CHAPTER - I
Corporate social responsibility (CSR) is an expression used to describe what some see as a company’s obligation to be sensitive to the needs of all of the stakeholders in its business operations.

A company’s stakeholders are all those who are influenced by, or can influence, a company’s decisions and actions. These can include (but are limited to) employees, customers, suppliers, community organizations, subsidiaries and affiliates, joint venture partners, local neighborhoods, investors and shareholders (or a sole owner).

CSR is closely linked with the principles of “Sustainable Development” in proposing that enterprises should be obliged to make decisions based not only on the financial/economic factors but also on the social and environmental consequences of their activities.

International Seminar on Social Responsibilities of Business held in 1965 at New Delhi adopts the following lines on social responsibility of business:

“...In addition to making a fair and adequate return on capital, business must be just and humane, as well as efficient and dynamic. The modern business has manifold responsibilities (i) to itself, (ii) to its customers, (iii) owners, (iv) shareholders, (v) community and (vi) the state. The task of management is to reconcile and harmonize separate and sometimes conflicting responsibilities.”[1]

A widely quoted definition by the World Business Council for Sustainable Development states that “Corporate Social Responsibility 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.” (CSR: Meeting changing Expectations, 1999). This holistic approach to business regards organizations as (for example) being full partners in their communities, rather than seeing them more narrowly as being primarily in business to make profits and serve the needs of their shareholders.

The Organization, Business for Social Responsibility (BSR) defines CSR as “operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.” This definition is somewhat broader as it encompasses business decision making related to “ethical values, legal requirements, as well as respect for people, communities and the environment.”

In U.S. most corporations expect potential employees to be active in the community and to show leadership. Interviewing process emphasis community work. This encourages students to engage in social activities. At UT-Austain, MBA students raise money and food for local charities and volunteer to build homes for the poor. Many student groups organize trips to underdeveloped countries for community work. The net result is significantly beneficial to the community.

Every country should embrace the remarkable concept of individuals and businesses forming a partnership to support social causes. In the context of India, such a partnership has enormous potential for strengthening society. Corporate social responsibility and volunteerism have no boundaries and are not constrained by race, colour or religion. It is a
visible culture and unwritten contract with the community which can shape brighter futures for nations.

CORPORATE SOCIAL RESPONSIBILITY REPORTING:

In the last decade, directional signals point to "increased corporate giving," "increased corporate reporting" on social responsibility initiatives, the establishment of a corporate social norm to do good and an apparent transition from "giving as an obligation" to "giving as a strategy". The application of the principles of Sustainable Development through the introduction of a CSR policy is often accompanied by what is called triple bottom line reporting which declares not only financial results but also the social and environmental impact of the business. Some countries (e.g. France) have made such reporting mandatory. However the measurement of social and environmental performance is difficult and new measurement techniques need to be developed.

Many large companies now produce annual reports that cover Sustainable Development and CSR issues, and these reports are often externally audited. But there is no common template for the reporting and the style and the evaluation methodology varies between companies, even within the same industry.

The Global Reporting Initiative (GRI) is an attempt to standardize sustainability reporting and the AA 1000 standard is an attempt to improve their legitimacy.

According to KPMG, a U.S. professional services firm, a 2002 survey of the Global Fortune Top 250 companies indicated a continued increase in the number of American companies reporting on corporate responsibility.
In 2002, 45% of these companies issued environmental, social or sustainability reports, compared with 35% in their 1999 survey. [2]

A review of Fortune 500 websites signaling that commitments to corporate social responsibility have entered the mainstream of corporate dialogue as a "must-do", as indicated in the following examples:

American Express: - "Good Works = Good Business ..............
Not only is it appropriate for the company to give back to the communities in which it operates it is also smart business. Healthy communities are important to the well-being of society and the overall economy. They also provide an environment that helps companies such as American Express grow, innovate and attract outstanding talent." (Harvey Golub, Chairman & CEO, and Kenneth Chenault, President and Chief operating officer, 2000)[3]

