A STUDY ON CORPORATE SOCIAL RESPONSIBILITY AT EXIDE INDUSTRIES LIMITED

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ABSTRACT

BACKGROUND

Corporate Social Responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsibility) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms, in 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 is a process with the aim to embrace responsibility for the company’s auctions 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. The CSR comes in as a solution for better performance of the company. Strategically Corporate Social Responsibility unravelled the evolution of more responsible and promising businesses in terms of social pressures and expectations. So this study benefits not only society but also for firm.

KEYWORDS

Corporate Social Responsibility, Government, Society, Strategies.


BACKGROUND

Corporate Social Responsibility is the ongoing commitment by industry to perform ethically and contribute to society development, when concentrating the quality of life of the workforce and their families as well as of the local community and society at large. Over the last years an increasing number of companies worldwide started promoting their business through Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible.

In some cases, Corporate Social Responsibility is a result of a variety of social, environmental and economic pressures while some other cases, many large corporations, it is primarily a strategy to divert attention away from the negative social and environmental impact of their lives. It enables the company to leverage its products, employee’s strength, networks and profits and up to some extent to create a sustainable change for marginalised communities. The CSR Executives have the task of integrating the various programs, measuring the benefits, or at least drafting a logical connection to the business, and securing the support of business line counterparts. CSR can not only refer to the compliance of human right standards, labour and social security arrangements, but also to the fight against climate change, sustainable management of natural resources and consumer protection. The various practices followed by the corporates in different parts of the world differ significantly.

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Arguments against Corporate Social Responsibility

The most important economic argument made against corporate social responsibility is that of the economic doctrine of profit maximisation. When business maximises profit by improving efficiency and reducing the cost, it is the society which benefits in the ultimate analysis. Thus, the society will benefit much more if business is left to do its own business. The topmost priority of business must be economic efficiency of business for there is an opportunity cost involved in social involvement and the return on social involvement cannot be cardinally measured or explicitly accounted, hence economic criteria to measure the success of business.

Milton Friedman says, if businesses followed a socially responsive course, their actions would raise the price for customers or reduce the wages of employees and hence the only responsibility of business is to maximise profit. Business person should therefore concentrate on shareholders’ demands and expectations. According to Friedman, the four basic obligations of business to society are:-
1. Obey the law,
2. Provide goods and services,
3. Employ resources efficiently and
4. Pay resources owners fairly in accordance with the market.

Review of Literature

Williams and Siegel’s (2000)

In this journal cited by over 1000, compared existing econometric studies of the relationship between social and financial performance. The study says that the contradictory results of previous studies reporting positive, negative, and neutral financial impact were due to flawed empirical analysis. McWilliams and Siegel demonstrated that by properly specifying the model, by controlling for investment in Research and Development, an important determinant of financial performance, they found that CSR had a neutral impact on financial outcomes.
David Henderson (2001)
In his widely-cited book entitled Misguided Virtue: False Notions of corporate social responsibility, David Henderson argued forcefully against the way in which CSR broke from traditional corporate value-setting. He questioned the “lofty” and sometimes “unrealistic expectations” in CSR.

S. Y. Qureshi (2011)
Chief Election Commissioner SY Qureshi came down heavily on corporate India regarding corporate social responsibility (CSR), saying that “CSR is not charity but a question of your very survival”. “We need a Warren Buffet and Bill and Melinda Gates to teach our corporates on the need for CSR. What you do is not CSR but corporate social compulsion,” Qureshi told a meet on CSR organised by Bombay Chamber of Commerce.

Chaudhry and Krishnan (2007)
Corporate social responsibility is not about Philanthropy. The underlying theme of corporate social responsibility is that business and society are interwoven rather than distinct entities. Corporate social responsibility is giving added value to the company and more and more firms realise its value.

Quinn (2008)
His research reveals that a variety of strategies, alliances and partnerships, and approaches are being used around the globe. The literature also reveals that although the aspiration of many entities to contribute to a healthier world is great, translating that ambition into reality proves to be to some extent of a challenge.

