

# Corporate Social Responsibility: An Effective Tool in the Era of Steel Industries

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**Abstract**— Corporate Social Responsibility (CSR) has assumed a great significance in today's corporate governance in India. CSR encompasses the ideas of corporate governance and sustainable wealth creation for the goals of the community. CSR is the continuing commitment towards economic development that improves the quality of life of the workforce and their families along with the local community and society at large. So an attempt is made in the present study to understand the development of CSR in Indian corporate sector. Further, the study also examine the process of various CSR initiatives undertaken by Steel Authority of India Limited (SAIL), India's largest steel manufacturing company in public sector and its impact on the targeted beneficiaries. Besides that the present research paper also tries to focus the practice of CSR status in SAIL. It provides insight into what extent company follows the CSR. It would throw light on CSR of SAIL which would be of both economic and social interest. It also provides few corrective measures on their CSR practices and performance.

## I. INTRODUCTION

CSR is a concept that has undergone drastic changes in nomenclature to match the varying orientation in context to significant evolutionary development. The term CSR has been defined differently over a period of time and has different shades of understanding across commercial activities in different geographic locations. After globalisation, the practice of CSR in India got a new dimension in terms of the way it is executed and by organisation that practice it. Now, CSR has been accepted as an ongoing activity in sync with that of the business to vitalise the corporate reputation. The CSR activities may be carried out in the long supply chain, broadening of consumer base and social and environmental demands.

CSR mainly focuses on capacity building empowerment of communities of the society. CSR is a 'trusteeship' concept where an organisation looked upon on trustees of the resources they draw from society and expected to return them back in many ways for its development. CSR needs to be understood within this context in the development oriented CSR framework given below:

TABLE 1. The four models of Corporate Responsibility (Arora & Puranik 2004)

Model	Focus	Champions
Ethical	Voluntary commitment by companies to public welfare	M.K Gandhi
Statist	State ownership and legal requirements determine Corporate responsibility	Jawahar Lal Nehru
Liberal	Corporate responsibilities limited to private shareholders	Milton Friedman
Stakeholder	Companies respond to the needs of stakeholders customers, employees, communities, etc.	R. Edward Freeman

## Obstacles in implementing CSR activities

- Lack of transparent and effective monitoring mechanisms.
- Proper implementation of funds.
- Lack of understanding of CSR terms among stakeholders.
- Lack of CSR professionals for implementation of CSR activities.
- In rural areas, the community fails to understand the development prospective.
- Delay in implementation.
- Inadequate clarity on laws and tax related regulations.
- Conflicts among local stakeholders.

Through CSR activities, an organisations serve the interests of society by taking responsibility for the impact of their activities on customers, employees, communities and the environment in all aspects of operations. Thus, we can say CSR linked with the practice of sustainable development. So they have started in corporation their CSR initiatives in their annual reports also.

## Areas in Corporate Social Responsibility

SAIL has established various primary health centres, reproductive and child health centres, various hospitals as well as super-speciality hospitals for providing specialised healthcare for people since inception. SAIL organises health camps and free medical treatment to more than 30000 patients. 'Akshaya' a special project for free investigation of TB patients of under privileged sections of society and another project 'Chetna' mainly for treatment of sickle cell anaemia are run in Rourkela. To help the patients various ambulances have been provided to various NGOs like HelpAge India, Bharat Sewashram Sangha, Anurapha Drishtidaan etc.

Number of schools has been setup in the steel townships for providing modern education. SAIL has also set up special schools for BPL children providing free education, midday meals, uniform including text books. SAIL is providing midday meals to all students in different schools everyday with the help of Akshay Patra Foundations. SAIL has also supported Chhattisgarh Technical University for promotion of technical education as well as industry education collaboration.

Providing scholarships for ITI and nursing courses to weaker sections and women along with financial assistance to the needy children for their higher education. Moreover, SAIL has achieved a girl-boy ratio of 1:1 for all levels of education

with the survival of 96 percent in both primary and secondary schools.

Source of energy is one of the thrust areas of SAIL. So for this SAIL setting up of 100 kw community solar power plants in Jarri in Jharkhand with the help of Jharkhand Renewable Energy Development Agency. To eradicate the problem of power crisis in rural areas, SAIL is also installing solar street lights at public places.

SAIL has been playing a major role in supporting people during natural calamities. SAIL has taken up vital role for the initiation of training rural youth so that can be absorbed by companies as they could start work of their own. To promote and preserve of various forms of Indian arts and cultures, SAIL has supported and organised programmes at different locations throughout the year.

Right from the early, SAIL has supported many sports disciplines and promoted numerous sports person. SAIL has been providing vocational training in areas such as agriculture, mushroom cultivation, animal husbandry, achar/ papad /agarbatti making etc. Besides that training is also provided for skill enhancement.

