

CORPORATE SOCIAL RESPONSIBILITY DESIGNING PRACTICES AMONG LARGE SCALE COMPANIES IN KERALA

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ABSTRACT

Corporate Social Responsibility (CSR) is a management concept whereby companies integrates social and environmental concern in their business operation on a voluntary basis. A large number of companies doing business and making profits are spending sizable amount as part of CSR activities. But their CSR practices comprising CSR designing are rarely looked into by conducting scientific enquiries. CSR designing practices includes all instructions, instruments and approach which is crucial in the preparation phase of CSR. The aim of this paper is to examine the whether size of the organization influences its CSR designing practices. The study is based on the data collected from 200 large and medium scales Indian companies operating in the state of Kerala. Study uses MNOVA techniques for data analysis. The study found that size of the organization doesn't affect its CSR designing practices significantly.

Keywords: *Corporate Social Responsibility, CSR Designing, CSR and Size of the Organization.*

Introduction

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders (UNIDO, 2001). Corporate responsibility refers to the duties and obligation of corporation as a social institution (Francis & Mihra., 2011). CSR Practices refer to CSR process or activities transposed by the companies from their social ideas or notion. Practices regard the company-community relationship (Simionescu, 2015). CSR Practices give the outcome of social notion which in turn are based on regulations, norms, conducts and ethics codes. CSR takes in to account each and every stakeholders and improve their living by undertaking welfare programmes to create stable social environment (Sharma, 2011). Corporation played pivotal role in every sphere of public life: controlling and managing basic resources like water, energy, health care, education, prisons, social security (Francis & Mihra., 2011).

CSR is largely associated with big companies they are also often better-resourced and more able to invest in CSR, they are more high profile and thus attract more media attention and they are particularly concerned to protect and enhance their reputations with the broader public as well as key stakeholders (N. Craig Smith, 2013). Large and medium sized firms gave more importance to all the dimensions of social responsibility compared with small sized firms (Saboji, 2014)

CSR Process is typically considered as an activity (or activities) that transform inputs into outputs or some CSR results. There for process approach means that the organization identifies and manages its processes and the interrelationships between them (Castka, Bamber, & Sharp, 2004). CSR designing defines the instructions, instruments and approach is crucial in the preparation phase, this is done based on a clear vision and the right instructions and instruments.

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Objectives of the study

- To comprehensively examine the CSR designing practices of large and medium Scale companies
- To study the effect of scale of operation of the business on CSR designing practices

Methodology

• Population and Sample

The list of Large and medium companies provided by District Industrial Centres (DIC s) for each districts. According the list provided by DICs, The total number of Large and Medium scale companies registered and operating in Kerala is as on 31 March 2017 is 481 of which 219 (31.9 percent) are Large scale and 269 (48.47 percent) are Medium scale companies. Scale of business of a company is determined by investment in plant and machinery. Large scale industries is one where their investment in plant and machinery is exceed 10 crore and Medium Scale enterprises is one were their investment in Plant and machinery is more than five crore rupees but does not exceed ten crore rupees, but for Service industries it is more than 5 crore for Large scale industries and two to five crore for medium scale enterprises (Sircar, 2006),(Government of India, 2006).

Data analysis is done by using SPSS 21 Package. Data were collected from 197 Organisations. The respondents were CSR executives/person in charge of CSR in that organisation. For collection of data Kerala are divided in to three zone; north, central and south.

The study is based on 200 observation collected through a structured questionnaire from large and medium companies registered and operating in the state of Kerala in India. An extensive review of the literature was done to list five constructs and all the measures used in the study. CSR Design variables are captured from previous studies (Spiller, 2000, Panapanaan et al, 2003; Werre,2003; Cramer, 2005; Maignan et al, 2005; Maon et al., 2007; Bhattacharyya et al., 2008; Khooand Than, 2012).

Analysis and Discussion

• Profile of Sample Companies

Table 1: Population and Sample

Organisation Classification	Sample Frequency	Percent	Population	Percentage of Sample to Population
Large Scale companies	70	35.5	219	31.9
Medium Scale Companies	127	64.5	262	48.47
Total	197	100.0	481	40.95

The selected companies were classified as large scale companies and medium scale companies based on the scale of operation. The composition of companies in the sample is characterised by 64.05 percent medium scale companies while large scale companies constitute the rest

• Reliability Test

To get the reflection of reality and to ensure meaningful statistical results, the proposed model must be statistically reliable. A positive result of the reliability implies that the proposed model would produce similar results when tested again under the same condition. The reliability of the scales was evaluated by using Cronbach's coefficient(Hair et al., 2010).The Cronbach's coefficient of the construct CSR designing was 0.85 and it is considered adequate for confirming a statistically satisfactory level of reliability.

