CHAPTER - VIII

SUMMARY OF FINDINGS, SUGGESTIONS
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CHAPTER - VIII
SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

8.1 Introduction

The corporate world is facing a paradigm change whereby business organisations cannot be only concerned about shareholder wealth maximization but also need to be sensitive and responsible to the needs and expectations of the society at large. This has become vital for the existence and survival of businesses and managers who ignore this will be leading their organisations to peril. Therefore the study of managerial perceptions towards CSR policies and practices is more relevant in the context of managers’ role in the dynamic business environment. The study was mainly directed towards probing the perceptions of managerial executives about the CSR policies and practices in selected establishments in Tamilnadu. This chapter presents the major findings scanned by the objectives, suggestion solutions for improvement and concludes the study.

8.2. Summary of Findings

The summary of major findings of the study has been presented in the following manner

8.2.1. General Observations

The study has the following general observations in addition to the findings for objectives

- It is observed that more number of respondents (62.30 percent) belong to middle level hierarchy, since the number of personnel belonging to middle level category is more than top level management.
• It is observed that only a smaller number of respondents (23.30 percent) belong to the female gender. This is because more number of men are employed in companies.

• The dominant level of respondents (46.50 percent) belong to the middle age group as well as moderate level of experience (37.10 percent)

• The greater part of respondents (63.80 percent) had completed their school studies situated in the semi-urban area

• As far as the educational status of the respondents’ family was concerned, a good number of the respondents (55.30 percent) were educated belong to other categories than the member of the first generation.

• As far as the basic knowledge about the corporate social responsibility was concerned, the respondents that profoundly agreed took a mean score of 2.43 and a standard deviation of 0.774 showing that CSR is the economic responsibility of the company.

**8.2.2. Corporate Social Responsibility Policies**

• Rising stakeholders’ expectations (mean score is 53.20) are the major factors that are responsible for adopting and practicing corporate social responsibility programme by both public and private companies in the study area.

• Social awareness and Educations level of public (mean score is 51.28) were also found to be factors driving the Corporate Social Responsibility practices.

• Shareholders are as important as stakeholder to an organisation in the efforts towards corporate social responsibility programmes. The general public is also considered as the important stakeholders of an organisation.
Corporate Social Responsibility is the discharging of economic responsibility towards different stakeholders of an organisation.

With respect to managerial perceptions towards the basic aspects of CSR policy, where respondents forming nearly 55.70 percent with mean a score of 3.981, variance of 0.719 and the sum value of 1266 agreed that “Business is a social institution and it should function in a socially responsible manner. like responsible citizens in a society”.

In the same context of managerial perceptions towards the basic aspects of CSR policy, where 68.60 percent of the respondents with a mean score of 3.852, variance of 0.637 and the sum value of 1255 agreed that “the social responsibility expected of an organization should be commensurate with the size of the social power it exercises and the profit it generates”.

In the group where 52.50 percent of the respondents with a mean score of 3.830, variance of 0.835 and the sum value of 1218, the respondents agreed that “CSR policy and philosophy of the organization is to increase the profit potential as well as competitive advantage in the long-run”.

In the group where 44 percent of the respondents with the mean score of 3.751, variance of 1.197 and sum value of 1193, agreed that “Customers are the important stakeholders of an organisation followed by NGOs, and the Regulators – Government and Legal body”.

The study has revealed that the managers’ attitude about the Corporate Social Responsibility has increased.

The study found the necessity for contemporary managers in the industry to be more concerned about Corporate Social Responsibility.
• It has been revealed that the rising international standard and community pressure are the factors driving the CSR programme in organisations.

• It has been revealed that stakeholder views the CSR as the disclosure of financial and functional aspects of business information periodically, followed by Environmental protection and integrity in following tax norms of the government.

• It has been revealed that no factor is individually responsible for the growing expectation of CSR. However, based on the sum value of 1167, the factor – ‘industry as the dominant institution next to government’ may be responsible for such a growing expectation of CSR by the industry.

• The factor analysis relating to forty variables in respect of respondents’ perception about stakeholders view on CSR, it has been revealed that customers are the main stakeholder for the successful CSR practices, than Human (ethical) value to investors and employees, Sustainability through the proper and effective utilization of natural resources, Contribution to Socio-Economic development, well-being of the employee, aid given to maintain law and order in the society, ethics and inclusiveness, responsibility to the state. Contribution to secular, democratic and socialist society and the return on investment are the other factors.