Ford Motor Company:- "There is a difference between a good company and a great company. A good company offers excellent products and services. A great company also offers excellent products and services but also strives to make the world a better place." (William Clay Ford, Jr., Chairman of the Board and CEO) [4]

Me Donald’s:- “Social responsibility is not a program that begins and ends. Acting responsibility has always been a part of who we are and will continue to be the way Mc Donald’s does business. It’s an ongoing commitment.” (Mc Donald’s CEO, Jim Cantalupo, CEO, 2003) [5]

CORPORATE SOCIAL INITIATIVES:

One thing that is for sure – the pressure on business to play a role in social issues will continue to grow. Over the last ten years, those institutions which have grown in power and influence have been those which can operate effectively within a global sphere of operations. These are effectively the corporate and the NGOs.

Those institutions which are predominantly tied to the nation state have been finding themselves increasingly frustrated at their lack of ability to shape and manage events. These include national governments, police, judiciary and others.

There is a growing interest, therefore, in businesses taking a lead in addressing those issues in which they have an interest where national government have failed to come up with a solution. The focus Unilever has on supporting a sustainable fisheries approach is one example. Using the power of their supply chain, such companies are placed to have a real influence. National governments negotiating with each other have come up with no solutions at all, and ever-depleting fish stocks. That is not to say business will necessarily provide the answers – but awareness is growing that they are occasionally better placed to do so than any other actors taking an interest.

Six Options for doing Good: “Corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility.” [6]

Most corporate social initiatives under the corporate social

responsibility umbrella fall within one of the following distinct categories: cause promotions, cause related marketing, corporate social marketing, corporate philanthropy, community volunteering and socially responsible business practices. The six social initiatives explored are as follows:

1. **Cause Promotions:** A corporation provides funds, in-kind contributions, or other corporate resources to increase awareness and concern about a social cause or to support fund raising, participation or volunteer recruitment for a cause.

2. **Cause-Related Marketing:** A corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales. Most commonly this offer is for an announced period of time, for a specific product, and for a specified charity. In this scenario, a corporation is most often partnered with a non-profit organization, creating a mutually beneficial relationship designed to increase sales of a particular product and to generate financial support for the charity. Many think of this as a win-win-win, as it provides consumers an opportunity to contribute for free to their favorite charities as well.

3. **Corporate Social Marketing:** A corporation supports the development and/or implementation of a behavior change campaign intended to improve public health, safety, the environment or community well being. The distinguishing feature is the "behavior change focus", which differentiates it from "cause promotions" that focus on supporting awareness, fund raising and volunteer recruitment for a cause. A corporation may develop and implement a behavior change campaign on its own, but more often it involves partners in public sector agencies and/or non-profit organizations.

4. **Corporate Philanthropy:** A corporation makes a direct contribution to a charity or cause, most often in the form of cash grants, donations, and/or
in kind services. This initiative is perhaps the most traditional of all corporate social initiatives and for many decades was approached in a responsive, even ad hoc manner. More corporations are now experiencing pressures, both internally and externally, to move to a more strategic approach, choosing a focus and tying philanthropic activities to the company's business goals and objectives.

5. **Community Volunteering**: A corporation supports and encourages employees, retail partners, and/or franchise members to volunteer their time to support local community organizations and causes. This activity may be a stand-alone effort or it may be done in partnership with a non-profit organization, volunteer activities may be organized by the corporation, or employees may choose their own activities and receive support from the company through such means as "paid time off" and volunteer "database matching programs".

6. **Socially Responsible Business Practices**: A corporation adopts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment. Initiatives may be conceived of and implemented by the organization or they may be in partnership with others.

**IMPORTANCE OF THE STUDY:**

Historically, there have been periods of heightened interest in CSR in the past, such as the late 1980s and early 1970s. At that time, business organizations issued calls for business to give greater attention to CSR. What is different today is that these calls are more broadly expressed, more specific, and more urgent. The calls are coming from business associations with the express purpose of promoting CSR as well as the general business associations and they are also coming from governmental
organization. Often, these calls include concrete recommendations for action, such as CSR audits and Stakeholder engagement.