Providing comprehensive development of both physical and social infrastructure to connect the gap between rural and urban areas. Various developmental activities being undertaken in the villages like medical and health services, education, sanitation, community centres, sports facilities etc. SAIL has also provided people to access water living in far-flung areas by installing bore well, hand pump, overhead tanks and other water sources.

For corporate Social Responsibility and sustainability in Maharatna and Navratna categories, SAIL has won the PSE Excellence Award 2013. SAIL has received number of awards as an appreciation for initiative towards medical and health services. Various organisations in the form of awards and accolades have been recognised SAIL's efforts as a responsible corporate citizen in Nation building. Under the Corporate Social Responsibility Scheme, the Steel Authority of India Limited is allocating funds for the CSR activities by the Department of Public Enterprises (DPE).

As SAIL is the largest steel maker of India, so there is responsibility of being a catalyst for positive change. In context to this, the objective of the company is to conduct business in a ways that produce social, environmental and economic benefits to the communities in which it operates. SAIL's mainly concern for people that reflects commitment towards society at large which can be fulfilled through wide range of initiatives and activities under CSR.

## II. LITERATURE REVIEW

Arora and Puranik (2004) reviewed contemporary CSR trends in India. They observed that the corporate sector immensely benefitted from liberalisation and privatisation process where CSR has been lagging behind its impressive financial growth.

Another study by Verma and Chauhan (2007) observed that pollution is the major concern of corporate CSR activities as compared to least concern area that is communication and education.

At the societal level, CSR is conducted in terms of the relationship between business and society. So we can say there has been an increasing recognition that the economic activity of a corporation needs to be embedded in societal concerns. So for this Bowen (1953) draw attention in relate to social responsibility of corporations. He argued that private corporations should be purely evaluated in terms of its "demonstrable contribution to the general welfare" (p.52) in context to the production of social goods such as higher standards of living. Spreading economic progress and security and that the survival of the free enterprise system critically depended on such contributions.

Another researcher Wood (1991) observed that CSR is a commitment through corporate policies and action. This operational view of CSR is reflected in a firm's social performance that can be accessed by how a firm manages its societal relationships, its social impact and the outcomes of its CSR policies and actions.

Reddy (2006) studied the perception of corporate managers on CSR in India and was found that major aspects of CSR in Indian industry is to become good corporate citizen, improving employee relations as well as maintaining social commitments etc.

### *Need of the Study*

The present study is designed to understand the development of CSR and its impact in Indian corporate sector that can be important practices of an organisation. The scope of the study being confirmed to manufacturing industries only, its findings may not hold good to other manufacturing and/or other service industries in India and abroad.

### *Objectives*

The objective of the present study is mainly focused on the practices of Corporate Social Responsibility in Steel Authority of India Limited (SAIL).

## III. METHODOLOGY

### *Data Source and Method of collection*

The primary source includes observation in depth interview with the senior management leaders of CSR using, the people of the community around which the company operates and few public officers connected with environment protection. In this present study, a self developed questionnaire in the form of statements also used as the tool for primary data collection. And from leaflets, magazines and journal in relate to this, secondary data were collected.

### *Sample Size and Sampling*

For the purpose of this study, the samples are selected from different strata of employees on random basis. The sample consists of 80 respondents from different hierarchy levels in different department of RSP. Proper attention has been paid in selection of the sample.

### *Tools and Techniques used*

The important statistical tools and techniques used in the study: Correlation, Reliability, t-test etc.

IV. RESULTS AND DISCUSSION

The present study has been conducted through own developed and validated attitude scale. The scale consisting of 20 items/statements were distributed among the respondents and collected back upon filled up by the respondents. An attitude scale with 20 items/statements describing the attitude of employees towards corporate social responsibility programme.

In this study, the “split-half” method has been used for testing the reliability which was split into two halves on the basis of odd number( 1,3,5,...) and even number( such as 2,4,6,...) of statement. The scores of even and odd items were

recorded separately in order to calculate the correlation coefficient(*r*). Finally, to estimate the reliability (*r*) of the scale ,the Spearman Brown Prophecy formula was used, where  $r = 2r/1+r$  . The reliability (*r*) of the present attitude scale has been found to be 0.818 or 0.81 which is nearly equal to 0.85. Now, the constructed scale may be considered as more reliable. Table 2 contains details of the calculation of reliability(*r*).

Moreover, the present study also attempts to find out if there is any significant variation in the attitude of employees towards CSR practices being conducted in SAIL. To examine the same a null hypothesis was formulated. The validity of this hypothesis has been tested through t-test.

