

An Analysis of Corporate Social Responsibility Initiatives of Selected Manufacturing Companies in Karnataka

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Abstract: *The enactment of The New Companies Act 2013 is a major milestone in corporate governance, which has resulted in a paradigm shift in business operations across India. Almost all major companies are practicing corporate social responsibility (CSR) and are contributing towards the development of society and environment within which they operate. In the present paper an attempt has been made to throw light on the prominent corporate social responsibility initiatives of the selected manufacturing companies in Karnataka, to determine the trend and orientation of corporate social responsibility and to examine whether there is significant difference in the orientation and implementation of corporate social responsibility initiatives among the selected manufacturing companies in Karnataka.*

Key words: *Corporate social responsibility, Karnataka, Manufacturing companies.*

I. Introduction

Corporate Social Responsibility (CSR) has developed as an important area of management after the enactment of The New Companies Act-2013. CSR is defined as the obligations of a company towards the society and environment within which it operates. CSR was previously a voluntary exercise which were practiced only by a few reputed companies but The New Companies Act which came into force from 01 April, 2014 in India made corporate social responsibility mandatory for companies operating in India having a net profit of Rs 5 crores or above or a net worth of Rs 500 crores or above or a total turnover of Rs 1000 crores or above during any financial year. The companies which come under the ambit of corporate social responsibility would be required to spend mandatorily at least 2% of their average net profits of the immediately preceding 3 years on corporate social responsibility activities. Schedule VII and Section 135 of the New Companies Act-2013 has enlisted different focus areas of corporate social responsibility under which companies can launch their CSR initiatives to accomplish their social and environmental obligations.

Objectives Of The Study

The objectives formulated for the present study are as follows,

- i. To recognize the CSR initiatives of the selected manufacturing companies in Karnataka.
- ii. To determine the orientation of CSR initiatives of the selected manufacturing companies in Karnataka with regard to various focus areas as prescribed under Schedule VII and section 135 of The New Companies Act-2013.
- iii. To observe whether there is significant difference in the orientation of CSR initiatives among the selected manufacturing companies in Karnataka with regard to various focus areas.

II. Research Hypothesis

The null hypothesis and alternative hypothesis formulated for the present study are as follows,

H₀: There is no significant difference in the orientation of CSR initiatives among the selected manufacturing companies in Karnataka with regard to various focus areas.

H₁: There is significant difference in the orientation of CSR initiatives among the selected manufacturing companies in Karnataka with regard to various focus areas.

III. Research Methodology

The present work is an analytical study of CSR initiatives of selected manufacturing companies in Karnataka. The manufacturing companies headquartered in Karnataka, which were among Dun and Bradstreet's "India's Top 500 Companies Report" were selected for the present study. Dun and Bradstreet is the leading provider of international and Indian business information and their report is widely accepted worldwide. A total of 14 manufacturing companies from Karnataka figured in Dun and Bradstreet's report and they were selected for the present study. The prominent CSR initiatives launched by the selected manufacturing companies in

Karnataka were identified using both primary and secondary sources of data. Primary data were collected by direct interaction method and secondary data were collected through the annual reports, company websites, internet resources, journals, newspapers and magazines. The orientation and implementation of CSR initiatives of the selected manufacturing companies in Karnataka with regard to various focus areas (*as per Schedule VII and Section 135 of Companies Act-2013*) was then determined and tabulated. If a manufacturing company implemented CSR initiatives in a certain focus area it was coded as '1' and if not it was coded as '0'. The coded data was then analyzed using Predictive Analysis Software Statistics 18 (PASW Statistics 18). Cochran's Q test was used to examine whether there is a significant difference in the orientation of CSR initiatives among the selected manufacturing companies in Karnataka with regard to different focus areas. Cochran's Q test is a non-parametric statistical test^[1]. It is used to examine the differences between three or more observations having a dichotomous value '0' and '1'.

IV. Scope Of The Study

The scope of the present study is limited to only those 14 manufacturing companies headquartered in Karnataka which were among Dun and Bradstreet's "*India's Top 500 Companies Report*". The study is based on the corporate social responsibility initiatives launched by the selected manufacturing companies in Karnataka during the financial year 2014-2015 and 2015-2016 only.

