CHAPTER – 5
SUMMERY, FINDINGS AND SUGGESTIONS

5.1. Introduction
This chapter provides a summary of the research, firstly, by reviewing the statement of the research issue followed by research objectives and the strategy adopted to achieve these objectives. Secondly, it presents, the findings based on the analysis of secondary and primary data and suggestions for policy interventions.

Definition of CSR
CSR is a means of analyzing the inter-dependent relationships that exist between businesses and economic systems, and the communities within which they are based. The notion of firms looking beyond profits to their role in society is generally termed Corporate Social Responsibility (CSR). The World Business Council for Sustainable Development (WBCSD) defines, CSR 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.

Objectives of the Study
The research objectives and questions have been designed to understand the CSR and business sector’s sensitivity to CSR in terms of having written policies on various CSR aspects. The objectives of the study are:

- To review and develop model for evaluating CSR initiatives
- To analyse the CSR initiatives in India
- Mapping the CSR initiatives of industries in India
- Mapping the CSR initiatives of industries in Mysore District
- To analyse the differences between large, medium and small firms in CSR activities
- To analyse the difference between public, private and partnership firms in CSR activities
Hypotheses of the Study

The following research hypotheses have been constructed in order to satisfy the research objectives.

- There is no significant differences among different dimensions of CSR in Mysore District
- Economic and ethical dimensions of CSR are not dependent on each other
- There is no significant difference among the different size group of firms in CSR initiatives
- There is no significant difference among public, private and partnership firms in CSR initiatives.

Methodology

Sample firms were randomly selected from the list of firms registered in Mysore district. First list of firms was collected from, Confederation of Indian Industry, Mysore Chamber of Commerce and Industry and District Industrial Center (D.I.C). There are 300 firms, but 30 firms were close and a sample of 30% of the firms it was proposed to collected data from 30% firms. It was proposed to collect data from 30% of the firms according 80 firms were selected randomly from the list 270 firms, but only 66 firms responded. These firms are located in Hootagalli, Nanjangud, Hebbal, Metagalli, Hunsour and Yadoavagiri.

The sample includes both manufacturing and services producers. Manufacturing includes electronics, auto ancillary, engineering, cotton, pharmaceuticals, automobile component, cement, chemical, food item, heavy engineering, metal, sugar and others. Service providing firms are mainly software, telecommunication and IT Enable Services. All firms have insurance policy for employees family.

A self-administered questionnaire was prepared for the study and it was submitted to managers directly. It was aimed to reach 80 firms but only 66 firms responded positively. Data collected through the questionnaire survey was analyzed by calculating frequencies and percentages.
Apart from that ANOVA technique and weighted mean have been used to analyze the data. The weighted mean is a mean where there is some variation in the relative contribution of individual data values to the mean. Each data value \(X_i\) has a weight assigned to it \(W_i\). Data values with larger weights contribute more to the weighted mean and data values with smaller weights contribute less to the weighted mean. The formula is

\[
\overline{X}_w = \frac{\sum W_i X_i}{\sum W_i}
\]

Where as

- \(\overline{X}_w\) This is the weighted mean variable
- \(W_i\) This is the allocated weighted value for the given data.
- \(X_i\) This is the observed values for the given data.

A multi-stage research strategy was adopted. For the first stage of the research, business Carroll perceptions of CSR in Mysore were explored through questionnaire surveys. Study explored the business sector’s actions on CSR in terms of having written policies in the five areas of CSR identified above as well as certain elements corresponding to each of the four CSR areas.

**Measuring CSR**

The CSR pyramid is based on four-part dimension, namely Economic, Legal, Ethical and Philanthropic standpoint. Four-part conceptualization of CSR includes the “idea”, that the corporation has not only economic and legal obligations, but ethical and discretionary responsibility as well” (Carroll, 1991). It is during the recent years that ethical and philanthropic functions have taken a more important role. However in the present study another dimension, viz environment dimension is added to broader the concept of CSR. It felt that including of environmental dimension makes the model more professional.