• The ANOVA relating to the stakeholders view on CSR has revealed that there is no significant relationship between socio-economic factors (except age and location of the school studies) and the perceptions level of the respondents at five percent level. The age (p value is 0.002) and location of respondent’s school studies (p value is 0.005) has significant influence on their perception at five percent level.
The ANOVA relating to the growing expectations on CSR has revealed that there is no significant relationship between the socio-economic factors (except age) and the perceptions level of the respondents at five percent level. The respondent’s age has significant influence on their perception towards CSR at five percent level (p value is 0.010).

The ANOVA relating to the overall CSR policies has revealed that there is no significant relationship between the socio-economic factors (except age, experience and location of the school) and the perception level of the respondents at five percent level. The age (p value 0.008) experience (p value 0.019) and location of the school (p value 0.013) have significant influence on their perception at five percent level.

8.2.3. Corporate Social Responsibility Practices

The study has revealed that the priority area of CSR practices is accountability towards all its stakeholders (51.3 percent of the respondents with the mean value of 3.544 accepted).

The study has revealed the following seven focusing areas of CSR practices by the selected companies in Tamilnadu: 1. Providing reasonable representation to minority shareholders to participate in business (49.7 percent), 2. Contribution to educational institutions (52.5 percent), 3. Providing the opportunity to the workforce to represent in decision-making bodies (57.5 percent), 4. Providing job security to the workforce (49.7 percent), 5. Changing perceptions of the role of business in society (not a source of profit alone), through media, education, and actions by stakeholders (52.5 percent), 6. Response to the consumer complaint (53.5 percent), and 7. Ensuring ethical trade (48.4 percent).
• The study has revealed that companies are practicing CSR through either their own trust/NGOs established for that purpose (51.60 percent) or outsourced NGOs undertake CSR activities (50.30 percent).

• The study has revealed that the companies practicing CSR to strengthen the social system in which it functions (51.30 percent), followed by the cooperation of the local community (52.80 percent) and support from the government (50.30 percent). These three areas are the important benefits of CSR practices of companies.

• The study has revealed that the initiatives of CSR practices by the companies in the study area are in the interest of local community (47.50 percent).

• The study has revealed that the decision maker for CSR practices is the permanent CSR department in the company (56.30 percent).

• The study has revealed that Periodic review of CSR activities is required which gives detailed information to the policy maker (60.40 percent).

• The study has revealed that the future plan of CSR practices is to institute a full-fledged community development department to sensitize the issues concerning the growth and development of the society. Further it shows that there is no such kind of permanent body currently for CSR practices in certain companies (54.40 percent).

• Regarding the factor analysis relating to fifty one variables in respect of respondents’ perception about CSR practices, it has been revealed that there are seventeen areas of CSR practices by companies in the study area such as After-Sales Service, Public amenities or philanthropy, Giving Education, Job security and innovation, Donation to welfare organisations or NGOs, Mitigation of Urban problems, Financial and functional disclosure, Social
advertising, Culture and environmental activities, Product warranty, Environmental activities, literary works, attracting employees, supply chain management, child care and educational activities, paying fair wages, uplifting minorities and Organizational culture.

- The ANOVA relating to the overall CSR practices has revealed that there is no significant relationship between the socio-economic factors and the perceptions level of the respondents at five percent level.

- The study has revealed that the external obstacles of CSR practices is the lack of clear cut statutory regulations, which is of prime importance with a mean score of 56.89. This is followed by prohibitive and frequently changing taxation policies with a mean score of 56.55.

- The study has revealed that the internal obstacle of CSR practices in organizations is the over cautious approach of the management, which stands first with the highest mean score of 56.66. This is followed by inadequate resources with a mean score of 55.78.

8.2.4. Comparison of Public and Private Sector Companies

- The ‘t’ test relating to the perception of CSR policies reveals that there is no significant relationship between the public and private sector managers towards different aspects CSR policies at five percent level.

