

## **Corporate Social Responsibility: Managements Perception, Benefits and Challenges to be Faced - A Study with Respect to Bengaluru Software and Manufacturing Companies.**

**Raja Mohan N.R<sup>a</sup>, S. Ramesh<sup>b</sup>**

<sup>a</sup>Asst. Professor, Department of Commerce, Govt. First Grade College, Davanagere-577004, India.

<sup>b</sup>Professor and Dean, Faculty of Commerce and Management, Mount Carmel College, Bangalore-560052, India

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### **Abstract**

The success of any business now-a-days depends upon continued good relations with a wide range of individuals, groups and institutions. Corporate Social Responsibility (CSR) plays a vital role in winning the customers confidence which further enlarges company's image. CSR is a process in which all companies come together as one and take part in the welfare of the society. It is aptly referred to as business responsibility and an organization's action on environmental, ethical, social and economic issues.

The concepts of inclusive growth, community development, helping the downtrodden so as to join the mainstream are some of the suitable strategies that make the deserved people to improve and the society, socio economically. The concept of equity is gaining momentum now-a-days and planners, experts and economists have realised that until and unless the unassessed is properly assessed the economic gains cannot be equally shared by one and all in the equitable manner.

It is through CSR, companies can behave in a desired ethical and responsible manner towards consumers, employees, communities, stake holders and environment. Integration of CSR into the business operations is one of the biggest challenges faced by Indian business houses today. Such companies facing challenges have to design suitable strategies to implement the CSR projects.

As per UN and European Commission, CSR leads to triple bottom line: profits, protection of environment and fight for social justice. The legislation enacted in India in the form of Companies Act 2013, has become the fore runner to mandate spend on CSR initiatives through a statutory provision.

**KEYWORDS:** CSR, United Nation, momentum, inclusive growth, benefits, challenges, initiatives.

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### **Introduction**

In India, industrial organization's which are growing at a faster rate have realised the need of building trustworthy and sustainable relationship between companies, the state and the society (Bhattacharya et al. 2003). industrial and business houses have recognized the need to provide good to the employees, community, health and environment since the good provision needs is good to the business. Today many business corporates have

realised the need and necessity of helping the society in overcoming may problems. The sustainability of business is highly depended upon CSR initiatives undertaken by corporates. Community expects the industrial houses to give back for the benefit of community, since industrial houses use national resources supposed to be equally showed by one and all.

India witnessed a process of economic liberalization since three decades and one of the fastest growing economies in the globe. Huge amount of wealth has been created by industrial sector, service sectors and IT sectors. Yet the growth has not “trickle down” to the suppressed, untouched and deserving masses. It is found that larger chunk of population are facing a very limited access to basic facilities like clean sanitation, clean potable water, health facilities etc., Further, the uneven distribution of income with huge variations as the root cause for social unrest. It was believed that corporate houses may wipeout the pain sustained by the people and have large sized corporate sectors were initiated. It was believed that these large sized corporates eliminate hunger, unemployment and provides access to all basic necessities. Indian government through the bold step of spreading economic gains from corporate sector to the ready with induction of CSR guidelines under the New Companies Act 2013 and it became first in the country to have CSR legislation. The CSR clause in the Companies Act 2013 seems to be an honest attempt to achieve the goals of equitable development and at the sometime promoting greater transparency and disclosure.

### **Statement of the problem**

Business cannot be done excluding society. Business and society are interrelated. The changes in the society also brings changes in the business. Companies cannot carry out any activities in isolation in the society around them. As a strategy of obtaining competitive advantage over the rivals the business corporations around the world are competing to adopt some social responsibility initiatives. By doing so company's image will be enlarged and customers keep confidence in the vision followed by the corporate world. Abundant review of literatures exposes that corporates are expected to operate in the best interest of the society and should possess a sense of feeling and regards towards societal progress and should try to solve the problems of society.

The business corporates at Bengaluru should follow ethical standards and practice a strong organizational culture and societal responsibility for the sustainability and success of business. The severe competition among corporates emerged on account of globalization makes the corporates to retain at any cost the goodwill and brand image that they have built up with strong efforts. Further, the ever dynamic and growing awareness of consumers about green products, protection of environment, health, education, eradication of higher, local development, encouragement towards sports etc., should also be viewed by the companies in order to build loyal group of consumers.