Husted and Allen (2007)
He pointed out that much effort has focused on CSR in an attempt to demonstrate that positive CSR can be linked to improved financial performance. There is a growing sense that looking after the people and the community as well as the environment are all relevant to long-term business survival. Despite the fact that the business case for CSR appears strong, the literature also reflects the fact that there are lot of doubts as well as pessimism.

Boyle & Boguslaw (2007)
This literature often concludes with a call for a more explicit acknowledgement of poverty in the corporate citizenship field and for corporate leadership to name the issue, frame it in such a way as to accelerate its reduction, and take an active role in poverty reduction efforts.

Jaideep Shenoy (2013)
This study explains “The District Wenlock” Hospital and Lady Goschen Hospital is all set to be renamed after a person who championed the cause of Dalits and a warrior queen who took on the might of the Portuguese much before the First Indian War of Independence. A decision to this effect was taken at the Arogya Ralesha Samitis of the two hospitals that Minister for Higher Education and Dakshina Kannada district in-charge, CT Ravi.

Shailvee Sharda (2013)
In order to ensure high rates of child morality, the Centre has decided to speed up in private sector and corporate. Using corporate social responsibility as a tool to save children, the government is looking forward to commitment from the private sector for use of technology and innovations to boost interventions in reproductive, maternal, newborn child and adolescent health and save preventable deaths.

Hartman, Rubin, and Dhanda (2007)
In their cross-cultural analysis of communication of CSR activities in U.S. and European corporations, the article demonstrates that U.S. companies justify CSR using economics or bottom-line terms and arguments in their communications, whereas European Union companies rely more heavily on language or the theories of citizenship, corporate accountability, or moral commitment. It concludes U.S. firms focus more heavily on financial justifications, whereas European Union companies absorb both financial and sustainability elements in justifying their CSR.

Statement of Problem
Even though the corporate social responsibility is not a contemporary concept, corporate social responsibility has gained importance all over the globe. According to companies act 2013, manufacturing companies are expected to promote and indulge themselves in various social responsibility activities in home country and also in host countries. This makes the companies to improve their social and economic value. But the companies are lacking in the knowledge of corporate social responsibility i.e., which are the activities can be done as a concern for society. This study is mainly undertaken due to the debate on adoption of corporate social activities by manufacturing concerns is necessary or not. The demand for corporate social responsibility is raised based on the society’s demand and also the regulatory framework of the company’s act 2013. The manufacturing companies growth is influenced by land, labour and various other natural resources, hence it is the company’s responsibility to promote sustainable development. The companies must involve in various activities, which improves the resources. The companies always state their intention is to promote local communities but it is still in their words only not in practice.

As this study will in turn answer the following questions-
- What is corporate social responsibility?
- What is environmental and social responsibility?
- How do they implement corporate social responsibility and environmental responsibilities in reality?

Objectives of the Study
1. To investigate the understanding of people about corporate social responsibility.
2. To understand the current implementation of corporate social responsibility and environmental, social responsibilities.
3. To investigate the awareness and importance of corporate social responsibility by the organisation.
4. To suggest measures for improving the corporate social responsibility.

Research Design
Doing research is a way to systematically solve the problems. The researcher adopted stratified sampling for the study at Exide Industries Limited.
**Period of Study**
The study was conducted for a period of 4 weeks.

**Method of Data Collection**
Since this study was primary, the data has been collected through questionnaire.

**Tools for Data Analysis**
For analysis and interpretation of primary data percentage analysis and correlation was used.