• Mean Test and MANOVA

A one-way multivariate analysis of variance was run to determine the effect of scale of business operations on designing CSR by companies. Eight measures of designing/ governing of CSR labelled as designs 1 to 8 were assessed. They were:

- Conducting CSR initiatives regularly
- Conducting Stakeholder analysis for designing CSR
- Separate budget for CSR
- Considering ethical Issues for designing
- Overseeing of CSR initiatives by board of directors
- Providing CSR training in the organisation
- Designing and managing CSR initiatives by CSR leadership team/ CSR Committee
- CSR activities meet diverse need of the society and are not single sector concentric

Table 2: Descriptive Statistics and Group Differences of CSR Designing Practices

Sl. No.	CSR Design Measures	Scale of Operations	Mean	SD	F	Sig
1	Conducting CSR activities regularly	Large	3.686	1.110	0.762	0.3840
		Medium	3.535	1.181		
		Total	3.589	1.156		
2	Conducting stakeholder analysis	Large	4.171	1.021	0.478	0.4900
		Medium	4.047	1.296		
		Total	4.091	1.204		
3	A separate budget for CSR	Large	3.514	1.213	2.724	0.1000
		Medium	3.197	1.334		
		Total	3.310	1.298		
4	Considering ethical issues while designing CSR	Large	3.671	1.086	7.451	0.007**
		Medium	3.150	1.381		
		Total	3.335	1.305		
5	Overseeing of CSR initiatives by the board of directors	Large	3.514	1.151	9.925	0.002**
		Medium	2.898	1.396		
		Total	3.117	1.345		
6	Providing CSR training in the organisation	Large	3.257	1.259	1.207	0.2730
		Medium	3.047	1.296		
		Total	3.122	1.284		
7	Designing and managing CSR initiatives internally	Large	3.800	1.199	1.473	0.2260
		Medium	3.583	1.205		
		Total	3.660	1.204		
8	CSR activities meet the diverse needs of the society	Large	2.586	1.083	0.158	0.6910
		Medium	2.520	1.133		
		Total	2.543	1.113		

Companies with large scale operations scored higher in case of all the variables than companies with medium scale operations. The highest mean score was found to be in the case of Conducting Stakeholder analysis for designing CSR i.e. 4.171 in large scale companies and 4.047 in medium scale companies, while the dependent variable CSR activities meet diverse need of the society and are not single sector concentric scored lowest mean of 2.586 in large scale companies and 2.520 in medium scale companies.

The following null hypothesis was tested individually for each measure of designing CSR, using F statistics.

H₀₁: There are no significant differences between large scale and medium scale companies regarding individual measures of designing of CSR.

In the cases of considering ethical Issues for designing and Overseeing of CSR initiatives by board of directors the null hypothesis gets rejected, at a 5% significance level, since p values of F statistics falls below 0.05. It is inferred that significant differences exist between large scale and medium scale companies in these two measures of designing/ governing CSR. However, in the case of the remaining 6 measures of designing/ governing CSR no significant differences exist between large scale and medium scale companies since null hypothesis fails to get rejected, at a 5% significance level, the p values of F statistics being greater than 0.05.

The following null hypothesis was tested for combined measure of designing/ governing CSR, using F statistics of Wilks' Lambda.

H₀₂: There are no significant differences between large scale and medium scale companies regarding combined measures of designing/ governing of CSR.

The results of MANOVA are shown in Table 3.

Table 3: MANVOA Results

Wilks' Lambda	F	Hypothesis df	Error df	Sig
0.895	2.7530	8	188	0.0070

The differences between large scale and medium scale companies on the combined dependent variables was not statistically significant, at $F(8, 188) = 2.75$, $p = 0.007$ and Wilks' $\lambda = 0.895$.

The null hypothesis fails to get rejected, at 5% significance level, since the p-value of F statistics exceed 0.05. It may be concluded that on the whole, the measures of designing/ governing of CSR put together are same whether companies are large scale or medium scale.

Conclusion

The scale of operation wise analysis of the CSR designing practices of Kerala companies showed that the CSR designing practices were the same whether companies are large scale companies or medium scale companies. Based on the mean score and SD of each measure of CSR designing practices, both large scale companies and medium scale companies have better CSR design practices even though medium scale companies were lagging behind the large scale companies in terms of CSR designing practices undertaken by them. It supports the previous studies of Smith (2013) and Chandra & Kaur (2015) that large scale companies consider more aspects of CSR. Significant differences were found between the large scale companies and medium scale companies only in the measures of 'considering ethical issues' and 'overseeing of CSR initiatives by the board of directors' and large scale companies were giving more focuses to these design measures than medium scale companies. In medium scale companies board of directors don't always oversee CSR initiative while large scale companies consider more ethical aspects of CSR to ensure that CSR projects are designed for the benefit of deserving stakeholders. Both categories of companies focused their CSR activities on specific sectors only and not for meeting the diverse needs of the society. It may be because the sector-specific concentration of the CSR projects may help the organisation to serve the needs and expectations of the specific group of stakeholders more effectively.

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