

CORPORATE SOCIAL RESPONSIBILITY: NOTES FROM THE FIELD

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Democracy has resulted in economic growth, yet there are stark inequalities. At the one end of the spectrum there are large numbers of poor and on the other a big number of billionaires. CSR can be a means to bridge this gap: a responsibility of the companies to do so and not a charity, because structurally the 'growth' happens on the back of the poor. Poor live in or on resources: forests, on potential mining areas or close to rivers. Any expansion of corporate activity results in encroachment of these already depleting resources. So far India has witnessed age of philanthropy on the one hand and relentless expansion and development projects on the other. This article brings in a fresh perspective and see CSR somewhat differently i. e. from the perspective of politics.

Key Words: Democracy, Inequalities, Philanthropy, CSR, Politics

Different societies define the relationship between business and society in different ways... In poor democracies, the general social well being is focused on the necessities of life: food, shelter, transportation, education, medicine, social order, jobs and the like. Government or self-imposed CSR restrictions add costs that poor societies can ill afford. As societies advance, however expectation change and the general social well being is redefined. This ongoing redefinition and evolution of social expectations cause the CSR response also to evolve.¹

William B. Werther Jr. and David Chandler

Exploring Corporate Social Responsibility (CSR)

Corporate Social Responsibility is undergoing constant reformation. Perhaps it is the term most debated upon and seen as panacea for all social and economic ills. Social responsibility of Business, a book written by Howard R Bowen (1953) has been the first work which initiated the modern debate on the subject of social responsibility and its application to business. Since 1950s meaning and scope of CSR has expanded beyond one's expectations. What Milton Friedman wrote forty years ago about social responsibility of business is no longer valid today. Social responsibility of business as business i.e. to engage in activity designed to increase its profits² has come to be contested with the growing role of market in the world in the later part of the 20th century. Corporate scandals like Nike, Shell, Enron, etc have invited rethinking on this proposition. With the spread of capitalism, liberalization, privatization and globalization there are demands for efficiency, effectiveness and business ethics for the survival of the corporate world itself and betterment of communities. The issue of CSR can be found cross cutting across the globe and increasingly becoming an integral part of corporate strategic planning. CSR in general terms has come to be seen as philanthropy and social responsibility of business³.

Moving ahead from routine understanding of CSR, for political scientists like us, most important is structures of power in any context. Therefore in CSR, what would be of interest is that when a powerful entity like a large corporation announces its social responsibility, does it in any way affect the structures of power in the context where it takes responsibility. From the common discussion on CSR it is clear that this is not an issue. Social responsibility is taken as doing good but not doing to foster complete change. Therefore, when we approach any kind of field, we look at it from the point of view of a political scientist i.e. the impact of and relationship with the existing power structure. Does the CSR of a powerful entity alter power structures of the ground it works on? This is a preliminary enquiry to see that if such a question can be investigated at all, so field notes are presented and analyzed.

Findings from the field

To gain insight into CSR initiatives of a major Public Sector Undertaking,⁴ a field visit was undertaken to one of its plants in central India. This Plant is known for carrying out initiatives like Community Welfare, Education, Environment Protection, Health Promotion, Rural Development, Women Empowerment, Infrastructural Development and other activities under the rubric of CSR. CSR cell in the township was the first place to be visited to have a clear vision of CSR activities. Created in 2006, CSR cell is headed by a GM and has a DGM, three AGM, a senior manager, two assistant managers and two junior managers. Before joining CSR cell they worked in departments like personnel, works (maintenance), materials management, sports, works, education and safety. These executives are generally from science background with an average age around 55 years. Besides these ten executives, the cell has sixteen non executives also.

