CHAPTER - III

METHOD AND PROCEDURE

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CHAPTER-III

METHOD AND PROCEDURE

The aim of the first chapter was to analyse some theoretical aspects of the study which are contained in this thesis. The preceding chapter reviews many studies concerning managerial responses to social responsibility and the arguments and rationale of the present study were also discussed in brief. The purpose of this chapter is to discuss and describe the methods and procedure that have been employed to carry out the present survey.

To examine the managerial attitudes to social responsibility in two countries: India and Britain, and to discover the practical problems encountered by the Indian and British companies in implementing this concept, an investigation into the perceptions of the top executives of 48 companies in the West Midlands, U.K., of corporate social responsibility was carried out. A similar survey of 41 companies was carried out in Delhi and District Ghaziabad, U.P., India.
The main objective of the present survey was to obtain information which allowed for comparison of managerial attitudes to social responsibility in India and Britain, which are at different stages of economic development but having very similar industrial and constitutional pattern.

The specific aspects explored were: (a) the relevance of social responsibility in the functioning of organisations; (b) the structural changes that are being introduced by the companies in India and Britain in response to social demands; (c) the perceived corporate involvement in social action programmes; (d) the problems encountered by the companies in implementing social responsibility programmes, and (e) how can the behaviour of organisations be monitored to ensure that all actions and their consequences are socially responsible.

THE SAMPLE IN THE U.K:

A questionnaire was developed from social responsibility literature and surveys of social issues to obtain information on the five main areas described above.

The questionnaire was sent to the managing directors of 200 companies in the West Midlands.
randomly selected from the Kompass 1976 Directory on Company Information. This compilation provided a representation from a cross-section of industries. The industries included engineering, electronics, printing and publishing, transport equipments, building and construction, distribution trades, food, beverages and tobacco, footwear and textiles, mining and quarrying, furniture and fittings, petroleum and coal products, real estate, manufacture of leather and fur, products of wood and cork, insurance, etc.

The random sample included eighty small companies, sixty medium-sized companies and sixty large sized companies. Companies were classified into small, medium and large on the basis of number of employees employed by them. The classification of companies into small, medium and large on the basis of number of employees was as follows:

<table>
<thead>
<tr>
<th>No. of Employees</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 200</td>
<td>Small</td>
</tr>
<tr>
<td>201 - 2000</td>
<td>Medium</td>
</tr>
<tr>
<td>Over 2000</td>
<td>Large</td>
</tr>
</tbody>
</table>

It should be noted that our classification of companies into small, medium and large, on the basis of number of employees, is only one taxonomy of many
that are possible. Companies, for instance, may also be classified into small, medium and large on the basis of capital investment, turnover, or the value of the total assets.

Of the 200 questionnaires sent, 65 were returned, of which 48 were able to be used in the analysis. This represents a return of 32.5 per cent. In comparison with other similar studies this was a reasonable return rate, (for example, BIM, 1976, 32.5 per cent; Buehler and Shetty, 1976, 19 per cent; Abouzeid and Weaver, 1978, 44 per cent, Holmes, 1976, 34 per cent).

The question arises whether only those who were socially responsible replied to the questionnaire. Buehler and Shetty (1976) attempted to answer this question by studying the responses to another survey which included a large proportion of those companies that had not responded to their questionnaire. They found from an analysis in areas of commitment to social action programmes that there was no difference in the level of commitment between responding and non-responding companies. Indeed, the latter seemed more active in social action programmes than the companies who did respond.

Of those who declined to fill in the questionnaire,
some gave the following reasons:

1. lack of time;
2. inadequate staff;
3. pressures of business are high;
4. lack of sympathy with the theme;
5. the company is in the midst of a takeover;
6. it is impossible to answer with any degree of accuracy;
7. we cannot spare the effort and time needed to fill in the questionnaire.

