CHAPTER- 6

DATA ANALYSIS & INTERPRETATION

6.1 Operational Issues

6.2 Optimistic Outlook on the Findings

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6.4 Summary of findings
Corporate Social Responsibility is an emerging area and an integral component of corporate good governance. Business corporations are increasingly involved in a process building social credibility and accountability.

Corporate Social Responsibility has an appeal due to two reasons. Firstly, it mobilizes people and opinions for the good of the society. Secondly, it generates a realistic focal point for stakeholder-oriented managerial initiatives. A broad range of activities that were previously known by various labels like corporate philanthropy, corporate community involvement, ethics, sustainability management, stakeholder management, are now conveniently clubbed under the more encompassing umbrella of Corporate Social Responsibility.\textsuperscript{69}

The present study is based on data / information collected from

- Companies which have operations located in Pune,

- Representing the top 500 companies in India picked from Dun & Bradstreet’s list of top companies on the parameter of turnover p.a.
• Also includes a few other companies that were included in the BSE’s indices and play a significant role in the business landscape of Pune.

**Universe of Sampling:** BSE listed companies in Pune district i.e., the 73 companies in Pune listed across 8 BSE indices [excepting Bankex and PSU indices].

**Sample Size:** The sample size was chosen to be 50 i.e., nearly 69% of the BSE listed companies in Pune and represented on the Dun & Bradstreet list of top 500 companies in India chosen from a Dun & Bradstreet survey of ‘India’s Top 500 Companies 2006’.

The criteria for ranking used in Dun & Bradstreet’s ‘India’s Top 500 Companies 2006’ is total income, net profit and net worth for the financial year 2004-05. The 2006 edition of ‘India’s Top 500 Companies’ has profiled the pre-eminent companies of corporate India that have emerged as leaders in their respective sectors. The listed companies profiled in the publication account for over 75% of BSE’s market capitalization and the total income of all 500 companies accounts for nearly 50% of India’s GDP. Of these companies a total of 64 companies were segregated to include those operating in Pune with head office in Pune and/or operations in Pune.

**Sampling Method:** The selection of companies was by an unbiased judgement sampling method based on appropriate parameters. Judgement sampling involves the choice of subjects who are most advantageously
placed or in the best position to provide the information required. They could reasonably be expected to have expert knowledge by virtue of having gone through the experience and processes themselves and might perhaps be able to provide good data or information to the researcher. Thus the judgement sampling design is used when a limited number or category of people have the information that is sought. However it is the only viable sampling method for obtaining the type of information that is required from very specific pockets of people who are very knowledgeable are included in the sample.

From the Dun & Bradstreet list of companies in Pune, companies belonging to the same group were excluded. The companies belonging to the same group were also studied independently. A few other companies were chosen on the same premise that is total income, net profit and net worth and listing on BSE and playing a significant role in the business landscape of Pune, thus completing the chosen sample size.

**Parameters of Interest:** Data related to profits, CSR implementation mechanism and existence of CSR mission statement / policies/reporting/link on home page, CSR reach of the company and principal CSR initiatives.

**Type of Research:** The study is descriptive in nature and uses inductive methods to arrive at conclusions with the help of both qualitative and quantitative information.
The primary data was collected through personal interviews and discussions with the concerned officers of a majority of the companies. These were then further studied on the basis of published annual reports, director's reports and corporate brochures and information on corporate and other websites. The data thus collected has been tabulated and analyzed to arrive at the conclusions.

**Fig. 6.1 Sector-wise Composition of Companies Selected for Research Study**

Based on the companies studied for this research purpose, the researcher has arrived at the following conclusions about the practice of corporate social responsibility initiative in the companies in Pune:
6.1 Operational Issues

6.1.1 Corporate Social Responsibility does not find a mention in the vision, mission statement of the company in most of the cases. In fact only 18% of the companies surveyed had a clear mention of CSR as a part of the mission statement on their corporate homepages.

![Mention of CSR in the Mission Statement](image)

**Fig. 6.2 Mention of CSR in the Mission Statement**

6.1.2 Very few companies have explicitly stated CSR policies. Largely steps are taken to address issues as and when they arise. A compilation of all such steps is usually deemed to be the CSR policy of the firm.
6.1.3 It has been observed that despite the widespread awareness of the need for corporates to be involved in the communities in which they flourish, many company web-pages do no have any information on the same. Merely 40% of the surveyed companies have a clear mention or a link to their social responsibility/sustainability measures.

