

CORPORATE SOCIAL RESPONSIBILITY AND IMAGE BUILDING: A STUDY OF NTPC, DADRI

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With the approval of the new Companies Bill which obligates the companies of a certain size to spend two per cent of their average annual profit of three years towards CSR, it has become important for organizations to create shared value, drive business growth, aid in employee alignment and improve the overall living conditions in the society. They now need to look beyond the traditional concept of philanthropy and make it strategic to not just create socio-economic impact, but also communicate their efforts to their target audience in order to build and engineer their image. At a certain level, this also has the potential of creating brand equity through collaborative action to bring about real change.

This study focuses on the efforts made by NTPC towards CSR and the perception of the target audience towards those efforts. This study attempts to find out whether the development efforts made by NTPC in Dadri, near Ghaziabad, (covered under DelhiNCR) have brought about a positive change in perception of their image. The methodology involved both qualitative and quantitative techniques. While the managers responsible for action taken towards CSR were interviewed, a survey was done in Dadri to study public perception. There are thirteen villages that fall under the category of Project Affected Persons (PAP) in Dadri. The survey was done on a random sample of 100 people which included land ousted, landless as well as land holders in the villages. The assessment was based on the effectiveness of community development work undertaken by NTPC in the area of education, health, employment, business, income and social and physical environment. The findings were revealing.

Key Words: CSR, Sustainability, Image building, Marketing, India

Introduction

Corporate social responsibility (CSR) is a value loaded term and may mean different things to different people and organizations. Marketing the cheapest car in the world, viz. the Nano was seen as an act of social responsibility by the Tata group. The Group Chairman believed that this would help the lower income strata to partake the pleasure of a risk free ride when compared to riding a two wheeler.

Before marketing its soaps in the rural India, the Hindustan Unilever educated the rural folk about the gains of personal hygiene and cleanliness. Its 'Swasthya chetna Diwas' (health education days) were considered by the company a step towards its social responsibility.

The Tata group announced the launch of "Swachh" (pure) water filter brand in January 2010 to address the issue of clean drinking water in India to combat water borne diseases. The price of the said water filter is Rs. 999/- and the gadget would not need electricity support.

The setting up of a large public sector in India post independence was also seen as an act of social good. Profit-earning was not seen as an important objective by these companies until the economy was liberalized in the 1990s.

Over a period of time the concept of corporate social responsibility has come to mean, what the corporates give back voluntarily to society from the revenue they earn. The word responsibility implies that the giver must identify the task that it has to be responsible about. In other words, the efforts of corporate social responsibility need to be preceded by a thorough audit of the stakeholder needs that call for social intervention.

With the approval of the new Companies Bill on April 1, 2014, a company is obligated to spend 2% of its average net profit in the preceding three years on CSR if it had a turnover of INR 1000 cr or more, or net worth of INR 500 cr or more, or net profit of INR 5cr or more. The companies that fail to spend the entire 2% on CSR activities may also transfer the remaining amount to the Prime Minister's relief fund. The non compliance of the law may lead the corporate affairs ministry to question the roles and responsibilities of its directors, but no action beyond that could be taken. According to a report of the Economic Times, around 14000 companies are expected to spend about Rs. 15000 cr on various social projects under the mandatory CSR spending. The government has come up with a list of activities that qualify as CSR. At the time of publication of this paper, media reports suggested that CSR defaulters were likely to be penalized under the new clause of the law but the nature and quantum of penalty is yet to be decided. It has become important for organizations to create shared value, drive business growth, aid in employee alignment and improve the overall living conditions in the society. They now need to look beyond the traditional concept of philanthropy and make it strategic to not just create socio-economic impact, but also communicate their efforts to their target audience in order to build and engineer their image. At a certain level, this also has the potential of creating brand equity through collaborative action to bring about real change.

