

Corporate Social Responsibility-Towards a Sustainable Future

Rajni Bala*

*Research Fellow
Department of Commerce and
Business Management, Guru Nanak
Dev University, Amritsar

Abstract

The purpose of this paper is to identify current concerns regarding the corporate social responsibility in India. There has been a significant increase in the interest of CSR in recent years and it is regarded as an important topic for research. Not only has this topic received academic attention but it is becoming a mainstream issue for many organizations. However, it has been noted that research on CSR in SMEs is quite scant. While the majority of small firms believe they should pay attention to their social and environmental responsibilities, the main barrier to undertaking CSR experienced by SMEs is time, followed by cost and lack of human resources. First the paper presents a short introduction about the concept of corporate social responsibility and the paper also highlights the swot analysis of the corporate social responsibility. Next the paper analyzes the perception of the masses regarding corporate social responsibility and concludes with a discussion of these findings as well as recommendations for further research in the area. For the purpose of analysis, Factor Analysis has been employed on 20 variables study the perception of masses on a sample of 130 banks.

Keywords:

Corporate social responsibility, SME's and Environmental Responsibility

"A good company delivers excellent products and services, and a great company does all that and strives to make the world a better place." - William Ford Jr, Chairman, Ford Motor Co.

Introduction

The concept of social responsibility of business appeared in U.S. in the 80's. Then it began to be used also in Europe. At present, it attaches great importance to CSR, closely linked with sustainable development. CSR is based on a long term strategy that includes various actions, such as volunteering, sponsorships, donations, benefits and expertise. CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.

Corporate Social Responsibility is a hot item in the business world and undoubtedly one of the challenges for the future (olaru, M. at al., 2012). It is for these reasons that loyalty, researchers and businesses became more and more interested in the implications of social responsibility on business performance. Discourses on CSR suggest that many definitions of CSR exist

within the business community, and CSR continues to be an evolving concept, with no single definition that is universally accepted. Given below are three key definitions that have garnered wide acceptance and favour amongst business circles:

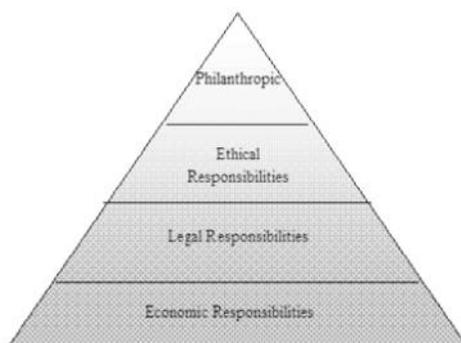
Definition # 1: Philip Kotler and Nancy Lee (2005) define CSR as “A commitment to improve community well being through discretionary business practices and contributions of corporate resources”, whereas Mallen Baker refers to CSR as “a way companies manage the business processes to produce an overall positive impact on society.”

Definition # 2: According to World Business Council for

Sustainable Development “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

Definition # 3: Archie Carroll in 1991 describes CSR as a multi layered concept that can be differentiated into four interrelated aspects – economic, legal, ethical and philanthropic responsibilities.

There are four main parts to CSR:-



Economic	responsibility to earn profit for owners
Legal	responsibility to comply with the law
Ethical	not acting just for profit, but doing what is right, just and fair
Voluntary and philanthropic	promoting human welfare and goodwill – being a good corporate citizen contributing to the community and quality of life

The social responsibility has the following main features (Stancu and Orzan, 2007):-

- Its application is voluntary;
- It is reflected in business relations with various stakeholders (staff, customers, local community, governmental and nongovernmental organizations);
- It involve environmental issues, not only the social side;
- It is not distinct from the enterprise strategy and commercial activity but rather an integral part of it.

Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include:

➤ **Company benefits:**

- Improved financial performance;
- Lower operating costs;
- Enhanced brand image and reputation;

- Increased sales and customer loyalty;
- Greater productivity and quality;
- More ability to attract and retain employees;
- Reduced regulatory oversight;
- Access to capital;
- Workforce diversity;
- Product safety and decreased liability.

➤ **Benefits to the community and the general public:**

- Charitable contributions;
- Employee volunteer programmes;
- Corporate involvement in community education, employment and homelessness programmes;
- Product safety and quality.

➤ **Environmental benefits:**

- Greater material recyclability;
- Better product durability and functionality;
- Greater use of renewable resources;
- Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labeling.

