



Corporate Social Responsibility in Leading Organizations in Ranchi

Ruchi Gautam¹, Dr MC Mehta²

¹Research Scholar, Department of Commerce & Business Management, Ranchi University, Ranchi, Jharkhand.

²Registrar, Ranchi University, Ranchi, Jharkhand

Abstract:

Corporate Social Responsibility (CSR) is basically a concept in which businesses incorporate social and environmental issues into their company operations and interactions with stakeholders. CSR is commonly defined as the process through which a firm achieves a proper balance of economic, environmental, and social criteria while also meeting the needs of shareholders and stakeholders. It is critical to distinguish between CSR, which can be a strategic corporate management idea, and philanthropy, sponsorships, or charity in this context. Even though the latter can contribute significantly to poverty reduction, will directly improve a company's prestige, and promote its brand, the concept of CSR clearly goes beyond that.

In this article, an attempt is made to shed light on a few notable organizations' diverse CSR policies and operations, such as Mecon India Limited Ranchi, Steel Authority of India Limited Ranchi, Central Coalfields Limited Ranchi, and Heavy Engineering Corporation Limited Ranchi.

Introduction:

Until recently, most huge corporations were driven almost entirely by a single goal: profit. Profit maximization was at the heart of every move or initiative performed.

Many business leaders have realized in recent decades that businesses have a responsibility to do more than maximize profits for shareholders and executives. They now have a social obligation to do what is best for people, the earth, and society as a whole, not just for their corporations. As a result of this realization, companies that identify as socially responsible have grown in popularity.

In terms of perspective, what "socially responsible" means differs from organization to organization. Firms are frequently led by the triple bottom line concept, which asserts that a company's social and environmental effect should be measured in tandem with its earnings. The phrase "profit, people, and planet" is frequently used to summarize the triple bottom line's guiding force.

Endorsing the adoption of CSR among SMEs necessitates perspectives that take into account the various requirements and capacities of these enterprises while not jeopardizing their economic viability. UNIDO's CSR program is based on the Triple Bottom Line (TBL) Approach, which has shown to be a successful tool for SMEs in developing countries in satisfying social and environmental requirements while maintaining competitiveness. The TBL technique is used to measure and report company performance in terms of economic, social, and environmental factors. It's an endeavor to align private businesses with the goal of long-term global development by giving them a broader range of goals to work toward than just profit. The viewpoint is that in order for a company to be sustainable, it must be financially stable, have minimal negative environmental repercussions, and act in accordance with society standards.

Environmental management, eco-efficiency, responsible sourcing, stakeholder involvement, labor standards and working conditions, employee and community connections, social equality, gender balance, human rights, good governance, and anti-corruption processes are all critical CSR concerns encountered. A properly implemented CSR concept can provide a number of minor benefits, including improved access to capital and markets, increased sales and profits, lower operational costs, higher productivity and quality, a well-organized human resource base, improved brand image and reputation, increased customer loyalty, and improved decision-making and risk-management processes.

When India became the first country to legally mandate corporate social responsibility on April 1, 2014, it was a happy occasion. Companies with a specific turnover and profitability must devote two percent of their average net profit for the previous three years to CSR, according to new guidelines under Section 135 of India's Companies Act.

Need of CSR

CSR is usually credited with producing a great deal of goodwill for businesses, either directly or indirectly. These include things like making businesses more respectable and assisting them in gaining a larger market share.

Boost a company's goodwill among the general public and aid in the strengthening of their "brand value."

Assist in the immediate and long term stabilization of stock markets.

Employees and their families are proud to be connected with a well-balanced corporation.

NEED OF CSR LAWS

CSR regulations are intended to assist in the redistribution of excess capital from the wealthy to the poor. CSR rules, according to current data, will help increase monetary contributions from \$600 million to \$2 billion every year. This will enable them to take on a greater number of projects in the social, economic, and environmental spheres to benefit the general public. This will also assist organizations in having a direct stake in improving society and fundamentally changing their function from perceived commercial exploiters to development facilitators. They will be expected to contribute in ways that go beyond the surface, such as assisting in the transformation of society on a far deeper level.

CSR LAWS IN INDIA

The Companies Act of 2013, which replaced the Companies Act of 1956, makes CSR a legal requirement. CSR is mandatory for all companies—government, private, or otherwise—by the notification of 27.2.2014, under Section 135 of the new legislation, if they meet any one or more of the following fiscal criteria.