The pyramid of CSR is a tool for measuring the level of CSR at the firms based on how they fulfill their responsibilities towards the society.
Economic responsibility

Economically speaking, all firms have a responsibility to earn a profit, since capitalism and a free market society deem that this is necessary. Businesses were created as

According to this principle, if a firm is not making profits and is not providing high quality of goods and services to meet consumers’ needs, it cannot be considered socially responsible even when the firm has devoted many efforts in social causes.

Legal Responsibility

Businesses are expected to pursue its economic responsibility within the framework of the legal one. At the same time business is expected to comply with the laws and regulation promulgated by federal, state and local governments as the ground rules under which business must operate.

Ethical Responsibility

Ethical responsibility refers to those activities and practices that are expected by societal members even if they are not codified into law. Those responsibilities are about accepted norms, standards and expectations that reflect a concern for what consumers, employees, shareholders, and the community regards as fair.

Philanthropic Responsibility

It refers to corporations acting as good corporate citizens by contributing resources to the community and improve quality of life. The distinction between ethical and philanthropic is that the philanthropic one is not expected in an ethical or moral sense.

Environment Responsibility

It refers to management decision about physical resources to conserve for future generation. Firms can have a significant effect on the external environment in which they operates and can change that environment through their activities.
5.2. Findings

Present study is based on both secondary and primary data. Information about the CSR rating of 500 firms was collected and analyzed. The result show that no firm could reach the level 5 and about 25.6% of the firms are at level 0 which means those firms don’t have any CSR activities. About 58.6% of the firms are between level 1 and level 2. Another 13.2% of the firms are at level 3 and only 2.6% of the firms could reach level 4. The results also show that in 2007 only 0.8% of firms were in level 4 and in 2009, the percent of firms at this level increased to 2.6%. That means firms have paid more attention to CSR and CSR activities in this period and have improved. The firms which were not having any CSR initiatives during 2007 have started taking up CSR initiatives during 2009 indicating improves belief in CSR initiatives.

There is a considerable difference among the public, Private and multinational firms in terms of CSR activities. While 1.48 percent of the firms in private sector could reach in level 4, none of the public sector firms have reach this level. In the case of multinational sector also only 2.77 percent could reach level 4. The Indian multinational sector, appear to be more responsible than any of the other categories. Among the Indian multinational sector 10.44 percent are at level 4.

The results show that older firms appear to be more socially responsible. The age of the firm has an influence on its CSR initiatives. The older the firm, the more are CSR activities. Size of the firm also influences CSR initiatives. Larger firms are more socially responsible. Ten percent of the larger firms are at level 4. None of the small firms are at level 4. State wise differences indicate that firms in the state of Karnataka, Maharashtra, Delhi and Tamil Nadu appear to be more socially responsible. Two firms in Karnataka and nine firms in Maharashtra have reached level 4 indicating highest level of CSR. One firm each in Tamil Nadu and Uttar Pradesh also are at level 4. The results show that CSR initiatives of firms are more towards shareholder than towards stakeholders like employees, customers, suppliers.
Findings based on the primary data collected through the survey are presented below: The sample comprises both manufacturing and service providers. Manufacturing includes electronics, auto ancillary, engineering, cotton, pharmaceuticals, automobile component, cement, chemical, food item, heavy engineering, metal, sugar and others. Service providing firms are mainly software, telecommunication and IT Enable Services. The results show that, 93.9% of the firms are manufacturing and only 6.1% of them are service providers.

All firms have insurance policy for employees’ family. There are three types of firms on the bases of size (Large-Medium-Small). The results show that 45.5% of firms are in large group, 30.3% of firms are in medium size and only 24.2% of firms belong to small size. It means majority of sample firms are in large sized category.

Based on the data collected, it is observed that all the firms believed in CSR activities. But only 54.5% of firms have separate policy for CSR initiatives. The other 45.5% of them have CSR initiatives, but there is no specific policy.

Different firms initiate different activities depending on the objective of the firms, their vision and the CSR policy. The results show that majority of the firms (69.7%) have CSR activities addressing environmental issues. Second important category is healthcare with 39.4% of the firms providing healthcare. Education initiatives are taken up by 21% of the firms and only 12.1% of firms are working, on the safety initiatives. Social philanthropy is the area of intervention for 9.1% of firms.