Sustainability, future growth, better brand image, inclusive growth, increase in the net profits and profitability rates etc., can be achieved through better practicing of CSR initiatives. It has been viewed that it is a way to achieve a balanced growth of economic,

environmental and social implications while at the same time attending the expectations of the shareholders and stakeholders.

### **Objectives of the study:**

1. To study the demographic profile of respondents.
2. To analyse the managements perception towards CSR.
3. To analyse the management awareness of benefits of CSR.
4. To analyse the management perception of challenges of implementing CSR initiatives.

### **Hypotheses**

1. The demographic profile of the respondents is not supporting the study.
2. Managements do not possess perception towards CSR.
3. Managements are not aware of CSR.
4. Managements do not perceive about challenges of implementing CSR.

### **Research Design**

A well-structured questionnaire was administrated as schedule and through this questionnaire the necessary data was collected. The present research uses both the methods of descriptive and analytical. Descriptive study is used with the main intention of describing the existing situation at present and mainly involved in survey and fact-finding strategies. The other i.e., analytical type is used to analyse the existing facts from the data collected from employees working in different software companies at Bengaluru. The questionnaire framed for this purpose is a structured one in which all the questions are predetermined before conducting the survey. The scales used to evaluate questions are (1) yes or no type, (2) Likert 4-point scale, (3) statements.

### **Sample and sampling technique**

Bill Godden's sample formula is followed here to fix to size of sample.

$SS = \text{infinite where population is } > 50,000$

$SS = Z^2 \times (P) \times (i-p)/c^2$

$Z = Z \text{ value } A \text{ (e.g. 1.96 for a confidence level)}$

P = Percentage of population picking a choice, expressed as decimal B.

C = Confidence interval, expressed as decimal.

(e.g. 0.04 = +/- 4 percentage points)

AZ values (Cumulative Normal Probability Table)

1.645 = 90% Confidence level

1.96 = 95% Confidence level

2.576 = 99% Confidence level

SS =  $3.8416 \times 0.5 \times 0.5 / 0.0016 = 0.9604 / 0.0016$

= 600.25 or 600.

### Sampling Table

Category of company	No. of companies	Respondents	Total
Small	10 (5 each)	8 (4 each)	10 x 8 = 80
Large and	10 (5 each)	26 (13 each)	10 x 26 = 260
Multinational	10 (5 each)	26 (13 each)	10 x 26 = 260
Total			600

Source: Field Survey

### Sampling technique

A total of 600 management level employees from small scale, large and MNCs from software companies were considered for the present study. The study further considered a sample of 80 from small scale and 260 each respondents from large and MNCs. A total of 10 small type and large and 10 MNCs, were approached for the study purpose. In 10 small size companies 8 each respondents were selected using convenient sampling technique and in 10 large and 10 MNCs. 26 each respondents were chosen and data collected accordingly. The respondent's type of companies, number of companies is stated in the table-1. Further, table-2 gives the details of distribution of respondents.

Table : Distribution of Respondents

Distribution of respondents	Small	Large & MNC's	Total
Engineers	10	100	110
Managers	10	100	110
Executives	15	80	95
Chartered Accountant (Internal)	05	70	75
Cost Accountants	05	70	75
Public Relation Officers	15	70	85
Customer Care Officers	10	15	25
CSR Committee Members	10	15	25
Total	80	520	600

Source: Field Survey

### Data Collection

A total of 600 management level employees were covered under the present study. The type of respondents covered is projected in the Table-2. Out of total of 700 responses collected from 30 different companies, only 600 were usable ones which was found at the end of data collection. The respondents from 30 companies and 700 responses that were received forms a yielding response rate of 85.71%. A pilot study was conducted before the questionnaire was administered as schedule. In the light of conducting a pilot study containing a sample of 30 employees from small and big sized corporate software units, the final questionnaire was reframed and some questions also included and some other questions were removed. The edition of questionnaire was done keeping the objectives of the study in mind.

### Sources of data

The present study considers both primary and secondary data. The primary data was collected with a questionnaire which was pretested earlier regarding addition and deletion of unnecessary questions, secondary sources like journals, websites, and books were referred and data has been compiled.

## Review of Literature

Kiran Kabtta (2015) speaks about the issue which was published in Economic Times 30th September 2015 that only 15 NIFTY companies spent the compulsory 2% of their net profits towards being socially responsible. This report says that companies which did manage to comply with CSR spent mostly in the areas of education, healthcare, sanitation, poverty eradication, generating livelihoods and sustainability of environment.