- The company's net worth should be at least Rs 500 crores.
- The company's annual turnover should be at least Rs 1000 crores.
- The company's annual net profit should be at least Rupees 5 crores.

If a firm meets any of the three fiscal conditions listed above, it must form a committee of at least three directors, one of whom must be an independent director, to execute its CSR mandate.

The following are the responsibilities of the aforementioned committee:

Developing a clear policy to carry out the company's legally mandated CSR obligations. Schedule VII of the Companies Act of 2013 should be followed when it comes to CSR. The money will be allocated and audited for various CSR activities by the committee. It will be in charge of overseeing the implementation of various CSR initiatives. The committee will produce an annual report on the company's numerous CSR initiatives, which will be posted on the official website in the form and manner agreed by the committee.

Any CSR-related suggestion made by the aforementioned committee must be accepted and followed by the board of directors.

The aforementioned committee must examine the company's net profits on a regular basis and verify that at least 2% of those profits are spent on CSR-related initiatives. As part of CSR initiatives, the committee must guarantee that local issues and regions are prioritized.

"Eradicating hunger and poverty, promoting education and employment, livelihood enhancement projects, promoting gender equality, women empowerment, hostels for women and orphans, old age homes, day care, environmental sustainability, protection of flora and fauna, contributions to PM relief fund, measures to benefit armed forces veterans, war widows and dependants, promotion of sports, and rural development projects" are among the CSR activities listed in Schedule VII.

TYPES OF CORPORATE SOCIAL RESPONSIBILITY

Environmental, charitable, ethical, and economic responsibility are the four classic types of corporate social responsibility.

1. Environmental Stewardship

Environmental responsibility states that businesses should act in a manner that is as ecologically beneficial as feasible. Companies that want to be more environmentally conscious can do it in a variety of ways, including reducing pollution, greenhouse gas emissions, single-use plastics, water usage, and general waste management.

2. Moral Responsibilities

The concept of ethical responsibility refers to ensuring that a company operates in a fair and ethical manner. All stakeholders, including leadership, investors, employees, suppliers, and customers, should be treated fairly by organizations that embrace ethical responsibility.

3. Responsibilities in the field of philanthropy

A company's purpose of actively making the world and society a better place to live is referred to as philanthropic responsibility. While many businesses donate to charities and non-profits that coincide with their core values, others donate to worthwhile causes that have nothing to do with their business. To give back, many organizations form their own charity trust or organization.

4. Financial Accountability

Economic responsibility refers to a company's commitment to do good in the areas outlined above by underpinning all of its financial actions. The ultimate goal is to have a good impact on the environment, people, and society as a whole, rather than simply maximize profits.

Research Methodology:

For this study, secondary research was undertaken. For this, a variety of journals, publications, newspapers, and websites were consulted.

Objectives:

1. To comprehend the significance of CSR in the Indian context
2. To have a better understanding of the existing CSR programs at Ranchi's main companies, including Mecon India Limited, Heavy Engineering Corporation, Steel Authority of India Limited, and Central Coalfields Limited.

Literature Review:

Bowen (1953) proposed creating a set of standards for organizations to follow in order to fulfill their social responsibilities. He felt that company decisions and activities have a direct impact on the quality of life of society's stakeholders, employees, and customers. With this in mind, Bowen described business leaders' social responsibilities as "businessmen's responsibility to pursue those policies, make those judgments, or follow those lines of action that are desirable in terms of our society's objectives and values" (Bowen 1953).

According to Carroll (2008), Bowen (1953) was far ahead of his time for his novel management style, which attempted to improve the business reaction to its social impact, as well as his contributions to the definition of corporate social responsibility. Bowen's method is also relevant because it was the first academic study to focus exclusively on the notion of corporate social responsibility, calling him the "Father of Corporate Social Responsibility" (Carroll 1999).

These early explorations of CSR as a definitional concept, together with the social environment of the time, piqued scholars' curiosity in defining what CSR was and meant (Carroll 2008). It is obvious and comprehensible that increased knowledge in society and social movements during the 1960s encouraged interest in CSR.

As previously said, the globalization movement of the 1990s enhanced multinational firms' global reach and capitalism expanded at a rapid pace, causing corporations to be concerned about competition, reputation, global visibility, and an enlarged network of stakeholders (Carroll 2015).

Due to the amount of key events surrounding CSR, the decade of the 2000s was separated into two groups. The first segment focused on the acknowledgment, expansion, and implementation of CSR, while the second half focused on academic papers at the time's strategic approach to CSR.