**Limitations of the Study**
- The sample size is very limited.
- The result of the study depends upon the information furnished by the employees.
- There may be chances of personal bias in the personal responses to the questionnaires.
- Manner in which the amount spent for CSR during the financial year 2014-15 is as follows-

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Projects/Activities</th>
<th>Sector</th>
<th>Locations</th>
<th>Amount Outlay (Budget) Project or Programme (Rs. in Lakhs)</th>
<th>Amount Spent on the project or programme (Rs. in Lakhs)</th>
<th>Cumulative Expenditure up to reporting period (Rs. in Lakhs)</th>
<th>Amount spent: Direct or through implementing agency* (Rs. in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Marrow Donor Registry (India)</td>
<td>-</td>
<td>100.00</td>
<td>100.00</td>
<td>-</td>
<td>100.00</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Prime Minister’s National Relief Fund</td>
<td>-</td>
<td>100.00</td>
<td>100.00</td>
<td>-</td>
<td>100.00</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Swatch Bharat Kosh</td>
<td>-</td>
<td>50.00</td>
<td>50.00</td>
<td>-</td>
<td>50.00</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Vivekananda Kendra Vidyalaya Tezpur-School Building</td>
<td>Promoting education</td>
<td>Tezpur, Assam</td>
<td>1.00</td>
<td>1.00</td>
<td>-</td>
<td>1.00</td>
</tr>
<tr>
<td>5</td>
<td>Child In Need Institute</td>
<td>Promoting education</td>
<td>Kolkata</td>
<td>3.00</td>
<td>3.00</td>
<td>-</td>
<td>3.00</td>
</tr>
<tr>
<td>6</td>
<td>UNICEF</td>
<td>Sanitation and safe drinking water</td>
<td>-</td>
<td>100.01</td>
<td>100.01</td>
<td>-</td>
<td>100.01</td>
</tr>
<tr>
<td>7</td>
<td>Govt. High School-Prize</td>
<td>Promoting education</td>
<td>Bawal</td>
<td>0.18</td>
<td>0.18</td>
<td>-</td>
<td>0.18</td>
</tr>
<tr>
<td>8</td>
<td>Seva Prakalpa</td>
<td>Promoting Healthcare</td>
<td>Haldia</td>
<td>0.09</td>
<td>0.09</td>
<td>-</td>
<td>0.09</td>
</tr>
<tr>
<td>9</td>
<td>Electrification Job at School</td>
<td>Promoting Education</td>
<td>Haldia</td>
<td>0.81</td>
<td>0.81</td>
<td>-</td>
<td>0.81</td>
</tr>
<tr>
<td>10</td>
<td>Chanakya Enterprise-Financing Job/Plantation</td>
<td>Ensuring environment sustainability</td>
<td>Haldia</td>
<td>0.59</td>
<td>0.59</td>
<td>-</td>
<td>0.59</td>
</tr>
<tr>
<td>11</td>
<td>Finer Art- Banner</td>
<td>Ensuring environment sustainability</td>
<td>Haldia</td>
<td>0.01</td>
<td>0.01</td>
<td>-</td>
<td>0.01</td>
</tr>
<tr>
<td>12</td>
<td>Planting of Samplings</td>
<td>Ensuring environment sustainability</td>
<td>Haldia</td>
<td>0.49</td>
<td>0.49</td>
<td>-</td>
<td>0.49</td>
</tr>
<tr>
<td>13</td>
<td>Supply of Medicine</td>
<td>Promoting Healthcare</td>
<td>Haldia</td>
<td>0.38</td>
<td>0.38</td>
<td>-</td>
<td>0.38</td>
</tr>
<tr>
<td>14</td>
<td>Cleaning of Hosur Bus Stand</td>
<td>Livelihood enhancement projects</td>
<td>Hosur</td>
<td>0.15</td>
<td>0.15</td>
<td>-</td>
<td>0.15</td>
</tr>
<tr>
<td>15</td>
<td>Fabrication of steel cage for plantation</td>
<td>Ensuring environment sustainability</td>
<td>Shamnagar</td>
<td>1.29</td>
<td>1.29</td>
<td>-</td>
<td>1.29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>358.00</strong></td>
<td><strong>358.00</strong></td>
<td><strong>-</strong></td>
<td><strong>358.00</strong></td>
</tr>
</tbody>
</table>
Correlation Analysis

Given Variables
- Organisation acquired awards regarding CSR practices = 90, 10.
- CSR strategy of a corporation impacts its reputation = 70, 30.

