CHAPTER 9

DISCUSSIONS AND CONCLUSIONS

After the end of the World War II thought on Corporate Social Responsibility began to blossom for engagement of private business for national interests and for the well being of society at large. Corporate organizations are one of the most powerful and dominating subsystems of society (Card, 2005); therefore corporations as entities of their own have to assume responsibilities independent of the concrete agents doing business on their behalf. The past twenty years have seen a radical change in the relationship between business and society. Corporations have started acting according to this rationale for quite some time. Many corporate initiatives intrude into domains that traditionally belonged to the sphere of political responsibilities of state actors. Corporate social responsibility, in theory, has been defined in several ways and has been discussed widely in international and national arena. Sethi (1975) emphasizes its contextual as well as dynamic aspects when he defines corporate social responsibility as 'beyond economic and legal obligations and behavior that is congruent with prevailing social norms, values and expectations of society. Thus, Sethi stresses the role of context i.e., the context in which business is operating in both its socio-political and temporal dimensions is determines what is corporate social responsibility. This is also greatly influenced by societal expectations, which very from country to country with time. While one definitions of corporate social responsibility is not yet universally accepted, clearly its practice is typified by business initiatives such as responsible care towards society and environment in the conduct of business functions (with respect to employees, customers, business partners and community), corporate community involvement, corporate volunteerism, voluntary contributions and corporate philanthropy (Mohan, 2001).

It has been found that business involvement in social welfare and development has been a tradition in India. Evidence supports that business in India has been seen as a
multi-dimensional entity, serving greater societal interest and not narrowly focusing on maximizing profits for shareholders only. The researchers of the history of philanthropy note a transition from individuals’ charity or philanthropy to corporate social responsibility, and corporate citizenship over the years. They pointed out that ‘philanthropy’ in India is changing. It is not unusual to observe charity, philanthropy, corporate volunteerism and corporate social responsibility simultaneously in a corporation (Sundar, 2000).

Thus CSR framework of companies in India has evolved over a period of time. For corporate conglomerate like Tata, Birla, Godrej, Shriram, Mohindra, Singhania and Sarabhai family were active in religious and social reform in India as well as industrial and social development. However, of late, the corporations have been influenced by several factors to swing away from charity and traditional philanthropy towards more direct engagement of mainstream development and concern for disadvantaged groups in society. This has been driven both internally by corporate will and externally by increased governmental, NGOs and public expectations. The corporate leader of emerging indigenous industry remained rooted in the tradition of religion and philanthropy; which gradually metamorphosed into corporate social responsibility.

Apart from above, traditionally people have become involved in social issues through personal contact, in their own communities. But, after industrial growth and urbanization, traditional links in society have been changed and social cohesion breaks down; many people look to their workplace for ways to become involved in the community. In the past two decades there has been a marked growth in volunteering opportunities through the workplace or corporation, known as Corporate Volunteering, and the corporation looking for framing intensive CSR practices tied it with CSR.

Mittal (1988) in his book Social Responsibilities of Business: Concept, Areas and Progress—one of the earliest books on CSR in India describes the CSR initiatives of both Public and private corporations in India, towards the community development. Khan (1981) in his
studies reported that quality control, employment and training, medical facilities, contribution to education are the main area of concern in case of Indian companies. The findings of Khan and Atkinson (1987) and Krishna (1992), shows that the concept of CSR was firmly rooted amongst top and middle level managers. In the past few years a number of surveys have been conducted in India by different organizations. The survey findings of PiC of 2004 presents a marked increase in the number of companies developing and adopting CSR policies, compared to the survey findings of 1999-2000. Another recent study on business-community relation in India, supported by the United nations Development Programme, United Nations Volunteers and the New Academy of Business as part of international project, reported that 85% of the corporation surveyed in India agreed that they have a responsibility to the community in which they were located (Mahajan, 2004). A study by Arora & Sood (2006) revealed that a good number of Indian and foreign companies operating in India, Industry Associations are working for community development in the areas of education, health, income generation through voluntary or philanthropic contribution. Though survey and investigation into the perception and awareness of corporate social responsibility are conducted in Delhi and other metropolitan city (Khan, 1987, Krishna, 1992) no similar studies have been conducted in Assam from a community development perspective. The present study is an endeavor to assess the awareness of managers towards corporate social responsibility and an examination of the nature and extent of community development programme in Assam.