The UNGC's most important accomplishment was the establishment of 10 principles that guide the corporate behavior of its members, who are supposed to implement them into their strategies, policies, and processes in order to foster a corporate culture of integrity with long-term goals (United Nations Global Compact n.d.). Even though the UNGC was never directly tied to CSR, the ten principles, with their emphasis on human rights, labor, the environment, and anti-corruption, were crucial in drawing global attention to social responsibility.

It was also in the year 2000 that the United Nations adopted the Millennium Declaration, which established the worldwide agenda for the next 15 years and included eight Millennium Development Goals (MDGs).

The promotion of CSR as a distinct European strategy began one year after the MDGs were adopted and the UNGC was established, when the European Commission (EC) released a Green Paper titled Promoting a European Framework for Corporate Social Responsibility (2001), which was based on new social expectations and concerns at the time, including growing concern about the environmental impact of economic activities (Commission of the European Communities 2001).

The European Commission (EC) announced the well-known European Union (EU) CSR plan for the years 2011–2014 in 2011, followed by a public consultation in 2014 on its accomplishments, flaws, and future problems. According to the 2014 survey, 83 percent of respondents said the EC should continue to engage in CSR policy, and 80 percent thought CSR played an important part in the EU economy's long-term viability (European Commission 2014a). The European Commission hosted a multi-stakeholder forum on CSR in 2015, with the conclusion that the Commission should continue to play an important role in promoting CSR and assisting companies in integrating social responsibility into their operations (European Commission 2015).

CSR Europe released the Enterprise 2020 Manifesto in 2015, with the goal of setting the direction of businesses in Europe and playing a leading role in developing an inclusive sustainable economy (CSR Europe 2016). The manifesto can be seen as a response to both the EU CSR Strategy and the United Nations Sustainable Development Goals. The Manifesto is likely CSR Europe's most significant contribution in the second part of the decade, owing to its strategic approach to ensuring value generation for its stakeholders through its network of 10,000 enterprises (CSR Europe 2016).

International certifications aimed to address social responsibility have also influenced CSR's global prominence.

Chandler's fourth edition of the book builds on previous editions to include five major components rather than the four proposed in previous editions: first, the complete integration of the CSR perspective into the company's strategic planning process and corporate culture; second, the understanding that all of the company's actions are directly related to the core operations; and third, the belief that companies seek to understand and be understood by their customers. fourth, the company transitions from a short-term to a mid- and long-term planning and management process of the firm's resources that includes all essential stakeholders, and fifth (the new component), firms strive to maximize the value created (Chandler 2016; Chandler and Werther 2013).

Carroll resumed his work on CSR in 2015 with an overview of the concept's evolution, which followed up on his literature reviews from 1999 and 2010 (Carroll 1999; Carroll and Shabana 2010), but this time he focused on competing and complementary concepts that have become part of the modern business vocabulary.

Notably, Carroll (2015) noted that CSR has included all of these notions, which is why he considers it to be the benchmark and fundamental piece of the socially responsible business movement (Chandler and Werther 2013; Heslin and Ochoa 2008; Trapp 2012).

Following an amendment to the Companies Act, 2013, in April 2014, India became the first country in the world to make corporate social responsibility (CSR) mandatory. As part of any CSR compliance, businesses can invest their revenues in a variety of sectors, including education, gender equality, poverty, and hunger.

In the interim, the Ministry of Corporate Affairs ("MCA") has issued various clarifications on what corporations can consider as part of their CSR investment in light of the urgent need for additional healthcare facilities. Companies can use their CSR funds for "creating health infrastructure for Covid-19 care, establishment of medical oxygen and storage plants, manufacturing and supply of oxygen concentrators, ventilators, cylinders, and other medical equipment for countering Covid-19," according to the most recent declaration, which was made on May 5, 2021.

Yet, on January 22, 2021, the Central Government issued the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("New Rules"), which gave effect to the changes in CSR brought about by the Companies Amendment Acts of 2019 and 2020, which amended the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Many people saw the introduction of the New Rules as a significant overhaul of India's CSR regime, as it resulted in major changes to the CSR provision under Section 135 of the Act, and it is clear that it was done with the intent of allowing companies to redirect their CSR funds towards Covid-19 relief, and to get the most out of them during these trying times.

The significant revisions have familiarized additional kinds of activities to which firms could give and consider as part of their CSR expenditures.