In addition to questionnaires, fifteen interviews (about a third of the total responding firms) were carried out in this survey with senior executives of the responding companies in the West Midlands, U.K. The purpose of conducting interviews was mainly to ascertain whether any ambiguity existed in the questions and to gather additional information on the open ended questions. The issues that were discussed in the interviews included:

1. The relevance of the idea of social responsibility in business;
2. The social responsibilities of companies towards shareholders, employees, customers, suppliers, government and the public at large;
3. The significance of social goals vis-a-vis profits;
4. Involvement of companies (in terms of investment made) in social responsibility activities particularly in the three areas i.e. urban affairs, consumer affairs and environmental affairs.

5. The cost/benefits of social responsibility programmes.

6. Who should monitor social responsibility?

7. Mechanisms for the enforcement of social policies.

8. The issue of legislation as a method of implementing social responsibility.

9. Problems arising out of conflicts with maintaining efficiency and profitability and the involvement of companies in social programmes.

10. What is the managerial view of social responsibility?

In addition, the company records of some selected companies were analysed for two main reasons. First, to find out if there is a written company policy statement relating specifically to social responsibility. Second, to determine the investment made by companies in areas of social responsibility and to take into account the differences, if any, between the views of top managers on the issue of social responsibility and the actions that are being taken by the companies to
implement social responsibility.

THE SAMPLE IN INDIA:

To examine the managerial response to social responsibility, a similar survey of 400 companies was carried out in Delhi and District Ghaziabad, U.P. The survey consisted of a questionnaire which was sent to a selected sample of 400 companies and twenty one interviews with top executives of selected firms.

The purpose of the survey was:

1. To ascertain the views of senior executives of selected British and Indian companies on issues concerning corporate social responsibility;
2. To investigate and compare the actions that are being taken by the companies in India and Britain for social improvements; and
3. To examine the problems encountered by the industry in India and Britain for implementing social responsibility projects.

The questionnaire was designed in a way to achieve the above three specific objectives of the research. The questionnaire consisted of sixteen main questions requiring a total of 45 responses.

The questionnaire was sent to the managing directors of 400 companies in Delhi and District
Ghaziabad, U.P. selected from the Times of India 1978 Directory. The sample provided a representation from a cross-section of industries. The sample included one hundred and eighty five small companies, one hundred and thirty five medium sized companies and eighty large companies. Companies were classified into small, medium and large on the basis of the number of employees employed by them. This was done for certain comparative purposes to find out whether size is a major determinant of social responsibility behaviour in companies.

Of the 400 questionnaires sent, 41 were returned (a return of 10 per cent) after follow ups. This was a poor return rate in comparison with other similar studies (for example, BIM, 1976, 32.5 per cent; Eilbirt and Parket, 1976, 24 per cent; Buehler and Shetty, 1976, 19 per cent; Holmes, 1976, 34 per cent). Data do not allow for specifying clearly the reasons for non-response.

Interviews with twenty-one of the respondents were carried out to determine any misunderstandings of the questions and to obtain more information on social activities of the firms. The issues discussed in the interviews included: the relevance of social responsibility for a developing country like India;
the type of social activities undertaken by the firms for shareholders, workers, customers and the government, the significance of social goal vis-à-vis profits, involvement of companies in social responsibility activities, the cost/benefits of social responsibility programmes, the mechanisms for the enforcement of social policies, and the problems encountered by the firms in implementing social responsibility programmes.

In addition, the annual reports of some selected companies were analysed to determine the company philosophy on social responsibility and the expenditure incurred by the companies for the benefit of employees and the community in areas of social concern.

**SUMMARY:**

Data for comparative study were gathered from 41 Indian companies and 48 British companies. The British sample included a representation from a cross-section of industries. The Indian sample comprised all manufacturing companies located in Delhi and Ghaziabad industrial area. Both the Indian as well as the British samples comprised companies of all sizes viz: small, medium and large. They were classified
into small, medium and large on the basis of number of employees employed by the firm.

Data on managerial attitudes to social responsibility in two countries, viz: India and Britain, were gathered from a self-administered questionnaire and from interviews with senior managers in Indian and British organisations. The Annual Reports of companies were also collected where available. The returns obtained from Indian respondents were much lower compared to the returns from British respondents. The data do not allow to specify clearly the reasons for a poor return rate obtained from Indian companies. The next chapter will take on the analysis and interpretation of data.