Chandrashekar (2016) revealed that the objective of CSR is to create positive impact on the environment, investors, consumers, employees' communities and society. Further, he has stated that the business and people argue for and against CSR for various reasons, whatever may be the reasons to argue for and against CSR, it has become part and parcel and of day-to-day operations of business for various reasons.

The study conducted by Soojim Kim et al. (2015) attempted to clarify the current misunderstanding about CSR in public relations. Promoting CSR activities is not necessarily unethical. However, when it is employed only to create a publicly responsible image that does not match an organization's actual behaviors, it becomes problematic. When public relations are properly practiced in CSR, organizations can realise that their CSR activities start with good understanding of their key public issues.

Economic Times (2016) in its report titled Education healthcare top India Inc's CSR spend list, expressed that education, healthcare, and rural development and environmental issues were the four most important areas where companies spent CSR funds with their areas accounting to about 80% of the total CSR spending in India.

**Table -1**

**A. Demographic profile of respondents: Gender wise classification of respondents**

Type of company	Male	Female	Total	$\chi^2$
Small	40	50	90	12.3092*
Large	100	70	170	
Multinationals	220	120	340	
Total	360	240	240	

Source: Field survey

Note: Significant @ 5% level

**Hypotheses:**

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

**Chi-square Table:** Calculated value = 12.3092, df = 2, Sig. Level = 5%, TV = 5.991

**Analysis:** The calculated being 12.3092 higher than the TV = 5.091 at 5% level of significance with df = 2 fails to accept H0 and accepts H1.

**B. Classification of Respondents by Age**

Age in years	Small	Large	MNC's	Total	$\chi^2$
21-25	15	20	80	115	
26-30	25	80	130	235	21.1363*

31-35	30	45	90	165
35 & above	20	29	40	85
Total	90	170	340	600

Source: Field survey

Note: Significant @ 5% level

**Hypotheses:**

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

**Chi-square Table:** Calculated value = 21.1363, df = 6, Sig. Level = 5%, TV= 12.592

**Chi-square Analysis:** The calculated being 21.1363 higher than the TV = 12.592 at 5% level of significance with df = 6 fails to accept H0 and accepts H1.

**C. Classification of respondents by education**

Educational background	Small	Large	MNCs	Total	$\chi^2$
Degree	30	15	30	75	60.0392*
Post-graduation	20	20	40	80	
BE	20	80	160	260	
ME	15	50	100	165	
LLB & LLM	05	05	10	20	
Total	90	170	340	600	

Source: Field survey

Note: Significant @ 5% level

**Hypotheses:**

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

**Chi-square Table:** Calculated value= 60.03012, df= 8, Sig. Level = 5%, TV = 15.507

**Chi-square Analysis:** The calculated being 60.03012 higher than the TV = 15.507 at 5% level of significance with df = 8 fails to accept H0 and accepts H1.

**D. Classification of Respondents by self-income**

Monthly income	Small	Large	MNC's	Total	$\chi^2$
<25K	15	20	40	75	
25K - 35K	10	25	55	90	14.6414*
35K - 45K	25	35	65	125	
45K - 55K	20	33	60	113	
55K - 65K	10	40	85	135	
65K - 75K	06	10	30	36	
75K & above	04	07	15	26	
Total	90	170	340	600	

Source: Field survey

Note: Significant @ 5% level

**Hypotheses:**

H0	There exist no significant variation in the data	Accept
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**Chi-square Table:** Calculated value=14.6414, df = 12, Sig. Level = 5%, TV = 21.026

**Chi-square Analysis:** The calculated being 14.6414 less than the TV = 21.026 at 5% level of significance with df = 12 accepts H0.

**Table - 2: Management perception towards CSR**

Perception level	SA	A	SWA	DA	T
Enhances branding	65	48	16	7	136
Increased turn over & profit	61	32	8	4	105
Increased awareness green marketing	50	30	6	3	89
Respected by peers & within the community	45	26	5	6	82
Widens awareness about social problems	51	29	13	4	97
Obeying government order on CSR	46	27	12	6	91
Total	318	192	60	30	600

Source: Field survey

Note: SA - Strongly Agree, A - Agree, SWA - Somewhat Agree, DA - Disagree

**Hypotheses:**

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% F Limit (from F table)
Between the sample	9748	(4-1) =3	9748/3 =3249.3373	3249.333/38.5 =84.398	
Within the sample	770	(24-4) =20	770/20 =38.5		(3, 20) = 3.10
Total		10518	(24-1) = 23		

Source: Field Survey

ANOVA Analysis:

The calculated being 84.398 higher than the TV = 3.10 at 5% level of significance with df = V1 = 3 and V2 = 20 fails to accept H0 and accepts H1 and hence it is concluded here that there exists significant variation in the data.

