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AN ANALYSIS OF AWARENESS OF EMPLOYEES ON THE CORPORATE SOCIAL RESPONSIBILITY PRACTICES - A STUDY IN THE SCCL

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ABSTRACT

The globalization made the world a small village and with the revolution of communication technology the distance among the nations was further narrowed. This lead to the growth of large scale/ multinational companies those concentrate on huge production utilizing the natural and human resources in large quantity. This lead to the destruction of environment and violation of human rights from which the term 'corporate social responsibility' arised.

Corporate Social responsibility is a popular concept these days, according to which the business and industry have to take care of the environment and community where it operates its activities. It is the ethical payment by the organization for utilizing the natural and human resources for its profit making. It is a voluntary obligation which may affect the performance of organization, as many studies proved.

The main aim of the present study is to find out the awareness of employees on the CSR practices of their organization. This paper is based on a survey conducted in the Ramagundam Bellampally Regions of the Singareni Collieries Company Limited(SCCL) of Telangan State, India.

It is observed from this study that the sample unit is spending on CSR activities irrespective of legal obligations. But it has to create awareness among the employees on the activities as some percent of its employees do not know about its CSR policy clearly.

Keywords: globalization, company Act, awareness, community activities, stakeholders

Introduction:

The problem with Corporate Social Responsibility is that nobody is very clear which it actually covers. Some firms feel that it is only Philanthropy. Some firms think that it covers only environmental issues. Over the time, CSR extended itself and included economic, social, environmental and Human resources.

Emerging economies like India have witnessed a number of firms actively engaged in CSR activities, and the Ministry of Corporate Affairs has come up with voluntary guidelines for firms to follow. Companies in India have quite been proactive in taking up CSR initiatives and integrating them in their business processes².

The CSR is not a new concept to India. However in the light of the amendment of Indian Companies Act in 2013, this concept gained a lot of importance. Section 135 of the amended Companies Act pertains to Corporate Social Responsibility. Companies (Corporate Social Responsibility Policy) Rules-2014 have been brought into force with effect from 01-04-2014. Accordingly, CSR Rules apply to all the Companies with atleast 5 Crore Net Profit or more, Rs. 1000 Crore Turn Over or more, or Rs. 500 Crore Net Worth or more. The Board of Companies shall ensure that the company spends atleast 2% of their average annual Net Profit (Net profit

calculated in accordance with Section 198) made during the three (03) immediately preceding financial years in pursuance of its CSR policy on CSR activities each financial year⁵.

Hence, it would be mandatory for all CPSEs which meet the criteria as laid down in Section 135(1) of the Act, to spend at least 2% of the average net profits of the three immediately preceding financial years in pursuance of their CSR activities as stipulated in the Act and the CSR Rules. This stipulated percentage of average net profits is to be spent every year in a manner specified in the Act and CSR Rules. In case a company fails to spend such amount, it shall have to specify the reasons for not spending it. However, in case of CPSEs mere reporting and explaining the reasons for not spending this amount in a particular year would not suffice and the unspent CSR amount in a particular year would not lapse. It would instead be carried forward to the next year for utilization for the purpose for which it was allocated.

Review of Literature:

Commission of the European Communities (2001)¹ stated that being socially responsible means investing „more“ into human capital, the environment and the relation with stakeholders.

According to the **World Business Council for Sustainable Development (1999)**³ “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

Need of the study:

CSR has a long rich history of close business involvement in social causes for national development in India. However, it did not coin the name of CSR in those days. In India, CSR is known from ancient time as social duty or charity. But it is changing through different ages and now got the present name. Since the origin of trade and business, social and environmental issues have deep roots, India has had a long tradition of corporate philanthropy and industrial welfare since late 1800s⁴.

But there are only few studies here on it. Though several organizations are spending a lot on Social Responsibility activities, the stakeholders are not aware of them. This paper is an attempt to analyse the awareness of the employees on Corporate Social Responsibility practices of the Singareni Collieries Company Limited(SCCL), the largest coal mining company in Telangana State.

Objectives of the study:

- To study the level of awareness among the employees on CSR practices of the sample unit.
- To suggest some measures for creating awareness of the CSR practices.

Research Methodology:

Population:

The aggregation of items from which samples can be drawn is known as a population. In this study, the employees of Ramagundam and Bellampally Regions of the Singareni Collieries Company Limited (SCCL) of Telangana State of India, constitute the population.

Data Collection:

For this study, both primary data and secondary data were collected. Primary data was collected using questionnaire whereas, secondary data was collected from the published and unpublished records of the SCCL, Singareniyula Samacharam (a monthly magazine of the SCCL), internet and Newspapers.

Sampling Method:

Sampling is the selection of a subset of individuals from within a statistical population to estimate characteristics of the whole population. In this study, convenient sampling, a non-probability sampling method has been adopted.

Sample Size:

Sample size is 50 which is collected from the executive, Non-executive, Technical and Non-Technical workers in the SCCL.

CSR policy of the SCCL:

The Singareni Collieries Company Limited (SCCL) has a well designed CSR policy prior to the above said statutory compulsion. However In pursuance of provisions of Section – 135 of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules – 2014, a Board level CSR Committee consisting of the following Directors has been constituted.

- 1) C&MD, -Chairman.
- 2) Director (Finance), SCCL
- 3) Director (Operations), SCCL
- 4) Director (PA&W), SCCL – Convenor.

According to the guidelines this Board recommended for earmarking 3% of average Net Profits of the company made during the three immediately preceding financial years calculated in accordance with Section 198 of the Companies Act-2013 for CSR Budget 2014-15 which comes to Rs. 15.56 crores.