The urgency stems from a realization that the criticism of business is more far-reaching than ever before. This is in part because, with globalization, business itself is more pervasive and more powerful. Moreover, the demands for greater social responsibility are coming from mainstream quarters of society, as well as protesters at global meetings of the World Trade Organization in 1999.

However, criticism of business is also more far-reaching because more is expected of business today, with the growing recognition of the failure of governments to solve many social problems and, for this and other reasons, the diminished scope of government. The private sector is increasingly called upon to address social problems and, accordingly, shoulder greater social responsibilities in addition to righting the wrongs for which it is more directly responsible, such as pollution or inadequate product safety.

In India, corporate social responsibility has much broader implications for the nation as a whole. It reduces dependency on the government for social change. Most governmental programmes quickly become embroiled in political manipulation, corruption, communal overtones, and bitter infighting. There is a need for public – private partnership with well-defined controls and processes for the best use of resources for social change. Social reforms driven by the community will bring people together, turn the attention of the masses to tasks that benefit society, and reinforce peace and harmony.

In recent times, a number of foundations set up by leading Indian firms, including Infosys, Wipro, Tatas, TVS and Dr. Reddy’s Laboratory,
have taken a keen interest in corporate activism to improve healthcare, education and, living conditions, and reduce poverty. These foundations support numerous government primary schools and have developed processes and methodologies for effective change. They support hundreds of non-governmental organizations and have built orphanages, hospitals, and schools. However, the challenges in India are enormous. Social responsibility should not be limited to large successful corporations; there should be greater participation from most small, medium, and large businesses. The goodwill of firms can generate from acts of social responsibility may, in fact, be worth for more to the businesses than the amounts they give. Corporations collectively can make India a better place for every citizen.

Every country should embrace the remarkable concept of individuals and businesses forming a partnership to support social causes. In the context of India, such a partnership has enormous potential for strengthening society. Corporate social responsibility and volunteerism have no boundaries and are not constrained by race, colour, or religion sadly; concern for the community is often mistaken for socialism. On the contrary, capitalism thrives only when every citizen is an asset in economic activity and has opportunities to succeed. Corporate social responsibility is a culture and unwritten contract with the community. This invisible culture can shape brighter futures for nations.

Energy places a critical role in the socio-economic development of any country. In fact, it is the prime driver of any economy for maintaining its growth and raising the living standards of people. India is a net Oil importing country and Oil and Gas play a key role in the energy sector and account for 47% of India’s commercial energy mix. India’s domestic Crude Oil production in 2004-05 was 34 million metric tones (mmt). It has been estimated that by 2025, India would consume 368
million tons of petroleum products, need 358 million tons of refining capacity, and require 364 million tons of Crude Oil. The Oil majors in the country played a pivotal role in country’s process of planned development. During this period of a quarter century, Oil Industry laid a robust infrastructure in both refining and marketing sectors, besides keeping the economy’s wheel running.

As a responsible corporate citizen the Oil Sector in Assam should sustain excellent performance in the deregulated environment and live up to the expectation of the people of Assam. The sector claims that it is a step towards total development of the Region in general, and of the State of Assam in particular. So, it is important to observe the actual contribution of the sector towards the society in the Region and the State of Assam as a whole as they have been playing a key role in the economy of Assam.

OBJECTIVES OF THE STUDY:

The study is being undertaken with the following basic objectives:

a. To evaluate the contribution of Corporate Oil Sector through the initiation of road construction, health care facilities to local people and contribution towards education.

b. To analyze the direct & indirect employment opportunities provided by the Corporate Oil Sector in Assam.

c. To analyze the contribution of the Oil sector to State exchequer and society.

d. To suggest measures for fulfillment of CSR by the Oil Industry.