Review of Literature

Ramani, Shyama. V (2013) delineated the rationality of investing in CSR as efforts of firms to fulfill their 'social contract' ensuring its long run sustainability. On a practical level, developing a positive image in the society than being viewed as a ruthless profit maximiser may help in creating effective entry barriers for potential rivals in the market. It helps in product differentiation and gaining strong shareholder support. Citing the example of Amul, founded in 1946 and generating a revenue of INR 19 bn per annum while remaining a cooperative, has taken to building toilets in rural India as part of their CSR efforts. The writer compared Amul's strategy of fostering pride in its members and workers to that of a knowledge company like Google. The logic behind the strategy is that hierarchy cannot control productivity in a cooperative like Amul and in knowledge producing company like Google where output generation depends on creativity and creativity cannot be monitored easily. In such a situation, corporate identity and pride can stimulate employee efforts. The challenges faced by the cooperative in terms of bureaucratic delay and petty corruption have also been highlighted in the article. The writer concluded that there is a fine balance to be maintained between its short run objectives. Pursuing short run profit maximization may lead to alienation from larger group of shareholders and may not be sustainable. But too much attention to the expectations of all stake holders may make an organization loose on profits and may even threaten its existence in the long run. (IMI Konnect, Winter special issue, 2013).

The growth of global connectedness has created the conditions for version 3.0 of the way businesses approach and manage corporate responsibility (CR). Crespin and Rochlin described CR 1.0 as ‘do good because it was good’, CR 2.0 as ‘shared value – do good in alignment with your business strategy’ and CR3.0 as ‘networked value’. The authors suggest a simple premise for CR 3.0 which involves using networks to solve the biggest corporate responsibility challenges and in the process capturing opportunities for greater net worth. The goal of CR 3.0 is to address environmental, social and government (ESG) challenges in a way that shares responsibility with a network of partners, establishes the company as a viable part of the network and works with the network to create solutions and outcomes leading to greater financial and social net worth. The authors suggested that the approach will build trust, find new ways of creating value, enhance reputation and protect license to operate. CR 3.0 has highlighted the opportunity for greater engagement, coordination, collaboration and participation in networks to support both business and ESG goals. (Crespin, Richard and Steve Rochlin (2013) in *Corporate Responsibility 3.0: Good and Networked* by United States Chamber of Commerce Foundation).

Sheena Lovia Boateng (2014) in her book ‘Essays from a marketing Ph.D.: year one’ in a paper stressed that sustainability constituted a key ingredient in any strategic CSR initiative. The paper proposed a model for Sustainable Strategic CSR. The model integrated the four stages of developing an effective strategic CSR programme (Guzman & Becker- Olsen, 2010) with the concept of prism of sustainability (Valentin & Spangenberg, 2000) to produce a framework for sustainable strategic CSR. The paper attempted to draw on tenets of marketing communication process (Pickton & Broderick, 2010) to add a fifth stage to the Guzman & Becker-Olsen’s four stage model- a clear strategic motivation, an appropriate initiative, right timing and right communication. This fifth stage was appropriate feedback strategies. The researcher suggested that the proposed framework gave rise to some interesting research implications which may be put to test in future in different contexts testing its application to business. The researcher was of the view that there was limited knowledge on how stake holders perceive information on sustainable CSR conveyed to them using different communication channels. The researcher suggested creating a dialogue between the firm and its stakeholders using Web 2.0 tools. Ability to manage such interactions may pose managerial challenges but once effectively managed, the firm can get a better hold of the questions that the shareholders want to be answered about sustainable CSR.

Objectives

The broad objective of the study was to find out if the current CSR efforts of the organization really helped in positive image building. The specific objectives were:

1. To study the efforts of NTPC in the past one year.
2. To study the public perception of the company where CSR initiatives were taken by the company.
3. To test whether CSR initiatives were responsible for positive image building of the company.

Methodology

To accomplish the above stated objectives, a mix of qualitative and quantitative techniques was used. While a year's CSR initiatives of the organization were studied in detail, the General Manager in charge of NTPC was also interviewed. Majority of efforts were concentrated on Project Affected Persons (PAPs) who were displaced from their original places of stay so that NTPC projects could come up there. In Delhi region, there were 13 such villages whose land was acquired for installing the power house of the company. Village Dadri was randomly selected and a sample of 100 was drawn which was representative of all categories of PAPs like land ousted people, the landless and landholders. The questionnaire was pre tested on 10 respondents and necessary amendments made.