According to an IIFL Securities survey, eligible companies spent Rs 22,000 crore on CSR in fiscal 2021, assuming the spend was around the mandated mark of 2% of average profit over the previous three fiscals. This included Rs 14,986 crore by more than 1,700 listed companies and Rs 7,072 crore by unlisted companies.

While actual spending for the two fiscals will only be confirmed after yearly reports for the previous fiscal are published and analyzed in the coming months, one tendency is clear: Covid-19 has devoured a significant portion of the funds.

Based on data obtained from company websites, public declarations, and articles/features on reputable websites, including those of prominent newspapers, business magazines, and financial portals, we conducted two distinct exercises to declare this with certainty.

The first survey conducted by IIFL looked at the top 500 enterprises in terms of CSR spending in fiscal 2020 and calculated their expenditures on Covid-19 alleviation from March 23, 2020, when it became eligible for CSR calculation. As of June 2021, this shows them spending Rs 11,000 crore.

IIFL looked at the top 100 firms in terms of sales and CSR spending in fiscal 2020 for the second exercise. Of the 200 companies, 70 appeared on both lists, while 60 appeared on only one, leaving 130 companies that were unique. As of June 2021, these 130 had invested Rs 8,500 crore on Covid-19 across the two phases (including corporate support).

The successive waves of Covid-19, according to Maya Vengurlekar, Chief Operating Officer, CRISIL Foundation, have been a litmus test of corporate philanthropy, with companies having to reconcile employee well-being programs, business imperatives, and their social contract. Given the likelihood of a third wave, it appears that more monies will be diverted throughout this fiscal year. As a result, it'll be interesting to observe how long the momentum lasts.

For the time being, it's encouraging to note that CSR expenditure and reporting have improved dramatically.

In fiscal 2020, the number of companies and their cumulative spending increased once more, with more than two-thirds of eligible listed companies spending 2% or more of their net earnings on CSR efforts, and 10% spending 3% or more.

Manufacturing, energy, and financial services accounted for more than 60% of total spending. Companies in the public sector (which account for 7% of total eligible corporations) contributed 32% of overall CSR spending, while private companies (which account for 87 percent of total eligible companies) spent 63 percent. Around two-thirds of both met the requirement of spending 2% or more of net income during the previous three fiscal years. In addition, most firms preferred to carry out their CSR duty through non-governmental organizations or trusts, in line with previous trends. P. Cappelli, H. Singh, J. Singh, and M. Useem (2010)

CSR at Mecon India Limited, Ranchi

Since the 1960s, MECON's commitment to Corporate Social Responsibility (CSR) has been reflected in its involvement in rural/community development programs. In order to achieve the goals of CSR, a special organization was formed in 1976 with a few select persons and was dubbed "Community Development Committee (CDC)" and was tasked with overseeing "Corporate Social Responsibility" activities.

Following that, in 2010, a "CSR Cell" was established to coordinate the organization's CSR operations in collaboration with other personnel chosen from various areas as needed. MECON is currently engaged in a range of programs aimed at developing the weaker/marginalized/underprivileged elements of society, such as SC/ST/OBC/Minorities, women and children, the elderly and physically challenged, and so on.

The major projects/activities/work being undertaken by MECON are as follows :

- Swachh Vidyalaya - Swachh Bharat Abhiyan
- Preventive Healthcare, Sanitation and Drinking Water Projects
- Education, Employment Enhancing Vocational Skills and Livelihood Enhancement Projects
- Setting up homes & Hostels for orphans & Underprivileged and facilities for Senior Citizens, Old Age Homes etc.
- Environmental Sustainability
- Rural Development Projects
- Other Activities/ Miscellaneous programs for underprivileged.

CSR at Heavy Engineering Corporation, Limited ,Ranchi

HEC was founded in the backward district of Chhotanagpur, India's easternmost state. The corporation believes it bears responsibility for the well-being of the people in the surrounding area as well as the area's development. HEC's doctors and medical personnel visit neighboring villages on a regular basis to provide free medical treatment, vaccinations, and health education.

HEC is likewise dedicated to the advancement of high-level skills. Since more than four decades, it has operated a training institute and a nursing school. Local youngsters receive industrial training at the HEC training center in order to improve technical skills and become self-sufficient.