V. Profile Of The Selected Manufacturing Companies In Karnataka

Sl.No.	COMPANY	TYPE	HEADQUARTERS
1	3 M INDIA LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
2	BHARAT EARTH MOVERS LIMITED	PUBLIC SECTOR UNDERTAKING	BENGALURU
3	BHARAT ELECTRONICS LIMITED	PUBLIC SECTOR UNDERTAKING	BENGALURU
4	BIOCON LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
5	BOSCH LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
6	BRITANNIA INDUSTRIES LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
7	MANGALORE CHEMICALS AND FERTILIZERS LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
8	MANGALORE REFINERY & PETROCHEMICALS LIMITED	PUBLIC SECTOR UNDERTAKING	MANGALURU
9	RAJESH EXPORTS LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
10	TITAN COMPANY LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
11	TTK PRESTIGE LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
12	UNITED BREWERIES LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
13	UNITED SPIRITS LIMITED	PUBLIC LIMITED COMPANY	BENGALURU
14	WEST COAST PAPER MILLS LIMITED	PUBLIC LIMITED COMPANY	BENGALURU

Table 1: Profile of the selected manufacturing companies in Karnataka

VI. Analysis Of Corporate Social Responsibility Initiatives Of Selected Manufacturing Companies In Karnataka

Schedule VII and Section 135 of The New Companies Act-2013 enacted in India has enlisted 55 focus areas of corporate social responsibility which cover a wide range of social and environmental activities. The 55 focus areas prescribed under Schedule VII and Section 135 of the New Companies Act are tabulated and are as shown below,

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Sl. No.	FOCUS AREAS
1	Eradicating hunger
2	Eradicating poverty
3	Eradicating malnutrition
4	Promoting health care including preventive health care
5	Sanitation
6	Contribution to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation
7	Making available safe drinking water
8	Promoting education, including special education
9	Promoting employment enhancing vocation skills especially among children
10	Promoting employment enhancing vocation skills especially among women
11	Promoting employment enhancing vocation skills especially among elderly
12	Promoting employment enhancing vocation skills especially among differently abled
13	Promoting livelihood enhancement projects
14	Promoting gender equality
15	Empowering women
16	Setting up homes and hostels for women
17	Setting up homes and hostels for orphans
18	Setting up old age homes, day care centers, and such other facilities for senior citizens
19	Measures for reducing inequalities faced by socially backward groups
20	Measures for reducing inequalities faced by economically backward groups
21	Ensuring environmental sustainability
22	Ensuring ecological balance
23	Protection of flora
24	Protection of fauna
25	Animal welfare
26	Promoting agro-forestry
27	Conservation of natural resources
28	Maintaining quality of soil
29	Maintaining quality of air
30	Maintaining quality of water
31	Contribution to the Clean Ganga Fund set up by the Central Government for the rejuvenation of the river Ganga
32	Protection of natural heritage
33	Protection of art
34	Protection of culture
35	Restoration of buildings and sites of historical importance
36	Restoration of works of Art
37	Setting up public libraries
38	Promotion and development of traditional arts
39	Promotion and development of traditional handicrafts
40	Measures for the benefits of armed forces veterans
41	Measures for the benefits of armed forces war widows
42	Measures for the benefits of armed forces dependents
43	Training to promote rural sports
44	Training to promote nationally recognized sports
45	Training to promote Paralympics sports
46	Training to promote Olympic sports
47	Contributions to Prime Minister's Relief Fund
48	Contributions to any other fund set up by the Central Government for socio-economic development, relief and welfare of the Scheduled Castes
49	Contributions to any other fund set up by the Central Government for socio-economic development, relief and welfare of Scheduled Tribes
50	Contributions to any other fund set up by the Central Government for socio-economic development, relief and welfare of Other Backward Classes

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51	Contributions to any other fund set up by the Central Government for socio-economic development, relief and welfare of minorities
52	Contributions to any other fund set up by the Central Government for socio-economic development, relief and welfare of women
53	Contribution or funds provided to Technology incubators located within academic institutions which are approved by the Central Government
54	Rural Development Projects
55	Slum Area Development

Table 2: Corporate social responsibility focus areas prescribed under Schedule VII and Section 135 of The New Companies Act-2013 enacted in India.

