ROLE OF CSR IN CORPORATE LONG TERM SURVIVAL AND LONG TERM SUSTAINABLE DEVELOPMENT – A STUDY OF SHIMUL, SHIMOGA

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Abstract:

CSR is a business strategy that works in a world where brand value and reputation are increasingly seen as an organization's most valuable asset. It can build the loyalty and trust that ensure a bright sustainable future. In our complex, global society, corporations are becoming increasingly visible. These businesses are not judged on their results but on their behavior too. Thus CSR should have become an integral part of every aspect of business life and this brings improvement in financial performance, increases productivity, better risk and crisis management, increased worker commitment, good relations with government and communities, enhanced brand value and reputation this brings to long term survival and sustainable growth to the business. On the basis of these, this study is under taken to know whether CSR practice of SHIMUL has impacted on the long term survival and sustainable development of the business, the study used structured questionnaire and interview method to collect the data from the respondents. The study has used chi square method to check two hypotheses and both the alternative hypothesis are accepted and study reveals that factors of CSR practice of the corporates impacts on long term survival and sustainable development of the business. So, there is a need for SHIMUL to improve the CSR practice and reporting it regularly.

Key words: *Survival, Sustainable development, Communities, Integral.*

1. Introduction

Corporate Social responsibility (CSR) means a doctrine that claims that an entity whether it is government, private corporations or public organization has a responsibility to society. CSR is a concept that reduces costs and risks, increases the brand value and reputation, effectiveness and the efficiency of employees, improves transparency, and clarity in the working environment of the business house and enhances sustainable development of corporates.

According to research by the trade association business for social responsibility, corporations report publicly on their CSR activity to meet the demands of stakeholders and other interested individuals-such as employees, consumers, clients, suppliers, shareholders, law

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marks and regulators-who are asking companies to be accountable not only for their own performance, but also for the effect of their products, the performance of their supply chain and the well- being of their own performance, but also for the effect of their own performance, but also for the effect of their products and the performance of their employees.

In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29th August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of INR 1,000 crore and more, or a net worth of INR 500 crore and more, or a net profit of INR 5 crore and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

1. Literature review

Prabjot Kaur made a study on, "Corporate Social Responsibility: Present scenario in India", He states that, India's emerging CSR regime and its potential strength and weakness also he continued with the corporate reputation is an important strategic asset that contributes to firm-level persistent profitability and affirms that strong reputation is linked with superior financial performance and sustainable development.

Ramendra Singh and Sharad Agarwal made a study on, "Corporate Social Responsibility for social impact: approach to measure social impact using CSR impact index". They states that, most companies in India engage with local communities near their areas of operations, and the beneficiaries of CSR activities are generally the local population, these companies should try to develop scalable models of CSR that can be extended across the nation using local NGO's in each geographical area, a very helpful resource yet at a low cost, scalable models will be helpful in expanding the socio-economic impact of CSR activities of the corporate.

Rajeev Prabhakar and Sonam Mishra made a study on, "Corporate Social Responsibility in Indian organization: an-introspection", now a days stakeholders are questioning more on CSR initiatives of the companies today, they are challenging the companies. It has become imperative to incorporate it for stakeholders.

Venugopal, R made a study on, "Corporate Social Responsibility and the insurance sector". He states that, it is not enough if a company makes a profit, if should also play a critical role in the life of the community. The board of directors of the company has to observe the needs of their immediate community and take steps in ameliorating them in a suitable manner, thereby earning the epithet of a 'good corporate citizen'. Indian insurers have so far involved in both direct as well as indirect CSR activities. Apart from being involved indirectly in the mobilization of funds for the development of national economy, they are also directly involved in many socially responsible causes. The US, insurance companies are the major contributors for CSR. They have donated $147mn, also other largest companies they invest in funding the building of road, schools

and other public projects. They also provide capital for research expansions through investments in corporate equities and bonds. Any company that needs to call itself a good corporate citizen' ought to spend at least 1% of its previous years pre-tax profit for CSR purposes.