METHODOLOGY:

Materials for this study were collected both from primary and secondary sources. Oil companies operating in Assam are (i) Oil and Natural
Gas Corporation Ltd. (ONGCL), (ii) Oil India Ltd. (OIL), (iii) Indian Oil Corporations Assam Oil Division (IOC’s AOD), (iv) Indian Oil Corporations Guwahati Refinery Ltd., (v) Indian Oil Corporations Bongaigaon Refinery and Petro-chemical Ltd. (BRPL) and (vi) Numaligarh Refinery Ltd. (NRL). The study is confined to the Corporate Social Responsibility of the Oil companies operating in Assam.

Secondary datas are collected from the five oil companies because it fulfills the objectives of the study. Bongaigaon Refinery and Petro-chemical Ltd. (BRPL) is not taken, considering same character and smaller unit and it has no substantial effect to fulfill the objectives of the study. Furthermore, earlier works in the state and national level relating to social responsibility of business was scanned through.

Personal visit to the office of the oil companies and different national and international book fair’s, K.K. Handique Library of Gauhati University, libraries of different educational institutions were made personally.

For collecting primary data, field survey was conducted by canvassing questionnaires and personal interview. From the area nearby the oil companies, there are 7 (seven) villages/town viz. Borbil (Digboi), Geleky (Sibsagarh), Rudrasagar (Dibrugarh), Hoogrijan (Digboi), Moran, Telgaram & Dhodang (Numaligarh - Golaghat) have been surveyed. The universe of the study was 1500 people of these villages/towns. Out of this universe 10% people i.e. 150 in number have been selected. About 200 questionnaires have been sent and distributed to the people of the adjacent areas of the oil companies. For the convenience of the respondents multiple answers were provided for most of the questions. Some of the questionnaires were returned by partial answering. Finally, 150 numbers of questionnaires have been scrutinized for observation of data on the basis of strata. The personal opinion of
the respondents reflected the veracity of the claims made by the corporate entity in their policy documents and the respondents also expressed their opinion about the satisfactory level of the contribution made towards yielding benefits.

For cross verification of data the structured questionnaire was also served upon 26 officials of corporate oil sector of different status. The universe of the study was 130 officials of corporate oil companies, viz. ONGC, OIL and IOC (AOD). Out of which 20% officials as stated above have been selected. The resulted facts reveals the authenticity of data collected from the people of the catchments area of the corporate sector and claims made by the corporate oil sector in their policy documents.

To fulfill the objectives of the study, the observed data are utilized in the following way:

Objective No.(i) and (ii) : Primary and secondary data
Objective No.(iii) : Secondary data
Objective No.(iv) : Primary data.

RESEARCH QUERIES:

This research has been conducted with a view to find out answers to the following questions:

1. Whether the oil sector has been able to contribute anything for the socio-economic development of Assam.
2. Whether the corporate oil sector operating in Assam have been able to appoint local qualified youths or not.
THE PRESENT STUDY HAS BEEN CLASSIFIED INTO SIX CHAPTERS:

Chapter 1: This chapter is an introductory one and it includes the meaning and definition of Corporate Social Responsibility, corporate social responsibility reporting, importance of the study, objectives of the study, methodology, research queries and limitations of the study.

Chapter 2: Organization and Management structure of the public enterprises, Government role and legal determinants for the formation of Board.

Chapter 3: Review of literature.

Chapter 4: Performance and welfare measures adopted by Oil Sector in Assam.

Chapter 5: Analysis of Primary Data, findings.

Chapter 6: Suggestions and Conclusion.

LIMITATIONS OF THE STUDY:

The present study has the following limitations:

It was observed during field survey that management of some of the industrial units and people of the adjacent area of the oil companies have shown reluctance to furnish information necessary for the study. Though attempts have been made to collect necessary information through informal discussion with them, yet there might have been some omissions.

Majority of people of the adjacent area of the oil companies have provided some quantitative information, such as the benefits received from the oil industry against community development scheme, compensation etc. from their memory in informal discussions. Therefore, some omissions and deficiencies are likely to be there. However, attempts have been made to collect the necessary information accurately as required for the study.