There is a plethora of CSR activities carried out by the plant and can be classified as activities in the township and the villages around the township. Besides carrying out CSR activities in the township, the plant has selected 21 villages within the radius of 16 km to develop them as model villages. CSR cell houses a beautiful model showcasing as to how villages selected are to be developed. There is overlapping of CSR activities in the township and the model villages. Major CSR activities can be grouped as:

a) Infrastructure Development And Constructional Work: These activities consist of development of 21 villages as Model villages and providing infrastructural support in form of construction of community hall, cultural stage, cremation shed, two class rooms for the village school, water tanks, primary health center, bore wells, entry gate, community toilets, street cementing and development of peripheral villages.

b) Medical And Health Services: There are medical and eye camps in model villages and Peripheral areas. There is one health camp per model village per month i.e. 21 health camps for model villages every month and 21 free eye checkup camps in 21 villages per year. A hospital was inaugurated in township in 2007 for economically weaker sections of society, which has inflow of over 80 patients each day.

c) Income/Skill Generation Schemes And Women Empowerment: Goats and fish seeds have been provided to people of villages under income generation schemes. In women empowerment projects, women have been trained to work in self help groups for following activities; Tailoring, Achar/Papad/Incense making,

fancy/ School bags making, Smokeless chuhlas, Sweet box making. Material, training and women empowerment halls have been provided by the plant, where these women can work together. Interactions were held with the women from these groups. Self empowerment shop in the township, which serves as an outlet for the products of women self help groups in model village, was also visited. This outlet has employed two women from below poverty line families to sell out products.

d) Vocational Training Center at the Township: It provides training to youth from slums in basic computers, plumbing, arc welding, gas welding, and data entry operator etc. 2 vermi compost units can also be seen here. 5 groups of women are engaged in this center for making mats, sweet boxes, wax candles, drying and packing of spices and mushroom cultivation. Center is well maintained and has machinery to support aforesaid activities.

e) Educational Activities: Initiatives to promote education have been carried out primarily in the township. There is English medium primary school for children of BPL families in the township. Township also has a hostel for tribal boys; 20 tribal boys are adopted every year from tribal region. Every year two tribal girls from mining area are selected for nursing course. To provide mid day meal to around 25,000 under privileged students of 150 Govt. schools, the plant has entered into a MoU with a Foundation.

f) Other initiatives include road side tree plantation for protection of environment, a senior citizen home in the township to provide shelter to retired PSU employees, CSR activities in mines area, sports activities like Khel Melas and Lok Kala Mahotsava. Villagers from model villages can visit the plant and CSR exhibitions are also held to sensitize people about CSR activities. To carry out these activities, funds come from the plant. Allocation and expenditure on CSR activities by the plant has fluctuated depending on the profits generated by the plant (Exhibit: 1)⁵

Exhibit: I

Allocation and Expenditure on CSR activities by plant since 2008 :

Year	Allocation Rs. in millions/expenditure
2008-09	70/70
2009-10	180/170
2010-11	260/160
2011-12	153/153
2012-13	133.6/121.5

Source: Provided by CSR Cell

Preliminary Analysis of findings

Field visit reflects a large number of CSR schemes, projects, structures and personnel engaged in CSR exercise. However, on the basis of preliminary analysis it has been found that CSR here does not indicate responsibility for the society as a whole, only some parts are being benefited.

Power of the corporation to enhance the power of the people?

CSR initiatives within township seem to have done comparatively better than in villages. Partnering with a Foundation for mid day meal for school children, hostel for tribal boys, school and hospital for BPL families and senior citizen home, all in the township have been found to be functional. But what percent of target category, these initiatives affect cannot be ascertained in the absence of data. Model villages present a different picture, nowhere near the appealing model of a village seen in the CSR cell. Projects and schemes for model villages have not been found to be sustainable. CSR strategy, in this case, seems to be addressing only a part of power structure.

Composition of CSR cell also poses many questions. Executives of the cell have not been imparted any specific training in CSR. As pointed out elsewhere that average age of executives in CSR cell is 55 years. For efficient and effective implementing and monitoring of CSR, frequent and interactive visits of executives to the villages are required but due to deplorable roads coupled with advanced age of executives this does not seem to be happening. Young blood is conspicuously absent in the CSR cell. This indicates that CSR is not seen as an activity that helps young people fulfill their ambition in the undertaking. Older people are shunted off here because it is seen as that which can be done at leisurely pace or by those that are less than efficient in other jobs. Though CSR cell comprises of 10 executives and 16 non executives, it has only one woman executive and one woman non executive and these two are handling all work pertaining to women empowerment schemes in township, empowerment shop and model villages resulting in loose implementing and monitoring of schemes. There has been endless wait in villages for madam from the cell, who has been found juggling between villages and township. Gender representation here is highly disproportionate.