Nitin Kumar made a study on, "Corporate Social Responsibility: An analysis of impact and challenges in India". He states, that, CSR has evolved from being regarded as detrimental to a company's profitability, to being considered as somehow benefiting the company as a whole, at least in the long run. The challenges facing CSR initiatives in India are lack of community participation in CSR activities, needs for capacity building of the local non-governmental organizations. Issues transparency, non-availability of well-organized non-governmental organizations, ect. In the recent years corporate business houses have substantially involved towards societal responsibilities. Companies have started to realise the importance of CSR and initiating the steps towards it. This effort will also motivate other corporate house to join the league and play an effective role in addressing issues such as access to education, health care and livelihood opportunities for a large number of people in India through their innovative CSR practices.

Ananda Das Gupta made a study on, "Implementing Corporate Social Responsibility in India: issues and the beyond". He states that, the government of India initiated corporate responsibility for environmental protection (CREP) initiated by the Indian government recently in 2003, set guide-lines of non-mandatory norms for 17 polluting industries. Corporate social responsibility is essentially a new business strategy to reduce investment risks and maximize profits by taking all the key stake-holders into confidence. In the emerging perspective CSR enjoins upon corporations to analyze profits in conjunctions with social prosperity. Corporate gives stress on them as the stake-holders, in a business are not just the shareholders, sustainable development and economic sustainability, corporate profits to be analyzed in conjunction with social prosperity. Thus, ethical business is more a fundamental need, emerging trend on the international since. In an ethical business, the main trust is on social values and business is conducted in consonance with broader social values and the stakeholder's long-term interest.

3. Objectives of the Study

- To analyze the CSR factors which influenced on the long term survival and sustainable development of the SHIMUL (Shivamogga Co-operative Milk Union Limited).
- To give some suitable suggestions for accelerating CSR initiatives in SHIMUL

4. Research Methodology

4.1 Type of research

This study is an empirical in nature, conducted to know how CSR practice can become tool for survival and sustainable development of the corporate sector.

4.2 Scope of the Study

The study conducted to know about the perception of employees about the CSR practices in the corporates and to analyse how it become tool for survival and sustainable development of corporates. The study only

restricted to SHIMUL at Shivamogga (District, Karnataka state).

4.3 Sample Design:

- **Sampling Method:** Convenient sampling method is used to select the sample.
- **Sample Size:** The sample size of this study is 60 respondents.
- **Sample Frame:** Employees of SHIMUL.

4.5 Hypothesis

H0: CSR is not a tool for Corporate Long term Survival and Long Term Sustainable Development.

H1: CSR is a tool for Corporate Long term Survival and Long Term Sustainable Development.

4.6 Hypothesis Test:

The outlined hypothesis of the study is tested with the help of chi square.

4.7 Sources of Data

The study has used both primary and secondary data.

The primary data of this study has collected from respondents (employees of SHIMUL) through structured interview and questionnaire method.

The secondary data for this study has collected from published sources such as articles, various corporate CSR reports, books, journals and periodicals.

5. Analysis and Interpretation

Discussion and Conclusion:

Table no - 5.1: Profile of respondents.

Gender		
	No. of Respondents	**Percentage (%)**
Male	30	50
Female	30	50
Total	**60**	**100%**
Age Group		
18-25	20	33
26-35	19	32
36-50	7	12
50 and above	14	23
Total	**60**	**100%**

Work Experience		
0-10 years	39	65
11-20 years	11	18
21-30 years	7	12
Above 31 years	3	5
Total	**60**	**100%**
Annual Income		
Below Rs. 50, 000	2	3
Rs. 50,001 to Rs. 1,00,000	8	13
Rs. 1,00,001 to Rs. 2,00,000	2	3
Rs. 2,00,001 and Above	48	80
Total	**60**	**100%**
Education level		
Below PUC	9	15
UG	21	35
PG	26	43
Diploma	4	7
Total	**60**	**100%**

(Source: Primary data)

The above table shows that, there is an equal proportion of male and female respondents are taken for this study and majority of them belongs to 18 to 35 age group. All the respondents are educated and majority of them completed UG and PG and their annual income is more than Rs 2,00,000. Majority of the employees working experience is 0 to 20 years.