TABLE 2. Statement showing Calculation of Reliability (*r*)

Odd(x)	X	Square X	Even(y)	Y	Square Y	XY	Result
120	7.6	57.76	121	11.2	125.44	85.12	<b>Correlation(r) =278.8/</b> <b>Sqrt 420.4*385.6= 0.692</b> <b>and</b> <b>reliability (r) =2r/1+r=</b> <b>2*0.692/(1+0.692)</b> <b>=0.818=+0.81</b>
113	0.6	0.36	110	0.2	0.04	0.12	
101	-11.4	129.96	100	-9.8	96.04	111.72	
107	-5.4	29.16	108	-1.8	3.24	9.72	
104	-8.4	70.56	103	-6.8	46.24	57.12	
115	2.6	6.76	107	-2.8	7.84	-7.28	
109	-3.4	11.56	112	2.2	4.84	-7.48	
116	3.6	12.96	115	5.2	27.04	18.72	
119	6.6	43.56	117	7.2	51.84	47.52	
120	7.6	57.76	105	-4.8	23.04	-36.48	
1124/10 =112.4		420.4	1098/10 =109.8		385.6	278.8	

Sl.no.	Items/Statements of CSR practices	Values of CSR practices	t-test	df	Level of significance
01.	CSR practices influence company’s image.	2.7	<b>Variance=0.67</b> <b>t =13.972</b>	<b>df=19</b> <b>tabulated</b> <b>value=1.729 at</b> <b>5% level</b>	<b>Significant at</b> <b>0.05</b>
02.	CSR get engaged in various actions to improve environment or society well being.	2.4			
03.	SAIL’s concern for people that reflects commitment towards society at large.	2.6			
04.	CSR refers to an organisation’s self-implemented policy to ensures a business’s active compliance with the spirit of the law, ethical standards and international norms.	2.4			
05.	CSR policy is to encourage a positive impact through the activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.	3.2			
06.	Company organise training sessions to enhance the understanding of CSR activities.	3.1			
07.	Health and safety audits have been conducted.	1.7			
08.	Company have a formal policy in place regarding business conduct and compliance.	1.9			
09.	Company have a formal environmental policy that includes a commitment to legal compliance, continuous measurement and improvements in environmental preference.	1.5			
10.	Company communicates its supplier CSR policy.	1.6			
11.	CSR is a corporation’s initiatives to assess and take responsibility for the company’s effects on environmental and social well being.	1.4			
12.	CSR programmes is a powerful instrument for organisation development.	1.2			
13.	CSR is an effective tool that synergies the efforts of corporate and the social sector agencies towards sustainable growth and development.	2.7			
14.	CSR is the right perspectives to facilitates and create an enabling environment for equitable partnership between the civil society and business.	1.4			
15.	CSR integrate social and environmental concerns in business operations and strategies.	2.2			
16.	CSR focused on to achieve the integration of economic, environmental and social imperatives.	2.7			
17.	CSR practices committed to conducting business with sustainable development that resolves the problem of people.	3.1			
18.	CSR is a commitment to improve social well-being through business activities by providing appropriate solutions for economic growth.	1.5			
19.	CSR activities mainly focused on use of renewable energy towards achieving a greener environment.	1.7			
20.	CSR concerns of today’s vulnerable society having a wider magnitude to the state and national level.	1.2			

From above analysis we conclude that the calculated value  $t$  is 13.972 which is greater than the tabulated value of 1.729 ( $df=19$ ) at 5% level of significance. Therefore, the hypothesis is rejected leading to the conclusion that there is a significant difference in the attitude of employees towards CSR practices in Rourkela Steel Plant.

#### *Recommendations*

- Organisations while taking up various CSR projects to meet the requirements of stake holders, have given priority to comply all the requirements under the provisions of environmental laws and companies Act.
- Much attention is required to be paid by the social scientists, corporate bodies to make appropriate provision to align the CSR with addressing emerging issues and concern towards society that having a wider magnitude to the state and national level.
- Separate CSR fund from the main budget to avoid lapse of fund and ensure full utilisation of dedicated funds.
- Company has been providing sufficient funds and proper implementation set up with detailed CSR policy for execution of CSR activities effectively.
- Company should evaluate impact of CSR activities on the society which would help the company in future planning of CSR initiatives.

#### V. CONCLUSION

The contemporary CSR practices of SAIL are based on an integrated approach of legal and moral obligation towards social development which had created a positive socio-economic impact on the community. CSR is a contribution to sustainable development that balances economic,

environmental and social objectives. CSR programme is a powerful instrument for organizational development as it is a commitment to legal compliance and continuous measurement in environmental performance. CSR provides services that contribute to sustainability throughout the life cycle of employees and also ensuring conservation of national resources along with the maintenance of soil, air and water quality. SAIL's socio-economic objectives are based on the principle that includes a commitment to uphold the highest ethical standards in conduct the business and value the responsibility to make a meaningful difference in people's lives. SAIL mainly focus on community development in the area of Education, Medical facilities and health, development of small scale industries, Agriculture, fisheries, poultry, AIDS awareness. SAIL provides value to their customers and consumers in a responsible way along with promoting well being of all employees and giving a feeding of satisfaction.

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