An exploratory research design has been used in the present study. The study has been carried out in five phases. In the first phase; the researcher has collected the secondary data pertaining to socio-cultural, political-legal, economic- industrial factors that shaped the present context of Assam were gathered. In the second phase, pilot study was done where addresses of corporations were collected. Thereafter a list of corporations has been drawn on the basis of certain criteria by using purposive sampling technique, from the list, a south and
north division wise corporations was analyzed. In the third phase of the study, the researcher has been traveled to a number of corporations located in various districts of above-mentioned divisions of Assam and builds up rapport with managers at different hierarchical level. In the fourth phase of study four managers in each corporation altogether a total of twenty-four managers in six corporations are interviewed using interview schedule and interview guide, outlining topics/issues related to CSR. In the fifth or last phase, the six corporations viz Oil India Limited, Numaligarh Refinery Limited, Oil & Natural Gas Corporation Ltd, Tata Tea Limited, Hindustan Paper Corporation Limited (Cachar Paper Mill), and Barak Valley Cement Limited were selected purposively based on certain criteria and studied details. In each corporation emphasis was put towards historical background, administrative links, nature and types of community development programme. Also focused group discussions were conducted in four corporations at nearby villages in south and north Assam respectively to understand the beneficiaries’ views towards community development programme and get an idea about people’s hope and aspiration in a manner that benefits business as well as disadvantaged communities.

Now the important issues, which have been observed in this study, are being discussed below.

1. EMERGENCE OF CORPORATE SOCIAL RESPONSIBILITY

The conflict between the orientations towards profits exclusively and a ‘social conscience’ of entrepreneurs and their actions in business has been especially observable in the United States of America. The profit ‘mantra’ was a driving force at that point of time for most of the industrially developed society, but on the other hand, even in this early capitalist age, criticism for such notion was there. During that time too some industrialists exercised a ‘social and moral responsibility’, they felt towards their work force by making them go to church and strictly scrutinizing workers in their residences, making them go to Sunday school and prohibiting alcohol consumption (Walton, 1999). Contributions to the well-being of the
poor and underprivileged occurred under the paternalistic efforts by the famous ‘American Philanthropists’, Carnegie, Rockefeller and Ford. In a time of almost ‘manic hunger for wealth and fortune”, they generously used their (private) means for charitable donations and the voluntary provisions of much needed social service. These policies stood in sharp contrast to other business of that were mainly following Ricardo’s doctrine, which declares workers just one of the factors of production costs, which can and must well replaced whenever not profitable (Walton, 1999).

The World Economic Crisis and World War II have changed the scenario, particularly when President Johnson asked firms to stop foreign investment for the sake of a stable trade balance. At the same time developed and other developing countries started a war on poverty and moved towards socially inclusive policies.

The late 1970ies and 80ies saw an increase in conscience for and ever further enhancement of various stakeholder concerns. Both the consumer protection and the environmental movement could considerably gain ground in this period of time. In the case of consumer concerns, legislation providing consumer protection and an increased liability of companies for their products and services was passed. From the beginning of 80s privatization, liberalization and withdrawal of state from the social sector reshaped the responsibility of development and partnered Business Corporation for resources. The human rights community has also become ever more involved in the concept of CSR during the 90ies mainly through ILO conventions, and the concept of sustainable global development that increasingly intends placing responsibility on private companies as a constituency being an ever more important driver of community development.

2. CSR AND CORPORATE VOLUNTEERISM

The concept of corporate social responsibility is based on the idea that not only public policy but companies too should take responsibility for social issues. In more recent approaches, CSR is seen as a concept in which companies voluntarily integrate social and environmental
concerns into their business operations and into the interaction with their stakeholders. The idea of being a socially responsible company means doing more than the law, when investing in human resources and the environment.