Table no 5.2: Respondents awareness about CSR activity

Awareness	No. of Respondents	Percentage (%)
Yes	60	100
No	0	0
Total	**60**	**100**

(Source: Primary data)

From the above table it clears that, all respondents are aware about CSR activities of the SHMUL.

Table no 5.3: Means through which Respondents came to know about SHMUL's CSR practice

Means	No. of Respondents	Percentage (%)
Friends, Relatives	0	0
Media	0	0
Through company report	0	0
Website of the SHIMUL	60	100
Total	**60**	**100**

(Source: Primary data)

From the above table it is clear that, majority of the respondents are aware about CSR practice through companies website.

Table no 5.4: SHIMUL community Development initiatives under CSR practice

Community Development	No. of Respondents	Percentage (%)
Local heritage	31	52
Disability	1	2
Conservation	6	10
Youth development	7	12
Underprivileged	3	5
Poverty alleviation	4	7
Sports	5	8
Culture	2	3
Others	1	2
Total	**60**	**100**

(Source: Primary data)

The above table shows that, under CSR the company made more investments on development of local heritage and they have concentrated less on other areas.

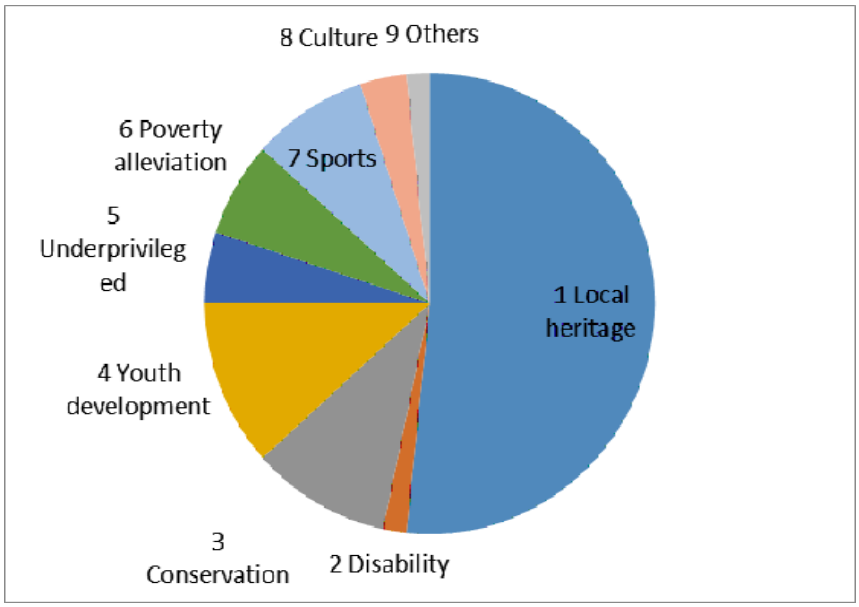


Figure – 5.1: SHMUL community development initiatives under CSR practice

Table no 5.5: Respondents opinion towards CSR as a tool for corporate long term survival and sustainable growth

Capacity building & Sustainable development	No. of Respondents	Percentage (%)
Strongly agree	38	63
Agree	19	32
Neutral	3	5
Disagree	0	0
Strongly disagree	0	0
Total	**60**	**100**

(Source: Primary data)

The above table shows that, majority of the respondents strongly agreed that CSR is a tool for the corporate long term survival and sustainable growth.

Table no 5.6: Factors influenced on the long term survival of the organization through CSR practice

Variables	SA	A	N	D	SD	Total
Meets clients requirements improves relationship	33	21	5	1	0	60
Improves stakeholders and management relationships	18	28	9	2	3	60
Improves economic performance	15	32	9	2	2	60
Motivates top management	20	26	13	1	0	60
Improves marketing, public relations and corporate image	19	24	12	2	3	60
Gaines a competitive advantage	18	21	17	3	1	60
Increases efficiency and productivity	18	27	12	2	1	60
Improves relationship with financial institutions	18	19	18	4	1	60
Achieve relevant accreditation (environmental, quality, health and security etc)	23	20	16	1	0	60

(Source: Primary data)

(SA-Strongly agree, A-Agree, N-Neutral, D-Disagree, SD-Strongly disagree)

H0: CSR is not a tool for Corporate Long term Survival

H1: CSR is a tool for Corporate Long term Survival

$$X^2 = \sum_{i=1}^{n} \frac{(O_i - E_i)^2}{E_i},$$

Table value @ 1% level of significance	Table value @ 5% level of significance	Computed value	Degree of freedom
32	26.30	41.938	32

The table value for 1% level of significance is 32. The table value for 5% level of significance is 26.30. The computed value is 41.938. Since, the computed value is more than both the table values. So alternative hypothesis is accepted and its result indicates that all the factors are influenced on the long term survival of the organization through CSR practice.