- The ‘t’ test relating to the perception of CSR practices reveals that there is no significant relationship between the public sector managers and private sector managers towards different aspects of CSR practices at five percent level.
• The paired ‘t’ test reveals that there is a significant relationship between the perceptions and practices of managerial executives towards corporate social responsibility in both public and private companies at five percent level (p value is 0.001)

• The GAP analysis between the CSR policies and practices reveals that there is a positive relationship towards all the identified dimensions of CSR programme except the Ethics and inclusiveness where negative gap has been identified (-14.47 percent)

8.2.5. Comparison of Top and Middle Managerial Executives

• The ‘t’ test relating to the perception of CSR policies reveals that there is no significant relationship between the Top and Middle level managers towards different aspects CSR policies at five percent level.

• The ‘t’ test relating to the perception of CSR practices reveals that there is no significant relationship between the Top and Middle level managers towards different aspects CSR practices at five percent level.

8.2.6. Initiatives and Outcomes of CSR Practices

• The study has revealed that the CSR activities of Public companies other than the banks have the indirect linkage with their business operations

• The study has revealed that the CSR activities of Public companies (Indian Bank and Indian Overseas Bank) have the direct linkage with their business operation, for instance, CSR activities like women empowerments, poverty eradication, rural developments and the like of the IOB has the direct link with its banking business operation.
• The study has revealed that all public sector companies except the IOB have involved in CSR activities directly. The IOB has involved in CSR activities through its NGO called ‘The Sakthi IOB Chidambaram Chettiyar Memorial Trust’.

• The study has revealed that majority of Private sector companies have involved in CSR activities through their own NGOs. Apollo Hospitals Enterprise Ltd has an involved in CSR initiatives through its NGO called Apollo Telemedicine Networking Foundation (ATNF), accordingly Sakthi Sugars Ltd has “The Mahalingam – Mariammal Manivizha Charitable Trust” for its CSR activities, TVS Motor Company Ltd has an NGO called Srinivasan Services Trust (SST) for its CSR activities and EID Parry (India) has NGO called AMM Foundation for its CSR activities.

• The study has revealed that a small number of Private sector companies have involved in CSR activities directly without the inventions of NGOs

• The study has revealed that the majority of the public companies and private companies have their CSR outcomes in the area of Community services such as women empowerment, community welfare, rural development, poverty eradication, cultural and sports activities and health care services

• The study has revealed that a small number of private companies alone have their CSR outcomes in the area of environmental protection such as health and sanitation, water, environmental protection and awareness activities

• The study has revealed that private companies compared to public sector companies have involved in CSR initiatives through NGOs
• The study has revealed that the majority of public sector companies compared to private companies have disclosed the CSR activities in their annual reports, the private companies communicate their CSR initiatives through newspapers, websites, magazines and the like.

• The study has revealed that a small number of public companies – NLC & TNPL have prepared the social audit statement and disclosed it as part of their annual report.

8.2.7. CSR Practices and Financial Performance

• The product moment correlation reveals that there is moderate positive correlation between the CSR practices and financial performance of public companies in the study area (R^2 is 0.46).

• The product moment correlation reveals that there is moderate negative correlation between the CSR practices and financial performance of private sector companies in the study area (R^2 is -0.33).

• The product moment correlation reveals that there is weak negative correlation between the CSR practices and financial performance of both public and private companies in the study area (R is -0.19).

8.3. Summary of Suggestions

The summary of suggestions of the study has been presented as in the following:

• The role and quantum of women employees in companies are to be given importance on par with the men employees. Every company shall have at least one women director as per the recommendations of The Companies Act 2013 (Sec 149).
Managerial executive of the companies may incorporate social and environmental responsibilities in addition to the existing practice of economic responsibility towards their stakeholders.

Since the customers are the important stakeholders of an organisation, companies are expected to retain their customers by involving CSR activities related to customer services like green marketing, green product, green advertisement, providing eco-friendly carry bags and similar activities.

In order to compete and sustain in the international market with CSR as a competitive tool, Indian companies may incorporate necessary international standards like GRI in their CSR programme.

In order to compete with and sustain themselves in the international market, companies may follow the CSR policies and standards on par with international standards. CSR may become a competitive tool to them.

Since the industry is the dominant institution next to the government to do CSR activities, the companies may act accordingly their role in the society.

Since the age and experience of the managerial executives have a significant influence on their perceptions towards CSR programme, they may be educated about the implications of CSR activities in the business. In this way CSR activities of the company may be improved.