A huge industrial area surrounding HEC has been set up to support small fabrications, castings, forgings, machining, and an electrical repair shop, among other things. HEC assists entrepreneurs by placing orders with them and assisting them in completing the assignments by providing training, technical know-how, and managerial skills. This promotes entrepreneurship in the community.

CSR at SAIL India Limited ,Ranchi

The company's CSR projects are overseen by the CSR Committee (Boat level committee), which is made up of functional and independent directors.

SAIL, Ranchi's CSR efforts include the following:

SAIL's CSR activities are governed by the provisions of the Companies Act, 2013, the Companies (CSR Policy) Rules, 2014, and any circulars issued under the Act from time to time. The terms of Schedule VII of the Companies Act, 2013, which are mentioned below, specify the scope of SAIL CSR activities:

- a. Ending hunger, poverty, and malnutrition, as well as encouraging preventive health care and sanitation, and providing safe drinking water;
- b. Improvements in education, including special education and employment-enhancing vocation skills, particularly for children, women, the elderly, and the differently abled, as well as efforts to improve livelihoods;
- c. Promoting gender equality and women's empowerment, including the establishment of homes and hostels for women and orphans, as well as old age homes, day care centers, and other senior citizen facilities, as well as measures to reduce inequalities faced by socially and economically disadvantaged groups;
- d. Ensuring environmental sustainability, ecological balance, flora and wildlife protection, animal welfare, agro-forestry, natural resource conservation, and soil and air quality maintenance
- e. Measures to benefit armed forces veterans, war widows, and their dependants, including restoration of historical buildings and sites, as well as works of art; establishment of public libraries; promotion and development of traditional arts and handicrafts; f. Measures to benefit armed forces veterans, war widows, and their dependants;
- g. Promoting rural sports, nationally recognized sports, Paralympic sports, and Olympic sports through training;
- h. Payments to the Prime Minister's National Relief Fund or any other Central Government fund established for the socioeconomic development, relief, and welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities, and women; i. Contribution or funds provided to technology incubators located within academic institutions that have been approved by the Central Government; j. Rural development projects.

The distribution of CSR funds among the above-mentioned emphasis areas is determined by the priorities in effect at the time. Every financial year, the Board of Directors/CSR Committee allocates a CSR budget. According to the Companies Act of 2013, a company must spend at least 2% of its average net profit over the previous three financial years on its CSR efforts.

CSR at Central Coal Fields Limited ,Ranchi

The company's responsibility will be to implement CSR in phases for every project and area, including the headquarters, covering the existing components of Special Corporate Plans (SCP) and Tribal Sub Plan (TSP) for the development of SC and ST populations within a radius of 5 km, 10 km, and 15 km. Furthermore, the company's Board of Directors has the authority to approve unique projects outside of mining zones inside the respective State.

Education, Safe Drinking Water, Health Care, Self-Employment Programs, Sports and Cultural Activities To build infrastructural infrastructure to provide electricity to adjacent villages using solar lights or alternative renewable energy sources. Beneficiaries should be responsible for recurring costs.

The CSR fund should be allocated based on 5% of the previous year's retained revenues, with a minimum of Rs.5/- each tonne of coal produced the previous year. Out of the amount, 4% will be given for CSR activities to be carried out within a 15-kilometer radius of the project site, and the remaining 1% will be provided for CCL to carry out CSR activities in the state of Jharkhand.

Conclusion and Discussion:

CSR in India was adopted in the hope of bringing about a shift in corporate attitudes toward giving back to society in a significant way, as it was the society's needs that allowed them to grow in the first place. Similarly, it was believed that the organization would receive assistance, as the government had previously been deemed deficient in its efforts to assist the local community.

The analysis reveals that CSR spending and reporting have improved over time. In fiscal year 2020, the number of companies and their cumulative spending increased once more, with more than two-thirds of the qualifying listed companies spending 2% or more of their net earnings on CSR efforts, and 10% spending 3% or more.

Ranchi's four organizations are all doing their part to promote corporate social responsibility. However, according to this research, SAIL Ranchi stands out in terms of CSR initiative development, implementation, and execution.

Scope and Delimitations of the Study:

Scope: The scope of this paper is limited to Corporate Social Responsibility in four leading Organizations in Ranchi .

Delimitations: This paper could not cover the CSR practices in other organizations due to time and geographical constraints

Suggestions for further Research:

Collaborative research on CSR could be carried out for most Large Scale & Medium Scale Industries in entire Jharkhand to have a holistic understanding of how Jharkhand is doing in comparison with other states.

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