Interview: The focus points of the interview were the areas in which the company ventured, criteria for choosing an area of development for a particular village, the actual efforts made and how do they compare to the efforts made by the government and other big concerns like Tata and Reliance.

The survey: focused on studying the public perception of the company and the contribution of the company in areas like health, education, employment, provision of electricity and putting up camps for public good. The selected sample was interviewed in depth.

Findings and Discussion

Maximum respondents (62%) belonged to the age bracket of 31-50 years, 22% were 30 years or below and 16% were 51 years or more. There were only 5 women respondents in the sample in view of respecting the cultural norms. The findings were:

The interview revealed that education was one of the thrust areas for the company to work on. Yet, the survey showed that majority of children of PAP families went to government (41%) and private (29%) schools. Only 18% went to schools run by NTPC.

19% of the respondents were aware of stitching and tailoring camps being organized for them in their villages while 38% were aware of eye camps. Lone respondents were aware of candle making and camps for the differently abled. Only 20% of respondents were aware of all the above camps being organized as part of NTPC's CSR efforts. 79% of the total respondents were aware that the campaigns were a result of NTPC's efforts.

Only 17% of the respondents were aware that NTPC contributed towards education, while the number of respondents who were aware of its contribution in generating employment, health care, infrastructure (road) and community centre were in single digits. 48% of the respondents were aware of all the efforts made. (*refer table 1*)

To the question whether the respondents were happy with the infrastructural development in the area, particularly, sanitation, road and electricity, which as the interview revealed was the prime focus of the company's CSR efforts besides education, a lone respondent was fully satisfied while 27% of them were completely dissatisfied. The majority of the respondents were dissatisfied with the infrastructural development of the place which NTPC counted in its CSR efforts. (*refer table 2*)

70% of the people also believed that employment opportunities have risen after the establishment of the company there. The interview with the GM in charge of the company revealed that to help the people ousted from their land, they were preferred for employment for some contracts on the basis of the skills they had. (refer table 3)

The overall impression of the company was good with 83% of the respondents believing that NTPC was a good company but on more specific grounds, different findings emerged. 15% of the respondents felt it was wrong for a company to take people's land for project construction. 26% believed that it was a good company and 8% viewed it as responsible. There were just 5% of the respondents who agreed that it's a profit making company which does development work to build a positive image of them.

Conclusion

Despite the fact that the company's only criteria for selecting an area for development was that the people were affected by their projects, it wasn't making strategic efforts to communicate with their public to get the maximum out of their efforts in terms of a positive mindset of the PAPs. Efforts were being made and money and resources were being used on a considerable scale through the CSR department like the commendable work done by the company even on a national scale like during the Tsunami and Bhuj earthquake in Gujarat, yet it failed to generate a positive image in the minds of the majority of the direct beneficiaries. Strategically planned and targeted communication efforts could help in saving the situation and get more return on investment.

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Annexures

Table1. Audience awareness of areas of CSR activities of NTPC

CSR areas	Gender		Age		
	Male	Female	Below 30	31-50	51 and above
Education	16%	1%	2	13%	2
Employment	8%	1%	3%	4%	2%
Health care	1%		1%		
Roads	8%		2%	3%	3%
Community centres	6%		1%	5%	
All of the above	46%	2%	11%	32%	5%
None of the above	10%	1%	2%	5%	4%
Total respondents	95	5	22	62	16

Table 2. Level of respondent satisfaction with the infrastructural facilities developed by NTPC.

Satisfaction level	Gender		Age		
	Male	Female	Below 30	31-50	51 and above
Completely satisfied	1%			1%	
Somewhat satisfied	17%	3%	5%	11%	4%
Neutral	42%	1%	8%	30%	5%
Dissatisfied	8%	1%	2%	5%	2%
Completely dissatisfied	27%		7%	15%	5%
Total respondents	95	5	22	62	16

Table 3. Respondent opinion on rise of employment opportunities after establishing of the company in their area.

Respondent opinion	Gender		Age		
	Male	Female	Below 30	31-50	51 and above
Yes, they have risen	67%	3%	13%	49%	8%
No, they haven't	28%	2%	9%	13%	8%
Total respondents	95	5	22	62	16