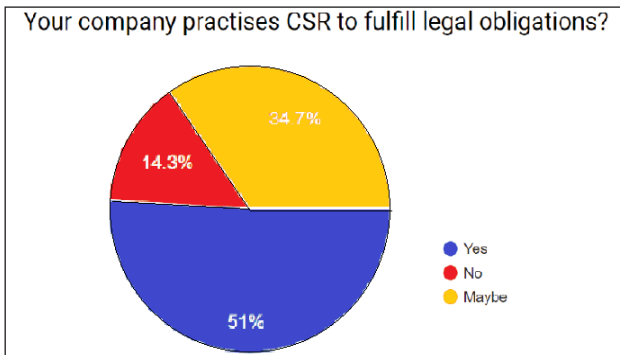


Figure 2. CSR v/s fulfill legal obligations

Secondly, the employees were asked whether the company practices CSR to fulfill their legal obligations. 51% of the total employees voted positively. Around 15% of them responded against it whereas nearly 35% of the total were not clear regarding the claim.

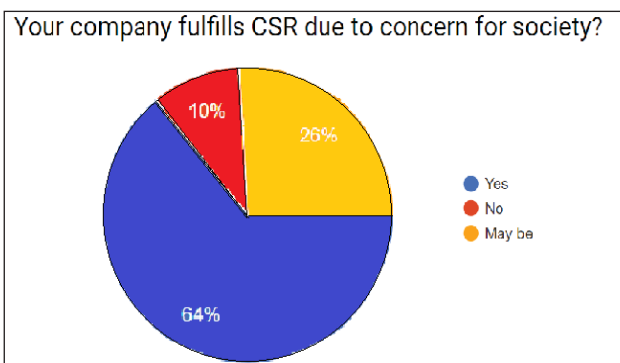


Figure 3. CSR v/s due to concern for society

Nextly, when the employees were asked if they feel their company practices CSR due to concern for society, we analyzed that a very high proportion of the total sample responded in favour. A very least percentage of 10% employees were against the claim. Around 26% of the total were not sure.

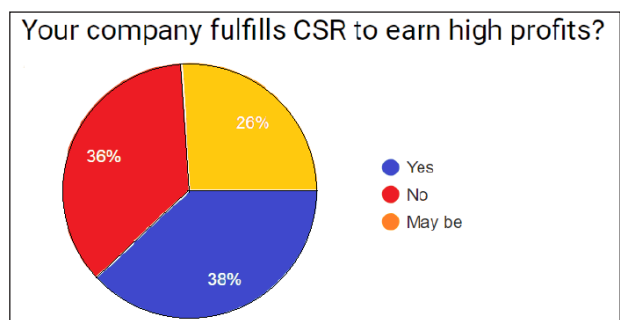


Figure 4. CSR v/s earn high profits

At last, nearly 38% of the total employees voted positively when they were asked if their company fulfills social

responsibility to earn maximum profits and 36% said that their company do not perform CSR activities to earn high profits. and approximately one fourth of the total were not sure about the claim.

Research Limitation

Although Corporate Social Responsibility is being viewed as more of voluntarily action rather than a legal binding. But still there are certain limitations that hampers its level of growth. Despite of growing importance of CSR, many people are still unaware of its significance and even the organisations are not willing to educate their employees regarding CSR activities. Therefore employees in the organisations were not ready to respond actively.

Suggestion

Corporate Social Responsibility should not be just viewed as a public relations tool but it is much more vital component for succeeding in the modern business world. Since most of the employees are unaware of the relevance of CSR activities, the companies should organize CSR programs to aware and educate the employees.

The organizations should focus on dual mindset i.e. they should make decisions that do not only have global benefits but it should take care of its immediate surroundings and actively seek to be engaged in its local community.

Conclusion

From the above research we conclude that, CSR is the important area for the companies to focus on. As per the survey conducted, 72% of the employees perceive that enhancing the goodwill of the firm is the main reason behind fulfilling CSR activities. Whereas, 54% employees surveyed believe that companies are performing corporate social responsibility due to legal pressures.

CSR is a prominent activity which needs to be fulfilled to some extent and some companies are undertaking it as a serious cause that's why Lego attains the topmost position in the 2017 Forbes list of companies fulfilling CSR. Ethical conduct, transparent operations and fair business practices are the bold characteristics to attain number one position.

The title "CSR- Perception v/s Reality" is justified by our research that the perception of employees is completely on a different platform where employees think CSR is for enhancing the reputation of the company and attaining higher profits and on the other hand Lego proved it wrong by proving Corporate Social Responsibility as a more broader aspect because Lego emphasizes on fair and transparent business activities, ethical conduct etc.

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