Need of the Study

From the review of relevant researches, it has been found that a lot of ecological degradation has taken place in the name of

development. Further, hardly any study has been conducted to analyze the perception of the masses regarding corporate social responsibility. This paper makes a humble attempt in this direction. The specific objectives of the study are given here under:-

Objectives of the Study

The present study has been planned with the following research objectives:

- To assess the strength, weakness, opportunity and threat of corporate social responsibility.
- To study the perception of the masses vis a vis Corporate Social Responsibility.

SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> • Growing level of consumer interest for products or services of socially responsible companies; • Increasing the number of initiatives of CSR and best practices in this field at national level; • Involvement of multinational companies and some of the major Indian companies in CSR activities; • Open an interest of society in general to CSR and the relative novelty of the concept in public. 	<ul style="list-style-type: none"> • Insufficient knowledge of the concept of CSR in society; • Poor knowledge and involvement of companies and SME's in CSR initiatives; • Insufficient capacity of organizations/ stakeholders representation and manifestation of their interest; • Superficial level of organizations involvement in CSR activities without addressing the root causes of social problems; • Poor implementation of socially responsible investments and acquisitions.
Opportunity	Threat
<ul style="list-style-type: none"> • A safer environment from the adverse effects of human activities; • Funds opportunities for component CSR initiatives offered by the EU; • Opportunity to learn, retrieve and adapt best practices and lessons learned from the experience of other more developed; • Increased importance of corporate reputation, environmental policies in consumer choice; • Development opportunities and involvement in the European/ international for SME's. 	<ul style="list-style-type: none"> • Lack of coherent legislative framework and consistent; • Lack of coherent public policies to promote CSR; • Weaknesses in implementing the legislation; • Lack of budget for promoting the application of CSR; • Support and insufficient involvement of public authorities in promoting and implementing CSR.

Data Collection

Primary Data Source

Primary data for the study has been collected with the help of a survey using questionnaire and interview schedule which was administered to around two hundred respondents from Northern India. For the selection of respondents, convenience sampling method was used.

Secondary Data Source

The secondary sources of data have been collected from the Websites, Magazines and Books etc.

Research Methodology

Universe of the study

The sample elements were the respondents who possess the information regarding it. The sampling units were the people in the city of Amritsar.

Nature of the study

The present study is based on empirical data. The survey was based on the basis of convenient sampling. The respondents who were easily approachable were contacted for the survey.

Sample Plan

Sample size: 200 Respondents had been given the questionnaire out of which 167 have responded and 130 questionnaires have been found in order for the purpose of the study.

Data Analysis

Statistical Techniques for Analysis of Data Collected

The questionnaire has been designed using variables short listed for the purpose of research study. For the survey based study, questionnaire has been prepared which contained questions based on Likert scale. The questionnaire so structured has been pre-tested and suitably amended. The Likert scale is used for rating the

student's perceptions, awareness with regard to their satisfaction or dissatisfaction in each individual case. Each response item has five response categories ranging from strongly agree to strongly disagree and score relating to each category is allotted ranging from 5 to 1 respectively where 5 stands for Strongly agree followed in the sequence by 1 which means Strongly disagree. The data so collected has been analyzed in the light of the objectives of the study, using simple descriptive as tools of analysis. The conclusions of the study have been tabulated, interpreted to ensure that matter is easily understandable.

The raw data obtained was analyzed on the basis of Factor Analysis. **Factor Analysis** is a class of procedures primarily used for data reduction and data summarization. Relationships among sets of many interrelated variables are examined and represented in terms of few underlying factors. Factor analysis is interdependence technique in which an entire set of interdependent relationship is examined.

Table-1

Reliability Cronbach's Alpha	Statistics N of Items
.709	20

Cronbach's Alpha measures the scale reliability. The coefficient varies from 0 to 1, and a value of 0.6 or more indicates satisfactory internal consistency reliability.

Table-2

Variables	Mean	Std. Deviation
VAR00001	4.1077	.92549
VAR00002	3.6385	.88048
VAR00003	3.8692	.99135
VAR00004	3.7923	1.00923
VAR00005	3.7846	.98031
VAR00006	3.6000	.91160
VAR00007	4.0385	.95968
VAR00008	3.7846	.94815
VAR00009	3.8154	.98661
VAR00010	3.5077	1.15635
VAR00011	3.7308	1.11222
VAR00012	3.4385	1.18127
VAR00013	3.5615	1.24517
VAR00014	3.5692	1.16098
VAR00015	3.9923	.96043
VAR00016	3.6231	.90018
VAR00017	3.9462	.94263
VAR00018	3.8538	.91594
VAR00019	3.7769	.99818
VAR00020	3.7385	1.03844

Table-3

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.755
Bartlett's Test of Sphericity	approx. chi-Square	1405.043
	Df	190
	Significance	.000

The calculated value of KMO is 0.755 which shows that sample is adequate to Factor Analysis. So Factor Analysis has been applied to extract the factors affecting the green marketing.