Firms initiate CSR activities for varies reasons like belief in giving back some thing to the community, improve the firms image, self satisfaction etc. The survey results indicate that there are four categories of gains to the firms by CSR activities, as expressed by the managers. They range between improvement in productivity to self satisfaction, improve market image, and improve employer and employee relationship. Majority of the sample firms felt that CSR improves productivity (75.8%), which is fundamental in maintaining and attracting employees and new customers.
CSR is observed in many firms interviewed. Nearly 70% of the firms have a separate budget for CSR activities. For nearly 30% of the firms, budget is flexible.

Firms with a specific budget allocate funds for CSR activities from the profit. The study has shown that majority of the firms have a specific budget. But, they are not interested in revealing the share of CSR expenditure in the profits. The data also brought out an interesting observation that some of the medium and small firms are spending more than 1% of their profit on CSR.

Decisions about the amount to be spent and the type of initiatives influence the impact of CSR. In the present study it is observed that out of the 66 firms surveyed 39.4% firms have a separate unit for community development initiatives. Registering a charitable trust appears to be a practice followed by majority of the medium and large firms.

CSR initiatives are a dynamic process. The survey shows that 66% of the firms have increased the type of interventions over a period of five years. Another 45% have reported to gain professionalism in their intervention.

Several models were developed to measure CSR and its contribution to the community and the organization. One of the models proposed by Carroll is used in the present study. The CSR pyramid (Carroll’s model) is based on a four-part dimension, namely Economic, Legal, Ethical and Philanthropic. However in the present study another dimension, viz environment dimension is added to broaden the concept of CSR. It felt that including of environmental dimension makes the model more professional. Economic responsibility is measured in terms of responsibility to all stakeholders in each firm and declaration divided to stakeholders. Fifty eight percent of the firms have expressed that shareholder are the major stakeholder. Another 48% of the firms felt that employees are the major stakeholder, which shows the importance given to the employees by the firm. The results show that, only 27.3% of firms have declared dividend to their stakeholder However (72.7%) of firms have not answered to this question which indicates that the firms are not transparent about the divided.
Legal responsibility is one aspect of CSR. It is not only expected from business to pursue its economic responsibility, but also to do this within the framework of legal requirements. Legal responsibility is measured in terms of wage structure, avoiding child labour, encourage labour union, have over time policy, wage equality between men and women, priority to local people recruitment, providing insurance policy, have ISO and ISI. The survey shows that, all of the firms don’t have any difference in wage structure between men and women and also 66.3% of the sample has specific, well defined wage structure. Majority of firms (48.5%) have reviewed the wage structure for operation employees in every three year. Twenty seven percent of them do review their operation employee wage structure every year. Results show that only 54% of the firms are encouraging the formation of labour union in their firms. The evidence shows that, majority of sample firms believe in advice (69.75%) and warning (57.6%). Salary reduction is followed by 15.2% and stop promotion by 12.1% of firms. The result shows that 87.9% of firms have overtime policy and only 12.1% of firms don’t have this policy. (60.6%) of the sample firms have ISI standard and 39.4% of respondent don’t have any ISI standard. The results show that, 93.9% of firms have ISO standard and only 6.1% of firms don’t have any ISO standard.

For a firm, it is not enough to be responsible in economic or legal aspect without being ethically responsible. Every firm is obliged to follow the law and in some way pursue economic responsibility. In the present study the Ethical responsibility is measure by understanding the encouragement for wage negotiations, ensuring occupation safety at workplace and healthcare policy for employees, facilities for culture activities, competitions, and providing special provision for women employees and ensuring warranties for the product given by the sample firms. The survey shows that 72.2% respondents have encouraged wage negotiations and only 27.3% of firms didn’t encourage wage negotiations. The result shows that among the special provisions for the female employees, maternity leave formed the major portion the sample accounting for 93.9% of the sample. This was follow by flexible timing (21.2%), providing babysitting (6.1%) by the sample firms. The result shows that all the firms in different sizes have contributed to cultural event and only 30.3% are involved in conducting competitions. The result shows that 97% of the firms have healthcare policy for employees based on the HR policy manual and only 3% of the firms don’t have that programme. The result shows that nearly fifty percent (45.5%) of the sample of firms are not providing warranty.
Philanthropic responsibility connects corporations with the communities in which they operate. Philanthropic responsibility is measured in terms of creating awareness about the policies of the firm, encouragement to the employees to give suggestions to the management, providing training programs within and outside the firm, giving pension, organizing corporate events, facilities at workplace, initiating social projects like village and school adaptation, health camps, support to the family members of the employees and the implementation of community based programmes. The result show that majority of the firms in Mysore district (69.7%) are adopting the policy of meeting face to face and communicating with the employees as a method to inform about their policy. More than 80% of the firms are adapting the philanthropic policy/activities for the welfare of their employees. Majority of the firms (85%) are having PF and pension facilities. The result shows that, majority of the firms (84.8%) have training program both within and outside of firm, and only 12.1% of sample have training program within the firm only. Providing travel grant is the generally adopted policy and 91% of the sample firms are adopting this. Tournaments are organized by 76% of the firms. The survey shows that 88% of the firms have rest rooms and 94% have separate bath rooms and toilet. However only 48% of the firms have recreation facilities. Baby sitting facility does almost not exist in small firms.