![Fig 6.3 Companies with Link to CSR on Homepage](image)

6.1.4 The CSR measures of most companies is very generalized and is more in the nature of charity and ad hoc contributions of money, material or man-power in certain cases without a specific focus on thematic areas of initiatives.
6.1.5 It has also come to the notice of the researcher that CSR activities of most companies are unrelated to the core competency/area of expertise of businesses.

6.1.6 It is also observed that Pune has a large percentage of industrial manufacturing concerns who state environmental issues as their key issue. It has also been found in the course of the study that most companies who lay claim to social responsibility measures in the area of environment are merely stating the steps taken by them such as the use of energy, material and water, emissions and waste management etc. general compliance with the mandated standards rather than any substantial measures in the city as a whole.
6.1.7 Awareness of social and environmental responsibility measures and their compliance along the supply chain is not given much importance as the need to focus on their own business is high.

6.1.8 Despite claims to the contrary, a substantial chunk of the CSR measures geared towards employee welfare are mandated by law. Anything done over and above the regulatory minimum has not been considered by the researcher as true social responsibility initiatives for the purpose of this study.

6.1.9 Also the % of women in the workforce of the manufacturing concerns is much lower than that in other sectors despite a non-gender discriminatory HR policy in most firms.
6.1.10 With regard to the purview of the CSR measures of the companies, it has been observed that nearly 66% engage in activities for the communities in the immediate vicinity of the locations. However, about 50% of the corporates engaged in activities benefiting the society at large.

Fig 6.6 CSR Reach (a)

Fig 6.7 CSR Reach (b)
6.1.11 It is noted that less than 24% of all the CSR measures undertaken contribute towards nation building in the form of skill development/ employment generation or infrastructure building.

![Areas of Initiatives](image)

**Fig 6.8 Areas of Initiatives**

6.1.12 Nearly 40% of the surveyed companies have a CSR arm in the form of a trust, a foundation or an NGO like organization for implementing their CSR objectives.

![Modes of Implementation](image)

**Fig 6.9 Modes of Implementation**
6.1.13 The investment on CSR activities is usually shrouded in secrecy and there is a great deal of reluctance to divulge the figures.

6.1.14 It is observed that very few companies [only 15%] have an a priori allocation of funds for the purpose of social initiatives despite engaging in some or the other form of initiatives in the community.

Fig 6.10 Companies with a Priori Allocation of CSR Funds

6.1.15 Very few firms have a sustainability report or a CSR report. In fact only three companies have a sustainability report. CSR usually finds a brief mention in the annual reports of many firms. There are however, some companies where this does not find a mention anywhere. As a
matter of fact only 52% of the companies in this study comment upon their social initiatives in their annual reports.

6.1.16 The concept of auditing of social measures by independent agencies is yet to gain popularity in the companies in Pune. In fact only those companies which prepare a sustainability report have a degree of independent audit.

6.1.17 The study reveals that about 16% of the companies surveyed do not engage in any noticeable corporate social responsibility initiatives.

6.1.18 It was observed that all CSR decisions and policies follow a top-down approach for thrust areas and ideologies.

6.2 Optimistic Outlook On The Findings

6.2.1 It was also observed from the discussions with the personnel in the companies visited that even if the level of CSR activity is low, there is a great degree of awareness among them and there is a genuine desire to enhance the level of involvement in the community.
6.2.2 It is heartening to note that the largest share of initiatives is in the sector of primary and secondary education i.e., nearly 56% of the firms engage in some manner in measures to make young India a more literate one.

6.2.3 From the study it was observed that nearly 20% of the companies have special policies towards the differently abled persons and many of these firms have taken steps to integrate such persons into the workforce.

6.2.4 It is by far easier for pharmaceutical and software and ITeS companies to align most of their community initiatives to their business areas than it is for heavy engineering firms. Therefore it is easier to look for the strategic perspective there than in other companies.

Fig 6.11 Nature of Initiatives
6.2.5 Companies which have CSR measures firmly entrenched in their fabric have a large component of employee participation in the social initiatives.

6.3 Other Findings

6.3.1 There is no obvious relationship between CSR and financial performance of the companies.

6.3.2 There is still an altruistic approach to the CSR activities undertaken by the companies. Only a few firms have been able to adopt a strategic approach to the initiatives they engage in.

![Strategic CSR Graph](image)

**Fig 6.12 Strategic CSR**
6.4 Summary of findings

6.4.1 Corporate Social Responsibility is not mentioned in the vision, mission statement of the company in most of the cases.

6.4.2 Very few companies have explicitly stated CSR policies.

6.4.3 It has been observed that many company web-pages do not have a clear mention or a link to their social responsibility/ sustainability measures.