The major focus areas of the selected 14 manufacturing companies in Karnataka under which corporate social responsibility initiatives are launched are tabulated and are shown below,

Sl.No.	MANUFACTURING COMPANY	MAJOR CSR FOCUS AREAS
1	3M INDIA LIMITED	<ul style="list-style-type: none"> • Promoting education including special education. • Social innovation. • Disaster relief and rehabilitation.
2	BHARAT EARTH MOVERS LIMITED	<ul style="list-style-type: none"> • Rehabilitation of persons with disabilities. • Sanitation. • Ensuring environment sustainability. • Eradicating malnutrition. • Promoting education. • Eradicating hunger. • Promoting health care.
3	BHARAT ELECTRONICS LIMITED	<ul style="list-style-type: none"> • Promoting health care. • Promoting education • Sanitation. • Rural development • Enhancing vocational skills. • Measures for the benefit of armed forces veterans. • Ensuring environment sustainability.
4	BIOCON LIMITED	<ul style="list-style-type: none"> • Promoting health care. • Promoting education. • Making available clean drinking water. • Environment sustainability. • Rural development projects.
5	BOSCH LIMITED	<ul style="list-style-type: none"> • Promoting education. • Promoting health care. • Sanitation.
6	BRITANNIA LIMITED	<ul style="list-style-type: none"> • Promoting health care. • Eradicating malnutrition. • Protection of natural heritage.
7	MANGALORE CHEMICALS AND FERTILIZERS LIMITED	<ul style="list-style-type: none"> • Promoting health care. • Promoting education. • Sanitation. • Making available safe drinking water. • Promotion of natural heritage, arts and culture. • Promotion of rural sports. • Community development projects.
8	MANGALORE REFINERIES AND PETROCHEMICALS LIMITED	<ul style="list-style-type: none"> • Promotion of education. • Promoting health care. • Sanitation. • Community development
9	RAJESH EXPORTS LIMITED	<ul style="list-style-type: none"> • Promoting health care.

		<ul style="list-style-type: none"> • Development of Yatri Nivas. • Donation to religious events.
10	TITAN LIMITED	<ul style="list-style-type: none"> • Promoting gender equality. • Promoting education. • Promoting employment enhancing vocation skills. • Protection of natural heritage, arts and culture. • Promotion of health care
11	TTK PRESTIGE LIMITED	<ul style="list-style-type: none"> • Promotion of health care • Sanitation. • Promoting education.
12	UNITED BREWARIES	<ul style="list-style-type: none"> • Promotion of education. • Promotion of employment enhancing vocation skills. • Ensuring environment sustainability. • Promoting health care. • Sanitation. • Eradicating hunger. • Eradicating poverty. • Promoting gender equality. • Women empowerment.
13	UNITED SPIRITS LIMITED	<ul style="list-style-type: none"> • Ensuring environmental sustainability. • Disaster management and rehabilitation. • Making available safe drinking water. • Eradicating hunger.
14	WEST COAST PAPER MILLS	<ul style="list-style-type: none"> • Protection of natural heritage, arts and culture. • Rural development projects. • Ensuring environment sustainability. • Promoting education.

Table 3: Major CSR focus areas of selected manufacturing companies in Karnataka

VII. Analysis And Interpretation

The orientation of CSR initiatives of selected manufacturing companies in Karnataka were examined by using Cochran's Q Test in Predictive Analysis SoftWare-18 (PASW Statistics 18). The results are as shown below,

Cochran's Q Test Results

	Value	
	0	1
3M INDIA	41	14
BEML	37	18
BEL	41	14
BIOCON	42	13
BOSCH	40	15
BRITANNIA	52	3
MCF	27	28
MRPL	16	39
RAJESH	49	6
TITAN	28	27
TTK	47	8
UBL	42	13
USL	41	14
WCPM	40	15

Table 4: Frequencies of Cochran's Q Test

N	55
Cochran's Q	144.402 ^a
df	13
Asymp. Sig.	.000

Table 5: Cochran's Q Test Statistics

The above analysis shows that **p-value is highly significant at 0.000** hence the **null hypothesis is rejected and alternative hypothesis is accepted**. Therefore the analysis reveals that **there is significant difference in the orientation of corporate social responsibility initiatives of the selected manufacturing companies in Karnataka**.

VIII. Conclusion

The New Companies Act-2013 has redefined the way in which business operates in India. Companies who were previously focusing on “*increasing the value of shareholders*” are now focusing on “*increasing the value of all stakeholders*”. The present study identified the prominent corporate social responsibility initiatives launched by the selected manufacturing companies in Karnataka and the analysis revealed that there is significant difference in the orientation and implementation of corporate social responsibility initiatives with regard to the different focus areas, i.e. the selected companies are implementing corporate social responsibility initiatives across *diverse* focus areas to ensure positive impact on people (social), planet (environmental) and profitability (financial).

References

Books:

- [1] Sheskin D J. (2004). Handbook of Parametric and Non-Parametric Statistical Procedures. 3rd Edition. Boca Raton: Chapman & Hill / CRC

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