The results indicate that, firms gave more importance to organize health camps than other activities. School adaptation is another important social activity of several firms to improve the education of people living near the firm. The result shows that 18.2% of firms have adapted all the three activities to help people living under poverty line. The result shows that all selected firms of different sizes have paid more attention to supporting employees Children in the form of giving gifts to encourage talent (72.7%). It is interesting to observe that some of the large firms are providing employment to the children of those employees who retire. This policy is observed in the case of four large firms and two small firms. Among the sample firms 33% are teaming up with the NGOs in the implantation of the programmes. Only 12% are doing through community based organizations. But 61% of the firms are implementing neither with NGOs nor with CBOs. They are having their special cell.

The present study examined the environmental responsibility of the firms in terms of environment conservation and environment protection. Result shows that all the selected firms in different sizes have paid more attention to water conservation and recycling activities rather than using renewable energy. Selected firms in different
sizes have paid more attention to developing green belt activities and controlling air or water pollution. It can be observed that 56.52% of firms are involved in both activities and 35% are involved in developing green belt.

An attempt is made to understand the linkages among the different dimensions of corporate responsibility to understand if the firms which are economically responsible are also those which are responsible in other dimensions. From the results it can be observed that economic responsibility has a positive and significant (0.01 level) relationship with environment, legal, ethical and philanthropic responsibilities. The correlation coefficient ranges from 0.48 to 0.65.

The results show greater responsibility of firms in the case of legal and philanthropic activities. Highest mean value of legal responsibility (75.90) indicates that majority of the sample firms have undertaken steps/measures for ensuring legal responsibility. Lower coefficient variation (19.96%) compared to other dimensions of CSR also indicated the importance given to legal aspect by the firms. Philanthropic responsibility is the other dimension which ranks second among different dimensions. The means value of (71.71), shows that, it is given priority by majority of the firms. However, variation among the firms in terms of philantropic responsibility is higher at 25.43% compared to legal responsibility.

Ethical responsibility is another important aspect of CSR. Mean value of ethical responsibility (69.70) is less compared to legal and philanthropic responsibility. Variation among the firms in terms of ethical responsibility is high and it is indicated by highest coefficient variation (21.55%).

Economic and environmental responsibilities of the sample firms are ranking low compare to other aspects. Highest CV (54.21%) shows greater variability indicating only few firms are showing economic responsibility. The other aspect of CSR, Environment responsibility also shows greater variability with 32.74% of CV. The results from the survey have clearly brought out the differences among the firms in being economically and environmentally responsible.

An attempt is made to measure the significant differences among the given aspects of CSR by testing the hypothesis. The result shows that there is a significant difference in the mean values of different aspects of CSR expressed by different firms. The differences are highly significant.
An attempt is made to test dependence between economic and ethical dimension of CSR by testing hypothesis. The result shows that economic dimension and ethical dimension have influence on each other and there is a positive relationship between these two variables.

A comparison of CSR among large and medium firms shows that there is a greater consistency among the medium firms than among the large firms.