Table 1 depicts the KMO value to be .755 and Bartlett's Test of Sphericity as 1405.043 (significant at 1%, $p < 0.000$). For the justification of usage of Factor Analysis, correlation matrix had

been computed which exhibited high inter correlations among variables.

After calculating the inter correlations, the factors have been extracted by using Principal Component Method with Varimax rotation, on the basis of Eigen value not less than one for any factor.

Total Variance Explained is 72.720

Table-4

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	3.777	18.887	18.887	3.777	18.887	18.887	3.665	18.323
2	3.377	16.884	35.771	3.377	16.884	35.771	3.383	16.914	35.237
3	3.106	15.530	51.301	3.106	15.530	51.301	2.895	14.476	49.713
4	2.807	14.035	65.336	2.807	14.035	65.336	2.858	14.290	64.003
5	1.477	7.384	72.720	1.477	7.384	72.720	1.743	8.717	72.720
6	.752	3.760	76.480						
7	.604	3.020	79.499						
8	.499	2.494	81.994						
9	.463	2.314	84.308						
10	.435	2.176	86.484						
11	.405	2.024	88.508						
12	.386	1.929	90.437						
13	.354	1.768	92.204						
14	.296	1.481	93.685						
15	.265	1.327	95.012						
16	.242	1.209	96.221						
17	.228	1.142	97.363						
18	.193	.966	98.328						
19	.191	.953	99.281						
20	.144	.719	100.000						

Extraction Method: Principal Component Analysis.

Table-5

Component Transformation Matrix

Component	1	2	3	4	5
1	.920	-.243	.125	-.254	-.118
2	.231	.962	.131	.012	-.066
3	-.251	-.031	.784	-.553	.123
4	.161	-.091	.511	.744	.390
5	.101	.082	-.301	-.278	.903

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Table-6

S.No.	Factor wise dimensions	Factor loading	Eigen value	% of variance explained	Cumulative % of variance explained
F1	CSR & Environment				
a	CSR is about promoting corporate fairness, transparency and accountability through a set of internal rules by which businesses are operated, regulated and controlled.	.871	3.665	18.323	18.323
b	CSR is an important component of corporate governance.	.862			
c	CSR is equivalent for philanthropy.	.849			
d	CSR includes actions to protect the environment.	.836			
e	CSR leads to an increase in profits.	.815			
F2	Importance of CSR				
a	CSR is an important prerequisite if a firm wants to enter into a business relationship with western companies.	.859	3.383	16.914	35.237
b	CSR is a new fancy name for something that local companies have already been doing for a long time.	.844			
c	CSR is a concept which is more important for companies located in developed than in developing countries.	.824			
d	CSR is more relevant for the manufacturing industries than for the service sector.	.821			
e	CSR is primarily motivated by public relations or marketing consideration.	.734			
F3	CSR & legislature				
a	CSR needs to be strongly promoted by government authorities.	.857	2.895	14.476	49.713
b	CSR needs to be legislated to ensure a wide uptake.	.843			
c	A responsible company is a firm that strictly abides to labor and environmental laws.	.831			
d	Responsible businesses go beyond what is required by law to make a positive impact on society and environment.	.820			
F4	CSR & SME's				
a	SME's can only commit to CSR if resources are provided by the government or other institutions.	.865	2.858	14.290	64.003
b	SME's can implement CSR only with the help of external advisors.	.857			
c	CSR is rather than the obligation of large multinational companies than SME's.	.819			
d	For SME's, as far as large enterprises, social responsibility can be added value to the organization and also to the society.	.799			
F5	Costly Concept				
a	CSR is a resource intensive and costly concept.	.907	1.743	8.717	72.720
b	CSR encompasses a set of activities companies carry out independently of their daily business operations.	.903			

F1 – This factor is the most important factor on which five variables have added and it explains 18.323% of the variance with the Eigen value of 3.665. It deals with the CSR is about promoting corporate fairness, transparency and accountability through a set of internal rules by which businesses are operated, regulated and controlled, CSR is an important component of corporate

governance, CSR is equivalent for philanthropy, CSR includes actions to protect the environment and CSR leads to an increase in profits.