Table.1
Details of Expenditure on CSR activities by the SCCL

year	Net profit Crores)	Total of the profits of the previous 3 (inRs.Crores)	Average of the profits of the consecutive years (in Rs. Crores)	Expenditure on (in Rs. Crores)	% of CSR Expenditure average net profits
2000-01	89.41				
2001-02	326.3				
2002-03	411.72				
2003-04	503.99	827.43	275.81	11.74	4.25
2004-05	576.01	1242.01	414.00	13.19	3.19
2005-06	332.49	1491.72	497.72	11.89	2.39
2006-07	117.19	1412.49	470.83	9.17	1.95
2007-08	176.17	1025.69	341.90	7.44	2.18
2008-09	132.83	625.85	208.62	6.44	3.09
2009-10	268.01	426.19	142.06	8.52	5.60
2010-11	351.37	577.01	192.34	12.36	6.43
2011-12	358.27	752.21	250.74	11.71	4.67
2012-13	401.14	977.65	325.88	3.69	1.13
2013-14	418.74	1110.78	370.26	8.33	2.24
2014-15	491.00	1178.15	392.72	14.66	3.73
2015-16	NA	909.74	303.25	5.01	1.65

(Source: compiled from the reports of the personnel Dept., & Finance dept.,SCCL)

Table.2

Question	Option	No. of respondents	%
Does SCCL have a CSR policy?	1. Cannot say	10	20
	2. Not applicable	2	4
	3. Don't know	3	6
	4. No	1	2
	5. yes	34	68

(Source: Primary data collected from sample unit)

Table 2 shows that 68% of respondents know that the SCCL has a CSR Policy, while 20% of them could not say about it. 6% of the respondents don't know about the policy where as 2% that the organization doesn't have a policy of such kind.

Table.3

Question	Option	No. of respondents	%
Does SCCL encourage the employees to participate in local community activities ?	1. Cannot say	6	12
	2. Not applicable	4	8
	3. Don't know	9	18
	4. No	1	2
	5. yes	30	60

(Source: Primary data collected from sample unit)

According to 3rd Table 60% of respondents told that their organization encourages them to participate in community service, but only 2% of them told that it does not. 18% of them did not know whether the organization encourages for it or not, while 12% of the respondents could not say anything.

Table.4

Question	Option	No. of respondents	%
Does SCCL give regular financial support to local community activities and projects?	1. Cannot say	2	4
	2. Not applicable	3	6
	3. Don't know	9	18
	4. No	5	10
	5. yes	31	62

(Source: Primary data collected from sample unit)

When the employees are asked about the regular financial support by the SCCL to local community activities 62% said „Yes“ while only 10% of them said „no“. 18% of the respondents did not know about it. 6% of the respondents felt that the question was not applicable to them while 4% of them could not say anything about it.

Table.5

Question	Option	No. of respondents	%
Does your Company assess the impact of its business activities on the stake holders?	1. Cannot say	8	16
	2. Not applicable	7	14
	3. Don't know	7	14
	4. No	5	10
	5. yes	23	46

(Source: Primary data collected from sample unit)

Table 5 shows that 14% of the respondents don't know whether their company assesses the impact of its business activities on the stakeholders or not. And 10% of the respondents said that the SCCL doesn't assess the impact. But 46% of the respondents knew that the company assesses the impact of business activities on the stake holders.

Table.6

Question	Option	No. of respondents	%
whether the CSR budget allocated by your company is sufficient	1. Cannot say	5	10
	2. Not applicable	3	6
	3. Don't know	8	18
	4. No	3	6
	5. yes	30	60

(Source: Primary data collected from sample unit)

From Table 6, it is understood that 18% of the respondents of the sample unit don't know efficiency of budget allotted by the SCCL for CSR. 6% of them said that it is not sufficient, 6% of them expressed that the budget allocation is sufficient.

Table.7

Question	Option	No. of respondents	%
Do You agree with the types of CSR activities undertaken by your organisation	1. Cannot say	6	12
	2. Not applicable	2	4
	3. Don't know	6	12
	4. No	6	12
	5. yes	30	60

(Source: Primary data collected from sample unit)

This table says that majority of the respondents (60%) are supporting the type of CSR activities taken up by their organization, 12% are against to them, while 12% of them are not supporting the CSR activities of their firm.

Table 8

Question	Option	No. of respondents	%
Are willing to dedicate specific hours to CSR related activities	1. Cannot say	5	10
	2. Not applicable	4	8
	3. Don't know	3	6
	4.No	6	12
	5. yes	32	64

(Source: Primary data collected from sample unit)

This table shows that 64% of the respondents are ready to spend some time for CSR related activities, where as 12% said that they are not willing to.

Findings and Suggestions:

It is understood from Table.1 that the SCCL is spending on CSR almost according to the Legal obligations laid by the Companies (amendment)Act-2013. However, it was not successful in creating awareness among its employees as 1/3rd of the employees are not properly understood and have no knowledge of the CSR practices of the organisation. Though major portion of respondents are supporting the activities and expenditure on CSR of the company, still some percent of employees are indifferent towards its CSR policy. As the employees are the important stakeholders of any organization, the SCCL has to extensively publicize its attempts of CSR through its magazine (singarenyula samacharam) and its electronic media channel MANA TV.

Limitations of the Study:

The sample size is only 50, which may not be sufficient to give correct results. Due to the constraint of time and resources the study was conducted in two regions of the SCCL only and the results cannot be generalized to the entire organization.

business cannot succeed in a society that fails". For Corporate sustainability, the survival and its surroundings are very important. Business Organizations have enormous potential to affect their communities through CSR. Many studies proved that CSR may positively influence the environment. It is in this context that this has to be given a lot of importance. The organizations which are of the social and environmental responsibility should be encouraged by the government also. The firms should involve all its stakeholders in paying back the society for sustainable Economic growth.

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