Analysis of Variance (ANOVA) procedure was used to estimate the difference among the firms of different sizes. It observed that large and medium sized firms compare with small sized firms gave more importance to economic responsibility. In the case of environment responsibility large and medium sized firms compare with small sized firms gave more importance to environmental activities. The result shows that legal activities of large and medium firms are more than small firms. In the case of ethical activities also large and medium firms performance is better than small firms. In other words, medium and large sizes of firm have more important ethical activities. In the case philanthropic activities also large and medium firms’ performance is better than small firms; however philanthropic responsibility received more attention compare to economic responsibility.

Based on the ownership of firms, CSR activities of different types of firms (public, private and partnership) are analysesd. In the case of economic responsibility of public firms are significantly different from the private and partnership firms that mean public firms compare to private and partnership gave more importance to economic responsibility. For environment activities of public firms is same as private and partnership firms. The evidence shows that legal activities of public firms are same as private and partnership firms. For ethical responsibility private and public firms are significantly different from the partnership firms.

Public firms remain as one of the best placed institutions to make a significant positive contribution towards improving social, economic, philanthropic and environmental conditions in India.
Carroll’s CSR pyramid is used as a framework, to explore the nature of corporate social responsibility (CSR) in Indian context. Carroll’s basic four-part model is accepted and added one more part which is called “Environment activities”. Therefore five parts Indian Carroll’s model has been established. In the case of industries located in Mysore district on the basis of the responses received from the sample firms, it appears that legal responsibly is given highest priority. Firms are very particular about following the legal rules imposed by the government from time to time. Legal responsibility is the most essential piece of CSR. Philanthropic responsibility is one of the important aspects and it stands in second place among the sample firms. Economic responsibility finished last in the pyramid. Below that we can find environment responsibility. Findings show that when compared to Carroll’s model, economic responsibilities had decreased, while legal and philanthropic responsibilities have appeared to be increased and ethical responsibilities, has not been changed. One of the important factors is less reporting or no reporting of finical matters by firms.

5.3. Suggestions

The results of the present study clearly brought out the fact that there is no data base about the CSR initiatives of several firms, both in public and private sector. The first and foremost important requirement is developing data base at state level and at district level.

The second lacuna observed is, lack of uniform reporting system. Even the firms which are reporting are also not following a uniform procedure. While some are following international guidelines issued by GRI, others are following a system of their own. Therefore it is important to develop uniform guideline for reporting of CSR initiatives, including budget allocations, the nature of initiatives and the outcomes. The guidelines should be of international standard which helps in global comparisons. All the stakeholders are to be involved in the preparation of these guidelines. Detailed information about the budget allocations, strategy adopted and areas of intervention are extremely important in order to develop pro-poor polices. With the greater involvement of NGOs in development process, it is possible to develop synergy among the CSR initiatives of the firms, NGOs and government. Such synergy reduces the cost of supporting development programmes.
When India is shifting towards market economy, the role of public sector declines. Government withdraws from the sectors where it was dominant. Majority of the services provided by the government come under the private sector. Under this new paradigm, private sector should contribute not only to production, but also for the betterment of the community by providing necessary supporting services. Even under the market economy, government plays a role as a policy maker. Therefore, government should initiate appropriate policy for the CSR initiatives. The policy not only makes every firm responsible, but also brings a uniformity in interventions.

There should be appropriate incentives for the firms to implement CSR initiatives. These incentives could be in the form of tax concessions, award for the best initiatives, etc.

Corporate sector should be able to identify the linkage between the macroeconomic policy and micro level changes in order to initiate appropriate CSR initiatives. In order to achieve this, training facilities are to be provided to the corporate sector. The training modules should include methods of needs assessment, understanding the social and economic scenario, promoting community participation, policy analysis, impact assessment, etc. This will be able to combine the professionalism of the corporate world with the social concern in designing appropriate interventions.

Separate guidelines are to be provided for different size group of firms, viz, small, medium and large firms. Special provision are to be made for the small firms.

Sensitization programs concentrating on the need for social responsibility and the advantages of being a responsible corporate should be organized to popularize the concept of CSR. Similarly awareness programs are to be designed for consumers to create awareness about the socially responsible firms and their activities so that there will be more demand for the products produce by these firms. This provides the necessary market incentives for the produces to be socially responsible. New research should be in the direction of developing appropriate methodology for measuring CSR and evaluating the impact of CSR.