**Table - 3: Awareness of benefits of CSR**

Benefits for managements	HA	A	SWA	DA	T
Improved financial performance	55	39	10	6	110
Enhanced brand image and reputation	58	31	4	4	97
Increased sales and customer loyalty	53	33	3	3	92
Greater productivity and quality	47	24	6	2	79
Workforce diversity	39	20	5	1	65
More ability to attract and retain employees	40	23	3	2	68
Product safety and decreased liability	51	31	4	3	89
Total	343	201	35	21	600

Source: Field survey

Note: HA - Highly Agree, A - Agree, SWA - Somewhat Agree, DA - Disagree

**Hypotheses:**



H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% F Limit (from F table)
Between the sample	9958.9931	(4-1) =3	9958.9931/3 =3319.6643	3319.6643/ 22.4761 =147.69	
Within the sample	539.4287	(28-4) =24	539.4287/24 =22.4761		(3, 24) = 3.01
Total	10498.4218	(28-1) = 27			

Source: Field Survey

ANOVA Analysis:

The calculated being 147.69 higher than the TV = 3.01 at 5% level of significance with df = V1 = 3 and V2 = 24 fails to accept H0 and accepts H1 and hence it is concluded here that there exists significant variation in the data.

**Table - 4: Management perception of challenges implementing CSR**

Challenges	HA	A	SWA	DA	T
Lack of community participation in CSR activities	75	48	10	6	139
Need to build local capabilities	62	40	8	4	114
Contribution to PM National Relief Fund	50	20	3	2	75
Lack of consensus on implementing CSR issues	70	45	7	6	128
Non-availability of well-organized NGOs	83	47	12	2	144
Total	340	200	40	20	600

Source: Field survey

Note: HA - Highly Agree, A - Agree, SWA - Somewhat Agree, DA - Disagree

**Hypotheses:**

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% F Limit (from F table)
Between the sample	14520	(4-1) =3	14520/3 =4830	4830/77.375 =62.42	
Within the sample	1238	(20-4) =16	1238/16 =77.375		(3, 16) = 3.24
Total	15738	(20-1) = 19			

Source: Field Survey

ANOVA Analysis:

The calculated being 62.42 higher than the TV = 3.24 at 5% level of significance with df = V1 = 3 and V2 = 16 fails to accept H0 and accepts H1 and hence it is concluded here that there exists significant variation in the data.

**Survey Findings**

Table-3A to D reveals data about respondent's demographic profile Table 3A speaks about gender wise classification of respondents. There are 360 males and 240 females working in small, large and MNCs at Bengaluru. Out of 360 male respondents 40 belongs to small type of company followed by 100 large and 220 multinational corporations. Out of 240 females, 50 belongs to small, 70 large and 120 MNCs. The Chi-square metric fails to accept H<sub>0</sub> and accepts H<sub>1</sub> and it is considered here that there exists significant variation in the data. Table 3-B highlights about classification of respondents by age. There are 90 respondents belonging to small followed by 170 large and 360 MNCs. There are 115 respondents belongs to small, large and MNCs coming in the age group of 21-25 years followed by 235 belonging to 26 - 35 years followed by 235 belonging to 26-35 years, 165 to 31-35 years, and 85 belongs to 36 years and above. Chi-square fails to accept H<sub>0</sub> and accepts H<sub>1</sub>. Therefore, it is concluded here that there exists no significant variation in the data.

Table 3-C reveals information regarding respondents' classification by education. There are 75-degree holders in all small, large and MNCs followed by 80 post graduates, 260 BE degree holders, 165 ME degree holders and 20 LLB and LLM degree holders. Table further reveals heavy concentration of educational respondents in large and MNCs. Chi-square tool fails to accept H<sub>0</sub> and accepts H<sub>1</sub>. Therefore, it is concluded here that there exists significant variation in the data. Table 3-D reveals information about respondents' monthly income. There are 75 respondents getting a monthly income of Rs. below 25 K for all three categories followed by 90 belonging to 25K - 35K, 125 to 35K-45, 113 to 45K - 55K, 135 to 55K - 65K, 36 to 65K-75K and 26 to 75K and above. Out of 90 small type of companies 25 are getting in the range of 35K-45K followed by 20 between 45K-55K and to be 55-65K and only 04 are getting above 75K. Further, the table reveals that out 170 respondents belonging to large, a majority of 40 are getting monthly income in between 55K-65K, 36 between 35K-45K concerned 85 are getting in between 55K-65K, 65 in between 35K-45K, 60 in between 45K-55K, 55 in between 23K-35K, Chi-square test fails to accept H<sub>0</sub> and accept H<sub>1</sub>. Hence, it is concluded have that there exists significant variation in the data.