Corporate Volunteerism is any formal or organized means a company uses to encourage and support its employees to volunteer their time and skills in the service of their communities.

3. NECESSITY OF CSR

The second half of the 20th century witnessed revolutionary changes, which include the enormous amount of technical innovation, which has enabled greater mobility, faster decision-making and operation. The economic circumstances also got changed, that brought about liberalized trade, de-regulation, and globalization of economic activity. Out of these favorable new circumstances a potential for influence, but also for abuse of power by corporations can be derived. When corporations affianced a considerable rise to power and influence, over employees, suppliers, consumers, competitors, governments and thus over entire societies—the claim towards corporations to be socially responsible, therefore cannot came surprising.

At this point, corporate social responsibility has raised its importance as a genuine and widely accepted counter balance for corporate power, influence and potential wrongdoing.

Now the global CSR agenda goes hand in hand with the important changes in state-market relations, which have characterized the modern era of globalization. While these developments were eroding the role of the nation state as the main regulating body, the importance of the corporate sector was growing. Corporate social responsibility, understood mainly as voluntary business self-regulation, considered improving aspects of company performance, in the areas of social and sustainable growth and human rights. The pressure on business to play a role in social issues has been growing in the last two decade, and will continue. There are instances of corporation and NGOs working on several issues. It has been found that synergy of action between the national governments, the corporations and the civil society has resulted in empowerment of the poor and unskilled common man creating a 'win-
win’ situation for the corporation and the society. These have facilitated development on a long-term basis forming core of corporate social responsibility.

4. CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Indian business community is noted to be culturally different from western from of capitalism, it has been noted to be more inclusive of stakeholders in that it is generally predisposed to seek harmony and consensus. The business involvement in social welfare and development has been a tradition in India. Evidence supports that business organization in India has been seen as a multi-dimensional entity, serving greater societal interest and not narrowly focusing on maximizing profits for owners or shareholders (Mohan, 2001). In India merchant charity took various forms, such as treasury chests for the needy, providing relief in times of famine or floods, provision of drinking water, animal care and tree planting, building temples, water tanks, wells or supporting traditional school or art and culture (Sundar, 2000).

The arrival of the East India Company in 1620 was a landmark in the history of trade and socio-polity in India. Indigenous industry grew very little during this time but gained a drive in growth in the period between the two World Wars. A few families belonging to traditional merchant communities, which grew to become business dynasties over the decade, pioneered aboriginal industrialization. The founders of Indian industries were also active in religious and social reform in India. The emergence of Mahatma Gandhi in the 1920 greatly influenced Indian business, as business leaders also become freedom fighter and social activist at community level. The thrust area was on vocational and technical training, public health, power and water supply and the Gandhian social reform movement. The Indian corporate community concern and CSR practices closely linked to its political and economic history, in which four phases can be distinguished: during the first phase (1850-1914) CSR activities were mainly undertaken outside companies and included donations to temples and various social welfare causes. The second phase (1914-1960) was largely influenced by Mahatma Gandhi’s theory of trusteeship, the aim of which was to consolidate and amplify social
development. The reform programmes included activities geared particularly to abolishing untouchability, empowering women and developing rural areas. The third phase (1960-1980) was dominated by the paradigm of the “mixed economy”. In this phase, CSR largely took the form of legal regulation of business activities and/or the promotion of public-sector undertakings (PSUs). The fourth phase (1980 until the present) is characterized partly by traditional philanthropic engagement, corporate volunteerism and partly by steps taken to integrate CSR into a sustainable strategy (Chahoud, 2007).

5. PERCEPTION OF MANAGERS

In the chapter 5, it has been seen that amongst the corporations four are from mining & exploration sector, one is paper and the other is from Tea industry respectively. Though there were traditional trade activities in northeast India, British company administration have linked modern trade and commerce activities in Assam with outer world.