Women empowerment schemes in villages and at vocational center in township seem to have failed to serve the purpose they were designed for. Of 21 villages, 6 have women empowerment schemes, almost similar to schemes at vocational centre in township. Interactive sessions with the women from self help groups revealed that the schemes have been imposed from the cell. Female Sarpanch of one of the villages yearned for better schemes for educated girls of her village. Moreover procuring raw material, maintaining quality and hygiene and marketing of finished product has been a challenge for these women. Sale registers at empowerment shop show meager sale that is inadequate even to provide sustenance to the two women employees working there. This is particularly surprising because it can be assumed that a big undertaking like this would know best how to be able to link and position products in the market. CSR cell could simply be linked to the division looking after marketing of products of the undertaking and that would have helped. Groups began with hype but have now become defunct in absence of efficient monitoring and appropriate marketing for finished projects Empowerment halls were found locked and women from self

help groups gone back to fields. Rather than going for quantity, CSR cell should have focused on few but enabling schemes.

Power of money realized?

There is complete mismatch of budget and large number of activities to be covered in CSR. Even this budget has not been fully utilized in the years 2009-10, 2010-11, 2012-13. Within this budget, the major expenditure is on infrastructure and development activities. In some of the villages community toilets have been locked due to scarcity of water and community centers are serving as rest houses for cattle and gambling place for village boys. Once the structures are complete they are handed over to village panchayats. Without measuring effectiveness of such structures, construction is being carried out in other villages as well. Water tanks are there but pipelines have become victim of village politics. In one of the villages, with change of Sarpanch, the route of pipeline also changed and the project was lying incomplete at the time of field visit. Infrastructure and development activities are seen as one-time investment and what actually happens to these structures is not ascertained.

Generally manufacturing units of a large corporation operate near villages and have their workforce from these villages, as such under its CSR a corporation can contribute immensely in engaging, educating and enabling people from these areas. Unfortunately, it has not been able to harness the resources available at its disposal and make inroads in the existing structures of power. With mandatory CSR⁶ in India, CSR should now be seen as a serious and rigorous exercise which implies a complete change of earlier mindset of casual approach. The success of CSR would depend on how it shifts its orientation from political rhetoric and overture towards actually changing power structures in the changed liberalized India.

CSR is still under the process of evolution. Everything that we have created can be challenged, questioned and changed. Everything has an alternative and in this spirit we need to look at CSR, while we are all engaged in making it a better concept to be practiced.

References

1. Werther, William B. Jr. and David Chandler (2006), *Strategic Corporate Social Responsibility: Stake holder in a Global Environment*, Sage Publications, USA, p.13
2. Friedman, Milton (1970) 'A Friedman Doctrine: The Social Responsibility of Business Is to Increase Its Profits', in Andrew Crane, Drik Matten and Laura J. Spence (ed.) *Corporate Social Responsibility: Readings and cases in global context*, Routledge, London, p. 32.
3. Hopkins, Michael (2008), *Corporate Social Responsibility and International Development: Is Business the Solution*, Earth Scan, UK, pp 15-19. Hopkins has analyzed various definitions of CSR and controversy surrounding it.

4. Name has been withheld as this is an ongoing research and attempt here is not to belittle efforts for CSR activities undertaken by the PSU but to evaluate the impact of its CSR initiatives.

5. Data provided by the CSR cell.

6. Companies Act 2013, under section 135 makes it mandatory for companies of certain size to spend in every financial year at least two percent of the average net profits, the company made during the three immediately preceding financial years in pursuance of its CSR policy. Schedule VII lists activities that may be included by companies in their CSR policies.