Since the priority area of CSR practices of the company is accountability towards all its stakeholders, it is necessary to establish and manage a good corporate governance system.
- Companies, instead of funding or adopting the NGOs, may establish a separate CSR department as part of the organisation to do CSR activities, making it effective. This also benefits the business.
- Companies may advertise or popularize their CSR activities in order to get reputations among the people in the society.
- Like the government, companies may adopt a village or area to provide all basic and sanitation facilities as part of their CSR programme.
- It is identified that there is a small degree of difference between public and private companies in respect of knowledge about CSR and focusing areas of CSR. As such it is required to identify and legalize the common areas of CSR initiatives for all the companies. It is initiated in clause 135 of Companies Act 2013.
- It is identified that there is a considerable level of difference between the CSR policies and practices (-14.47 %) with respect to Ethics and inclusiveness. As such it is required to overcome this gap by adopting suitable measures.
- The Government may extend their support by means of tax relief and financial incentives based on the CSR performance of the companies.
- Awareness about the importance of CSR initiatives to be enhanced among the employees particularly at the managerial level in order to involve them effectively.
- All the companies irrespective of their turnover or profit level may invest not less than two percent of profit for CSR programme based on their importance in society. Clause 135 of Companies Act 2013 stipulates companies to spend two percent of profit on CSR activities.
• It is identified that most of the companies are focusing in social areas of CSR activities, so that all those companies irrespective of their nature of business and ownerships are expected to concentrate well in CSR activities relating to Environment known as ‘Greenism’.

• It is identified that majority of Private companies are involved in CSR through the NGOs. Accordingly the public companies are also expected to establish the NGOs in order to have effective CSR practices.

• It is identified that reasonable number of private companies have not disclosed their CSR initiatives in the annual report. They are expected to do this in order to enhance their reputation among stakeholders.

• Since the CSR activities of companies are not shared, it must be documented and reported which helps in building trust and provides required information to the stakeholders.

• It is suggested that CSR activities of companies can be indicators for the global standard. The Global Reporting Index, Social Accountability 8000 and UN Global Compact can be CSR standards for the companies to meet global standards.

• It is suggested that companies’ CSR involvement from traditional philanthropy to modern CSR activities should duly be appraised to learn their impact among targeted stakeholders. Further it should be noted by the managers of companies that they can’t manage what they do not measure, since what gets measured gets done (Harish Kumar, 2011) and so on in order to have effective CSR management.
8.4. Conclusion and Managerial Implications

India is the second biggest country next to China in respect of population and the fourth largest economy in the world after the USA, China and Japan. It is to be noted that if the $1-a-day poverty line is used, the number of people living in extreme poverty totals about 690 millions, or 21.50 percent of Asia’s population. Of these 93 percent (357 million) are in India, China (203 million) and other south Asian countries (77 million) (Sudhir Chandra Das, 2009). So it is the appropriate time for the intervention of the Corporate Sector directly in the process of socio-economic development of India. Business organizations operating in India appear to be concerned about their role and responsibility towards the social goals but they differ according to their ownership as well as nature of business activities in their approach towards CSR. However, keeping in view of the strengths of Indian industries on one side and the issues relating to the CSR on the other side, still there is a big room for managers (policy decision makers) in the public and private companies to augment their concern for CSR for the welfare of the people at large in India. Furthermore, keeping in view on the expansion of the global economy along with the distress business environment, the sustainable development is crucial for a company’s future success in the domestic as well as the international market. Sustainable development is possible organizations that give importance for Social and Environmental aspects of CSR as a competitive advantage (Jothi M. 2011). Confederation of Indian Industry (CII) feels CSR is a business strategy that works to provide a competitive advantage in the ruthless business environment (CII, 2005). Therefore, this study has important implications for managerial executives of both public and private companies in India particularly in the study area of Tamilnadu that CSR has become the password not only to lock the competition, but also to open
the opportunity in the global market and to ensure the sustainable growth in the long-run period.

8.5. Scope for future research

As with all research, the present study has its limitations. The present study was restricted to Tamilnadu alone as sample area, and considered the sample as based on the ownership of public and private companies. Furthermore it has not depended on any one industry or company. Therefore, it opens the following scope for further research in the future:

1) A study may be conducted by representing the whole nation as study area
2) A study may be conducted by considering the specific industry as sample
3) A study may be carried out to incorporate and compare the perceptions of other stakeholders along with the managerial executives.
End Notes

1 Harish Kumar, (2011), “Corporate Social Responsibility: A Waffle or Way of Life”. I edn, Delhi