Table-4 highlights data about management perception towards CSR. There are 318 respondents strongly agree about their perception followed by 192 aware, 60 somewhat aware out 30 disagree. out of 318 who said strongly agree, 65 said about enhances branding, 61 about increased turn over 51 about widens awareness about social problems, 60 about increased awareness green marketing, 46 about obeying government order on CSR and 45 about respected by peers and within the community. Out of 192 respondents who said agree, 48 said about enhances branding, 32 about increased turnover and profit, 30 about increased awareness and green marketing, 29 about widens awareness that social problem, 27 about obeying government orders and 26 about respect by per and within the community. Out of 60 who said somewhat aware 16 said enhances branding, 13 about widens awareness about social issues and 12 about obeying government orders. Out of 30 who said disagree mostly newly recruited, 7 said about enhances branding, 6 each about report from peers and within the community and obeying government orders. ANOVA statistical tool talks to accept H<sub>0</sub> and accepts H<sub>1</sub>. Therefore, it is concluded here that there exists significant variation in the data.

Table-5 reveals data about benefits awareness. 343 respondents of 600 are highly agree about the stated benefits followed by 201 agree, 35 somewhat agree and 21 disagree. Out of 343 who said highly agree, 580 about enhanced brand image, 55 said about improvised financial performance, 53 about increased sales and customer loyalty, 51 about product safety, 47 about greater productivity and quality, 40 about more ability to attract and retain employees, 39 about work force diversity. Out of 21 who said agree, 39 said about improved financial performance, 33 about increased sales and customer loyalty, 31 each about enhanced brand image and product safety and decreased liability. Out of 35 who said somewhat aware 10 said about improved financial performance, 6 about greater productivity and quality. 5 about workforce diversity and 4 each about enhanced brand image and product safety and decreased liability. Finally, out of 21 who said disagree a majority of 6 said about improved financial performance. 4 about enhanced brand image and reputation and 3 each about increased sales and product safety. ANOVA quantitative metric fails to accept H0 and accept H1. Therefore, it is concluded here that there exists significant variation in the data.

Table-6 highlights data about managements perception of challenges faced at the time of implementing CSR. 340 respondents out of 600 said highly aware, 200 aware 40 somewhat aware and 20 low aware. Out of 340 who said highly aware 83 said about non availability of well-organized NGOs, 75 about lack of community participation in CSR activities, 70 about lack of consciousness on implementing CSR issues, 62 about need to build local capabilities and 50 about contribution to PMs National Relief Fund. Out of 200 who said aware 48 said about lack of community participation in CSR activities, 47 about non availability of well-organized NGOs, 45 about lack of consensus on implementing CSR issues, 40 about need to build local capabilities and 20 about contribution to PMs National Relief Fund. Out of 40 who said somewhat aware 12 said about lack of consensus on implementing CSR issues, 10 about lack of community participation in CSR activities, 8 about need to build local capabilities, 7 about lack of consensus on implementing CSR issues. Out of 20 who said low aware a majority 6 each said about lack of community participation in CSR activities and lack of consensus on implementing CSR issues and 4 about need to build local capabilities. ANOVA quantitative metric fails to accept H0 and accepts H1. Therefore, it is concluded here that there exists significant variation in the data.

## Conclusion

Today CSR in India and across the globe has become an entry point to get success in the business. As a strategy CSR is widening the brand image and winning the hearts different stakeholders. The concept inevitability should be accepted to gain competitive advantage without grudgingly or half-heartedly. Instead CSR must be practiced with full vigor and straight from the heart passion and this certainly assist the management and companies, in the long run with meaningful impact on society and its future is bright in the coming years.

Large companies and MNCs can no longer in future continue to focus only on economic performance, without considering the developments taking place around them. Such

companies with mature concepts on CSR policies can only succeed and now companies inevitably must practice socially conscious policies and pay back to the societies development.

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