F2 – This is the second important factor having Eigen value of 3.383 and explains 16.914% of variance. Five variables have

loaded onto this factor and highest loading is for the variable CSR is an important prerequisite if a firm wants to enter into a business relationship with western companies (.859) followed by CSR is a new fancy name for something that local companies have already been doing for a long time (.844), CSR is a concept which is more important for companies located in developed than in developing countries (.824), CSR is more relevant for the manufacturing industries than for the service sector (.821) and CSR is primarily motivated by public relations or marketing consideration (.734).

F3 – Four variables are loaded on this factor i.e. CSR needs to be strongly promoted by government authorities, CSR needs to be legislated to ensure a wide uptake, A responsible company is a firm that strictly abides to labor and environmental laws and Responsible businesses go beyond what is required by law to make a positive impact on society and environment. This factor constitutes the third important factor and it explains 14.476% of variance and has Eigen value of 2.895.

F4 – Four variables are loaded on this factor i.e. SME's can only commit to CSR if resources are provided by the government or other institutions, SME's can implement CSR only with the help of external advisors, CSR is rather than the obligation of large multinational companies than SME's and For SME's, as far as large enterprises, social responsibility can be added value to the organization and also to the society. This factor constitutes the fourth important factor and it explains 14.290% of variance and has Eigen value of 2.858.

F5 – This is the fifth important factor having Eigen value of 1.743 and explains 8.717% of variance. Two variables have loaded onto this factor i.e. CSR is a resource intensive and costly concept (.907) and CSR encompasses a set of activities companies carry out independently of their daily business operations (.903).

Conclusion

“Giving back to society” is a buzz word for many companies. In recent years, the social responsibility of companies is increasingly becoming a mainstream issue for business, governments and society. Corporate social responsibility is one of the most important issues that business is facing today. It is estimated that a company is really interested in social responsibility when it takes over the responsibilities of all three key areas: economy, society and environment. For SME's, as far as large enterprises, social responsibility can be added value to the organization and also to the society. Present research work has been carried out to study the perception of general masses regarding the corporate social responsibility. The study identified five factors i.e. 'Corporate social responsibility & environment factor', 'Importance of CSR', 'Corporate social responsibility & Legislature', Corporate social responsibility & SME's and 'Costly concept factor' influencing the

masses perception.

Limitations of the Study

Any study based on consumer survey through a pre-designed questionnaire suffers from the limitation, no matter how carefully the questionnaire has been designed and field of investigation conducted. The limitations have been listed below:-

- ▶ The limitation of the present study is that the results are specific to the sample selected and dimensions used. Hence, the study may not be generalized for overall population.
- ▶ Lack of time prevented an in depth study of the problem.
- ▶ The study may suffer because of the biases of the respondents of questionnaire and there is no way of checking back on respondent's responses.

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- csr-net.org/limesurvey/index.php

ANNEXTURE-1

S.No	Statements	SA	A	N	D	SD
1.	CSR is a concept which is more important for companies located in developed than in developing countries.					
2.	CSR is primarily motivated by public relations or marketing consideration.					
3.	CSR is a new fancy name for something that local companies have already been doing for a long time.					
4.	CSR is an important prerequisite if a firm wants to enter into a business relationship with western companies.					
5.	CSR is more relevant for the manufacturing industries than for the service sector.					
6.	A responsible company is a firm that strictly abides to labour and environmental laws.					
7.	CSR needs to be strongly promoted by government authorities.					
8.	Responsible businesses go beyond what is required by law to make a positive impact on society and environment.					
9.	CSR needs to be legislated to ensure a wide uptake.					
10.	CSR is about promoting corporate transparency and accountability through a set of internal rules by which businesses are operated, regulated and controlled.					
11.	CSR is equivalent for philanthropy.					
12.	CSR is an important component of corporate governance.					
13.	CSR includes actions to protect the environment.					
14.	CSR leads to an increase in profits.					
15.	CSR describes a decision making process based on ethical values and compliance with legal requirements.					
16.						
17.	SME's can only commit to CSR if resources are provided by the government or other institutions.					
18.	CSR is rather than the obligation of large multinational companies than SME's.					
19.	CSR encompasses a set of activities companies carry out independently of their daily business operations.					
20.	CSR is a resource intensive and costly concept.					

(Source: - csr-net.org/limesurvey/index.php)