Assam has a composite culture of numerous tribes, races each portraying peculiar ethnic identity. There are 54.16 percent of managers cited the ethnic diversity as the cause of diversity in languages, the managers perceived that there exists laxity of casteism in Assam. Aryan culture arrived late here and sanskritisation process delayed. The vaishnavite vhakti movement paved the way for building wider society here. Language issues, ethnic divide leads to bifurcation of political bifurcations of the state; Illegal migrants, ethnicity, insurgency & militancy and religious minority vote bank-playing role in politico-legal dimensions of Assam. The managers observed that, corruption in administrative machinery of government frustrate the youth community. In the economic front 87.5 percent of managers have perceived that the state is suitable for resource-based industries, 50 percent of managers have opined that small-scale industries could be a possible solution of unemployment. They also feel that communication & infrastructure bottlenecks are coming in the way of capital movement from private sector so that accelerated growth can take place. It has been found that 50 percent of managers cited the lack of initiatives as one of the cause behind
underutilization of natural resources. The study suggest community sensitive economic &
industrial policy, optimal use of industrial infrastructure, transparency in governance, rise of
consciousness and strive for peace and harmony can bring prosperity and growth of the state
in all fronts. An appropriate development strategy and political will for removing hindrances
of growth and social synergy is the need of the time.

6. AWARENESS OF MANAGERS

The chapter illustrates the awareness of managers of corporations in Assam regarding
different issues of CSR. There exists high percentage of positive awareness amongst the
managers of corporation towards the general awareness of the Corporate Social
responsibility, e.g., 100 percent opined that social responsibility should be an integral part of
company’s mindset and 91.7 percent have expressed that corporate volunteerism is possible
amidst competition. With regard to market related issues managers are of view that, as a part
of management, their effort has always been to improve the quality of product, offering safe
& innovative end products and services to customers. In the employee relation managers are
very much aware and 87.5 percent managers are viewing it an important issue. There is also
high awareness for safety and health related issues. Towards labour relation, respondents
have shown high alertness and opined that fair labour practices, responsible conducts towards
all stakeholders always have high impact on social reputation. As a social institute
respondents have accordingly addressing this in development of CSR strategy as already
discussed earlier. In the areas of corporate volunteerism respondent accorded high importance
for community involvement, and it has been found that 66.7 percent companies have their
own society or foundation, and the entire respondent manager agreed that volunteerism
benefits employee, community and company. It was an established fact that how a company
organizes itself to meet its corporate responsibility objectives is influenced by its history,
philosophy, experience & awareness. The study reflects that positive awareness will led to
the companies to adopt a wide range of approaches designed to meet their needs and those of various stakeholders, while making core business strategies.

7. MANAGERS VIEW

It the Chapter 7, part II case studies show the views of the selected managers of the corporations. It has seen positive awareness about issues in the broad corporate social responsibility area. Seniority of managers matures the awareness and policy guidance has also revealed from the case study. Both the public and private sector corporations' manager's have almost equal level of awareness. Similarly, sizes of corporation don't have any bearing on the level of awareness amongst managers. Nowadays CSR has become a subject of importance; corporations are adopting socially responsible solutions. The higher level of awareness amongst manager is pinpointing of company's scope for contribution in social sectors in coming days.

8. NATURE OF COMMUNITY DEVELOPMENT PROGRAMME

It has been seen in the chapter 8, that all the corporations have community development programme in the areas of education, health, infrastructure & environment and income generation except one, which don't have programmes in the area of income generation. Corporations while primarily focusing the health care facilities for their employee's are extending such facilities to community. In a few corporations, community health's care services are even reaching to wider areas. In the education context, again primary focus is employee's wards in secondary & higher secondary level, the support for wider community is through infrastructure and capacity expansion of existing public institutions. In the infrastructure and environment front corporations are basically establishing own communication and transportation facilities, but such infrastructure are helping to community in various way. There are corporation that have separate budget for establishing infrastructure for community benefits. Creating awareness towards environment & conservation and
maintenance of standards as specified by regulatory bodies are taken. In the field of income
generation, agriculture and training for meaning full employment are given priority. The
traditional arts & culture as well as sports are some of the other area, where the corporations
under study are contributing. Most of the corporations have their annual budget provision for
different areas of community welfare activities. OIL and ONGC expends 0.75% of its profit
after tax towards various programme. The Tata group investments on different areas are 4%
of profit after tax.