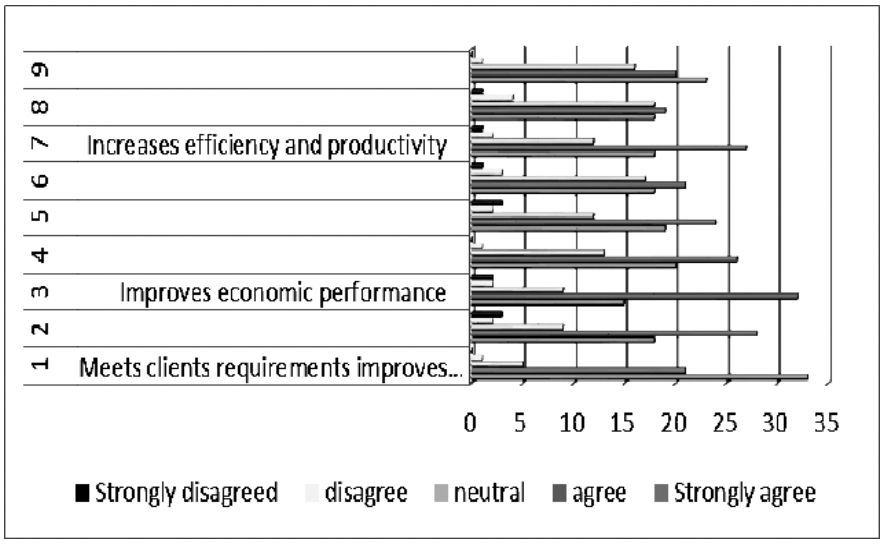


Figure – 5.2: Factors influence on the survival of the organization through CSR

Table no– 5.7: Respondents opinion towards sustainable development through CSR practice

Variables	SA	A	N	DA	SDA	Total
Customer satisfacti on and awareness	37	18	5	0	0	60
Quality product at an affordable rate	28	26	5	1	0	60
Retention of employees	23	22	14	0	1	60
Motivate and improve employees morale	23	29	7	1	0	60
Corporate donarship and volunteerism	14	27	13	5	1	60
Support social integration	17	27	12	2	2	60
Developing employment and infrastructure	20	26	7	7	0	60
Greater efficiency and less waste	14	27	12	6	1	60
Attract green and ethical investment	21	25	11	1	2	60
Environmental friendly products, services	18	30	10	0	2	60
Compliance with regulations and standards	25	28	4	3	0	60
Protection of natural resources	28	22	9	1	0	60

(SA-Strongly agree, A-Agree, N-Neutral, D-Disagree, SD-Strongly disagree)

H0: CSR is not a tool for Corporate Sustainable Growth

H2: CSR is a tool for Corporate Sustainable Growth

$$X^2 = \sum_{i=1}^{n} \frac{(O_i - E_i)^2}{E_i},$$

Table value @ 1% level of significance	Table value @ 5% level of significance	Computed value	Degree of freedom
32	26.30	56.274	44

The table value for 1% level of significance is 32. The table value for 5% level of significance is 26.30. The computed value is 56.274. Since, the computed value is more than both the table values. So alternative hypothesis is accepted and its result indicates that all the factors are influenced on the sustainable development of the organization through CSR practice.