6.4.4 The CSR measures of most companies is generalized and is more in the nature of charity and ad hoc contributions of money, material or man-power in certain cases. Only a few firms have been able to adopt a strategic approach to the initiatives they engage in.

6.4.5 CSR activities of most companies are unrelated to the core competency/ area of expertise of businesses.

6.4.6 Social responsibility measures in the area of environment and employee welfare are merely general compliance with the mandated.

6.4.7 Awareness of social and environmental responsibility measures and their compliance along the supply chain is not given much importance.
6.4.8 The % of women in the workforce of the manufacturing concerns is much lower than that in other sectors despite a non-gender discriminatory HR policy in most firms.

6.4.9 Many of the firms surveyed have adequate policy measures in place towards the workforce.

6.4.10 CSR measures of the companies are largely directed towards activities for the communities in the immediate vicinity of the locations; measures undertaken contribute towards nation building need a large amount of impetus. The largest share of initiatives is in the sector of primary and secondary education.

6.4.11 The surveyed companies have diverse mechanisms for implementing their CSR objectives.

6.4.12 The investment on CSR activities is usually shrouded in secrecy and there is a great deal of reluctance to divulge the figures. Very few companies have an a priori allocation of funds for the purpose of social initiatives.

6.4.13 Very few firms prepare a sustainability report or a CSR report. CSR usually finds a brief mention in the annual reports of many firms. There are however, some companies where this does not find a mention anywhere.

6.4.14 The concept of auditing of social measures by independent agencies is yet to gain popularity in the companies in Pune.
6.4.15 The study reveals that some of the companies surveyed do not engage in any noticeable corporate social responsibility initiatives.

6.4.16 It was observed that all CSR decisions and policies follow a top-down approach for thrust areas and ideologies.

6.4.17 It was also observed that even if the level of CSR activity is low, there is a great degree of awareness among them and there is a genuine desire to enhance the level of involvement in the community.

6.4.18 From the study it was observed some of the companies have special policies towards the differently abled persons and many of these firms have taken steps to integrate such persons into the workforce.

6.4.19 It is easier for certain sectors to align most of their community initiatives to their business areas than others. Therefore it is easier to look for the strategic perspective there.

6.4.20 Companies which have CSR measures firmly entrenched in their fabric have a large component of employee participation in the social initiatives.

6.4.21 There is no obvious relationship between CSR and financial performance of the companies.

Although this study is not aimed at exploring causation, it is possible or that increased awareness of social and environmental issues is linked to external factors such as the increased integration of companies in global
supply chains. Similarly, Corporate Social Responsibility implementation depends on the existence of an institutional and infrastructural framework able to support Corporate Social Responsibility.

Additional research is required to explore issues of causation and sources of variance in implementation and performance. It would also be worthwhile to use other research instruments than surveys in view of the limitations regarding answers.

The Corporate Social Responsibility agenda in India is in the process of transformation. According to an empirical survey, while traditional philanthropic approaches are still widespread, Corporate Social Responsibility activities in India have begun to conform to global trends, by integrating Corporate Social Responsibility into core business processes and assigning Corporate Social Responsibility responsibilities to corporate departments. However, this reform is proceeding rather slowly and will take time.

The UN Global Compact [UNGC] does not have a significant impact on companies’ Corporate Social Responsibility commitment. This is due, firstly, to the long Indian tradition of being charitable in secret, and secondly, to the very weak network amongst the key players, which limits collective learning.

As a result, Corporate Social Responsibility activities still focus more on traditional community development and such standard Corporate Social
Responsibility areas as social and environmental issues, rather than on human rights and anti-corruption.

There is a necessity for mandated reporting of all Corporate Social Responsibility activities undertaken by the firm because by generally making statements on Corporate Social Responsibility initiatives it sounds like companies are making a substantial commitment to Corporate Social Responsibility and sustainability. And no doubt many are. But without any real social or environmental bottom lines to have to calculate, firms do not have to worry about having these “bottom lines” compared to other firms inside or outside of their sector; nor is there any worry about declining social and environmental “bottom lines” over the years.

At best, reporting today requires merely that the firm report a number of facts of its own choosing that are potentially relevant to different stakeholder groups. Comparability over time for one firm is likely to be difficult because the firm can also change the indicators it chooses to report on over time, perhaps because it believes the new indicators are more relevant. And comparability across firms and sectors will often be impossible. At any rate, such comparisons will be on dozens or hundreds of parameters not on any kind of global figure like profit/loss, cash flow, return-on-investment, or earnings-per-share.