There are two corporations in which have their own society and trust for community
activities. The OIL has set up its Rural Development Society (OIRDS) through which it
provides assistance and technical guidance to farmers in nearby villages, also OIL’s
Handicraft Training and Production Center, imparts training to women on Handicraft,
Weaving, Embroidery and Tailoring. The TTL has set up KZIRANGATRUST under the
rhino conservation movement. The programme discussed suggests that, corporate initiatives
can contribute in the community for long time. The study also reveals that the companies are
gradually having planned strategy for involvement in social development. The research
suggests that for successful CSR practices, policies must satisfy the needs of employees. The
CSR will effectively benefit when employees are enactor, community are benefactor and
company acting as enabler. The higher level of awareness amongst manager is indicative of
company’s scope for positive contribution to social sector in coming days.

9. BENEFICIARIES VIEWS

In the chapter VII, it has been seen, by and large, beneficiaries have better perception towards
the community initiatives of corporations. They put across that, the community development
programmes in the areas of education, health, infrastructure, and income generation are very
important and they are in need of such interventions. The supports for educational and other
infrastructures development extended by the corporation are satisfactory. In the north Assam,
corporations' social intervention service in the area of health through mobile medical component, income generation through modern agriculture practices and training programmes are commendable in the analysis of beneficiaries. It has been found that beneficiaries want in general that the corporation would continue its programmes and in particular health & income generation for years to come.

In the south Assam, beneficiaries expressed that the corporations’ programme are helpful for community, the beneficiaries are in favour of availing and extension of cooperation for welfare programme in health care and infrastructure; where state interventions found inadequate. But it also has seen that expectations to the corporation are high amongst beneficiaries. They are of view that corporation should play dynamic and proactive role to become a peoples institute.

DISCUSSIONS

The findings of the study suggest that generation of awareness, facilitating and recognizing good work and expanding CSR activities voluntarily, have to be continued, as the market, investors and other stakeholders appreciate the worth of corporate being responsive to social issues. The corporate organization is not separate from society; companies are not only engines of economic growth but also pivotal agents of social and political integration. Corporations are sub-system of society; as such it cannot function and remain healthy except when bigger system remains healthy. The overall health of the society and environment is a necessary precondition for corporate growth, which in turn can bring economic prosperity and peace in society. The finding of the study indicates that issues like languages, illegal migrants, insurgency, ethnicity, have major role in socio political discourse and coming in the way of development. The state has mineral deposits, gas and petroleum, forest and water resources, fair availability of human resources, i.e., all such ingredient required for accelerated growth of economy. But excepting the tea and petroleum industries, which were started and organized by Europeans, much progress has yet been achieved in the industrial
sphere. The discussions with managers reveal that there exist lack of political will, unholy
nexus amongst militant group, political and student leaders. They demand ransom in case of
development of industrial projects and establishment of business venture. There are evidences
that corruption has carried to the level of an industry. These are the greatest hindrances to the
development of industries and business. Therefore, the first requirement is the sincerity of
purpose in the part of policy makers and executives. Second, people's awareness for
vigilance and civil society pressure is essential. Development plans for industry cannot be
framed in isolation; they must be integrated with plans for the development of agriculture,
resource based industry, transport, power and all other sector of economy. The developments
of agriculture, transport, power etc are till in the hands of state Government, good governance
and transparency in system can deliver well. The central government liberal incentives for
industrializations, are not meaningfully contributing because of large-scale corruptions etc.
The common people have to suffer from the obvious consequence of these. Compared to the
need and to what has been achieved in other parts of India, the pace of development has been
not up to the mark. If the transport system within the state and in relation to the rest of India
is developed, the people of the state will be able to get relief from the scarcity and higher
price of essential goods and from the loss of markets in other parts of India- not to speak of
accelerated economic growth within the state. Industrialization of Assam will have to be
initiated or encouraged providing better transport, ensuring safety of man & materials,
controlling the student groups & militants coercion for demands of money by the effective
strategy and Government policies & support. In the planning front, implementation of any
scheme should be considered from the long term point of view rather than fulfill the targets in
short run, because the failure of a project after its initial apparent success makes the people
frustrated and pessimistic. Instances of corruption in the Government machinery make people
despondent, in such a situation people's spontaneous cooperation, with proper understanding
are not visible. Instead of numerous projects, a few successful projects arouse people's
enthusiasm, ensure active cooperation and make the success more enduring. The unemployed and under-employed in rural and urban areas will benefit only when setting up industries and increasing agricultural output can create more employment opportunities. Remodeling of present educational set-up by offering greater facilities for training in different trades is more essential for economic growth than expansion of general education. Policies in both micro and macro level needs to be framed for entrepreneurial development.