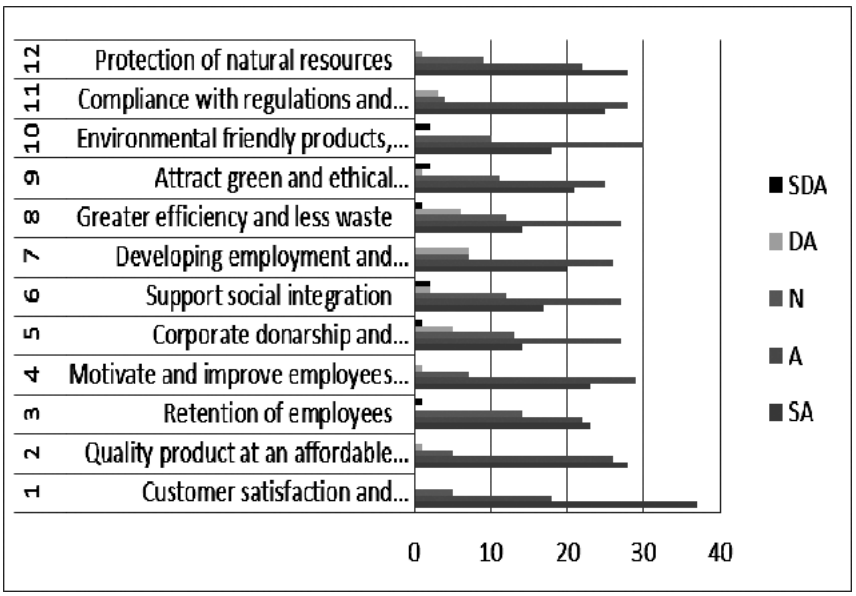


Figure – 5.3: Respondents opinion about sustainable development through CSR practice

Table no– 5.8: Environmental protection programmes under taken by the organisation in CSR practice

Measures	No. of Respondents	Percentage (%)
Energy saving programmes	38	30
Life cycle assessment processes	11	9
Waste recycling	32	25
Management of environmental system	11	9
Mobility management	12	9
Use of renewable resources	11	9
Development of environmental friendly product	12	9
Total	**127**	**100**

(Source: Primary data)

Under CSR practice the company has under taken some environmental protection programmes. Among 127 total responses, majority of the respondents opined that, energy saving programmes and waste recycling are the measures which is majorly under taken by the company and for rest of the programmes they concentrated less.

Table no– 5.9: Problems faced by employees from improper management of CSR practices

Problems	No. of Respondents	Percentage (%)
Less employee safety	24	40
Women rights not given	8	13
Irregular work load on employees	25	42
Unfair pay	3	5
More child labour	-	-
Total	**60**	**100**

(Source: Primary data)

This shows that, by improper management of CSR practice the organisation facing certain problems internally. Among the above problems less safety for employees and irregular load from the top management are the major problems employees are facing.

Table no – 5.10: Reasons for improper management of CSR practice.

Obstacles	No. of Responses	Percentage (%)
Lack of human resources	15	13
Lack of funds	32	28
Lack of time	29	25
Lack of specific legislation on CSR	8	7
Lack of employee motivation	9	8
Lack of knowledge	13	11
Lack of support from top management	5	4
Business benefits not immediate	5	4
Total	**116**	**100**

(Source: Primary data)

This shows that, there are number of reasons which influenced on the improper management of CSR practices in the organisations. Among those, lack of fund and time are the major constraints.

6. Findings

- All the employees in SHIMUL are aware about the CSR practice conducted in their organizations and majority of them are aware about it through the company website.
- SHIMUL regularly allocating and the budgeting amount for CSR implementation and it is above Rs 150000 PA.
- SHIMUL regularly providing resources for CSR in the means of money and in kind.
- SHIMUL invested more in local heritage and youth development as a part of its community investment initiatives under CSR practice and less concentrated on other community development activities.
- SHIMUL adopted the purchasing policy/ quality standards and they conduct the employees satisfaction survey, regularly as a part of CSR practice.
- All the employees in the SHIMUL agreed that "CSR is a tool for long term surival and sustained growth".
- CSR report is not prepared by the SHIMUL but some information is disclosed in websites.
- Employee safety and irregular work is the major problems recently faced by the organization by improper management of CSR practice.
- The potential benefits of the business and nature of the benefits of CSR for an organization depending on the nature of the enterprise, as a result it is difficult to quantify.
- Majority of employees of the organization agree that there is a relationships between profitability and CSR activities of the organization
- Organization adopts energy savings, waste recycling measures to reduce environmental impact.
- The biggest obstacle faced by the organization to practice CSR is lack of human resources, lack of funds and time.