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
<th>X²</th>
<th>Y²</th>
<th>XY</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>70</td>
<td>8100</td>
<td>4900</td>
<td>6300</td>
</tr>
<tr>
<td>10</td>
<td>30</td>
<td>100</td>
<td>900</td>
<td>300</td>
</tr>
<tr>
<td>100</td>
<td>100</td>
<td>8200</td>
<td>5800</td>
<td>6600</td>
</tr>
</tbody>
</table>

\[
R = \frac{\sum xy}{\sqrt{\sum x^2 \cdot \sqrt{\sum y^2}}} = \frac{660}{\sqrt{8200 \times \sqrt{5800}}} = 0.957
\]

Hence there exists positive correlation between organisation acquired awards regarding CSR practices, and CSR strategy of a corporation impacts its reputation.

Given Variables
- High CSR rating will make a positive impression on organisation = 20, 32, 42, 4, 2.
- Companies promoting their products in the name of CSR = 32, 25, 15, 19, 9.

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
<th>X²</th>
<th>Y²</th>
<th>XY</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>32</td>
<td>1936</td>
<td>1024</td>
<td>1408</td>
</tr>
<tr>
<td>30</td>
<td>30</td>
<td>900</td>
<td>900</td>
<td>900</td>
</tr>
<tr>
<td>16</td>
<td>25</td>
<td>256</td>
<td>625</td>
<td>400</td>
</tr>
<tr>
<td>6</td>
<td>8</td>
<td>36</td>
<td>64</td>
<td>48</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>16</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>100</td>
<td>100</td>
<td>3144</td>
<td>2638</td>
<td>2776</td>
</tr>
</tbody>
</table>

\[
R = \frac{\sum xy}{\sqrt{\sum x^2 \cdot \sqrt{\sum y^2}}} = \frac{2776}{\sqrt{3144 \times \sqrt{2638}}} = 0.963
\]

Hence there exists positive correlation, CSR rating will make a positive impression on organisation and companies promoting their products in the name of CSR.

Findings
The following are the views and preferences of the employees of the company-
- The majority of 42% of the respondents agreed that relationship with other companies has encouraged the adoption of CSR practices.
- The entities were rewarded for their CSR practices.
- The Exide Ltd. is getting less monetary support from Government of India towards implementing CSR.
- The organisation adopted waste recycling to reduce environmental impacts.
- The majority of 37% of the respondents said sponsorship of sports & cultural events are the concrete actions towards community in which the company operates.
- Company promoting corporate image is the reason that may move a company to adopt RSI practices.
- The Exide Ltd. is providing training with respect to CSR practices.
- High CSR ratings is Good encouragement from the society to the Exide Ltd.
- Through the high CSR ratings companies promote their products.
- The employees of the Exide Ltd. were enlightened by the knowledge and awareness of CSR.
- The company agreed that CSR strategy of a corporation impacts its reputation.

Suggestions
- Employees in the organisation are not much aware about CSR, proper training and orientation is required in the organisation so that they can actively participate in CSR activities.
- Training and orientation should be given to all the employees in organisation, in spite of those who are involved in CSR committee.
- Employees in the organisation should clearly explain their role and responsibilities towards CSR activities.
- Regular meetings can be held as to review the performance, based on that company can announce any awards and gifts to employees.
- Company can organise awareness programs like free medical and blood donation camps in society.
- Company may involve in tree plantation as one of the CSR activities.
- Minimise conflicts of interest among inter-departments towards CSR.

CONCLUSION
“CSR is not Charity but a Survival Issue.”
To an increasing extent, consumers, employees, and investors are expecting companies to demonstrate CSR. The organisations are required to balance between the economic benefits and social environmental contributions, implementing the responsibilities of the enterprise to the environment. CSR should aim at embracing responsibilities for the company’s actions to 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.

Managers who understand the role of CSR will significantly improve their ability in CSR.

REFERENCES


7. The companies Act, 2013.

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