In this era of globalization, when consistent pressures on the corporations are how to compete globally it becomes important to review the socio-cultural context in which the corporations are functioning. The strength of a corporation including both its creativity and organizational flexibility depends consequently both on its professional competence and social competence. Cultural foundations of employees make him aware of the variety of relationships in which a company stands to its environment. Consequently, it also makes the company more aware of its responsibilities towards nature and community at large.

The study shows that community development programme in areas of education, health, environment and income generation creating a positive public image and establishing a synergetic relation between company and society. It has also found that public expectation for community involvement is on rise and community involvement programme helps corporations to become a viable social institution. It is the felt need of the hour for increased cross-sector cooperation. The joint activities of corporations, government, and NGOs can serve the long-term interest of the all stakeholders. Wherever necessary future partnerships can come together as a joint force on larger issues of development on a formal and sustained basis and also can form formidable alliances for advocacy with the bilateral and other international development agencies.

The study reveals that corporations have accepted that it is in their own interest to be more socially aware and to engage in community development programme. The study has also
seen, corporation’s annual turn over during the last few years have increased and they have allotted a specific percentage of profit after tax (PAT) for community and social development. This is a positive indication of sustainability of programmes.

The present study has given many new insights and confirmed the findings of study undertaken in India that, (a) there is an increasing awareness and acceptance of social responsibility among managers (Krishna, 1992). (b) Corporate volunteerism plays an important role in community involvement and development programme (Mohajan, 2004). (c) Community development programme as a part of volunteerism can help to corporations to reach out to society, while continuing their business with responsibility (Chahoud, 2007).

CONCLUSIONS

There are factors which hindrances for balanced regional growth of business corporation in India. It is found that the managers of the corporations have reasonable perception in the socio-cultural and economic conditions of Assam. Managers are highly aware about the social responsibility issues and senior management has strong responsibility views. The corporations are engaging in CSR as well as community development programme through own departments or trust. The community development programme are gaining vital place in corporate social responsibility programmes. The Indian business corporation’s long tradition of voluntary community involvement for welfare and development has no regional difference. Both the public and private sector manager have social investment focus; the approaches of managers are holistic in relation to larger community. The corporations are building trust and confidence for in society through social sector projects on voluntary basis for long-term survival. Social expectation towards corporation has been that it should be involve more comprehensively to societal concern. It is important to note that the findings of the study will be worthy for other corporation in arriving policy decision and chalk out
community involvement and development programmes, so that their corporate social responsibility programme can contribute to the continued prosperity of society. The present finding of the study suggest that (i) Companies should more open to stakeholders and include NGOs and other agencies for implementing community development programmes professionally. (ii) Cooperation for development can fuel the interaction process and capacity building bringing together different players from both corporations and stakeholders. (iii) Corporations may build relation with actual beneficiaries of their programmes, so that they have not rely on peer-level meeting with local leaders for their impressions of community opinions, concern and priorities in community development. There are needs for further initiatives for understanding in the areas like (a) processes of corporate & other civil society’s mutual intervention in community development. (b) How in the areas of micro finance, social marketing, cooperation of corporate associations can act as facilitators for extension of business and empower the artisans or producer groups, SHGs etc. In the near future a systematic research intervention is required for exploration of the unexplored bodies of corporate and non corporate sectors, so that their talent and capacity can ultimately help for the establishment of a society of equals in social, economic and political spheres as envisaged in the Constitution of India.
REFERENCES