- Social responsibility of business have created a better image and goodwill to the company. Which will becomes an instrumental in attracting customers, employees and also investors. Which carries the organisation for long term sustainable development.

◆ Results of first hypothesis: **H1:** CSR is a tool for Corporate Long term Survival

- CSR meets clients requirements to improve the relationship
- CSR improves stakeholders and creates good relationship with the management
- It also improves economic performance of the company
- Motivates top management to perform activities effectively
- It improves companies marketing, public relationships and also creates good corporate image
- Through its possible for the company to gain competitive advantage
- It improves relationship with financial institutions
- It has also facilitated relevant accreditations such as environmental, quality, health and security etc.

◆ Results of second hypothesis: **H2:** CSR is a tool for Corporate sustainable development

- CSR helps in sustainable development as it gives customer satisfaction and awareness
- CSR helps to customers to get quality products at an affordable rate and it helps to retain the customers
- It motivates employees to improve morale and retain with the company
- It increases donarship and volunteerism and also supports for social integration
- It attracts companies for green and ethical investment. It helps the companies to produce environmental friendly products and services
- CSR also helps in protection of natural resources.

7. Suggestions

- CSR is needed for parent corporates for their long term survival and sustainable development. So the corporates need to practice CSR regularly. Everyone in the organization needs to recognize their own role in promoting CSR and companies should also need to provide wider professional development activities.
- Training, conferences and seminars should be organized to disseminate and generate new knowledge and information about CSR practice.
- A strong budgetary support would definitely help to grow CSR practice and research related to respective organization would enhance the organizations contribution.
- Government regulations which are supporting in this direction could attract more response from organizations. All this would also lead to benchmark for CSR activities.
- Organization should publish the CSR report regularly.
- Organization need to involve their CSR activities which build long term partnerships with stakeholders which would lead to creating a strong image and brand identity.
- Companies must set a network of activities

to be taken up in a consortium to tackle major environmental issues. It would also provide an opportunity to learn from each other.

- Accounting bodies need to create CSR accounting standard which helps to maintain uniform method of CSR accounting.
- CSR activities enhance corporate social objective under areas of net income contribution. Human resource contribution, public contribution, environmental contribution, product or service contribution.
- With the transparency of social cost and benefits in money terms. However, it is necessary in order to improve the heads of reporting in the context of dynamic socio-economic environment.
- The challenges are now the flexible modules for the CSR to be implemented, directive to its arrangement with the corporate world.
- Organizations should conduct periodic review of the CSR activities which will be conducted by a particular organization.
- Top management support, encouragement to CSR activity is necessary in the form of providing information about fund and other resources.
- Organization need to take steps to reduce environmental impact they should follow energy savings, waste recycling, use of renewable resources, development of environmental friendly product, mobility management etc.
- By adopting appropriate technology or infrastructure, organization can control over the irregular work, and can improve children work, women rights, employee safety, and fair pay issues.
- In the production process organization should improve safety measures to employees.

8. Conclusion

The CSR practice has definitely become a tool for corporate long term survival and sustained growth of the organization. The study reveals that, improper management of CSR led to the SHIMUL to face problems such as employee safety, women rights and irregular work load for employee. Those problems can be expunged by the proper management of CSR practice because every good work it really appreciated by everyone so the CSR by the organization it attracts the people for effective working principles like increasing business competitiveness and market access, creating shareholder value and increasingly access to capital, enhancing brand reputation through credible assurance on ethical purchasing decisions, improving employee recruitment, retention and performance by empowering workers, improving work-related skills and raising awareness on the enterprise's commitment to job satisfaction and good working conditions, provide safety measures to employees, provide equal rights to women, risk management and cost saving initiatives, improving product quality, improving supply chain management, enhancing operational efficiency, strengthening stake-holder relationships, enhancing community development and support, and showcasing responsible leadership, practicing Corporate Social Responsibility in different sectors of business this can help for the corporates long term survival and sustainable development.

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