

Critical Analysis of Community Insight and Expectations on Corporate Social Responsibility

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Abstract

Over the years, the concept of corporate social responsibility (CSR) has gained wider implications not only from a philanthropic standpoint, but also from a real business standpoint. Companies today have integrated the community development areas into the business areas by considering responsibilities for the influence of their activities on all investors as well as the environment. This paper analysed the CSR practices adopted by Pharmaceutical companies and Healthcare organisations in relation to local community and to measure the impact of these CSR practices on the community. For this purpose, the perceptions and expectations of the community about companies' corporate social responsibility practices were considered and analysed. The data was collected through interview or key executives responsible for implementation of CSR activities undertaken by these companies, and the data related to CSR activities towards the community was collected by conducting focus group discussions and with the help of a structured questionnaire. The data analysis was done by using SPSS 23.0. The research here combines both primary and secondary data. This paper also attempted to deliver some guidance to those companies who are yet to start their CSR activities or have contributed very little on the CSR front

Keywords: *Corporate social responsibility, CSR, Corporate social responsibility initiatives, community development, community perceptions and expectations.*

1. Introduction

In the last one decade, corporate social responsibility (CSR) context has observed a perfect shift in the nature of doing business from traditional private institutions to social institutions. Industries today have appreciated that in order to continue flourishing, they have to adopt a more holistic and inclusive business model. Along with their shareholders-wealth maximization goal, companies are now expected to discharge their stakeholder's responsibilities and societal obligations. Globally, companies are expected to do more than just provide jobs and subsidize to the economy through taxes and employment. Contributing to social capital is increasingly seen as a necessary part of doing business. There is also increasing belief that companies will be more open, more responsible, and be prepared to report publicly on their presentation in social and environmental grounds. From

responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and advance the overall quality of life. In the current social condition in India, it is hard for one single entity to bring about change as the scale is enormous. The early roots of corporate social responsibility can be traced back to 1917, when Henry Ford announced that the aim of Ford Motor company is that “To do as much as possible for everybody concerned, to make money and use it, give employment, and send out the car where the people can use it and incidentally to make money” (Lee 2008). Eighty years later, Henry Ford’s great-grandson, William Clay Ford Jr emphasised that Ford company valued all stakeholders’ interests as well as the social welfare of employees and shareholders, as he said that “we want to find ingenious new ways to delight consumers, provide superior returns to shareholders and make the world a better place for us” (Meredith 1999). From this definition, it is clear that CSR refers to the voluntary commitment a business makes in choosing these practices, and community wellbeing includes both the human conditions as well as environmental concerns.

2. Literature Review

Since the 1950s, CSR and its related terms, such as corporate social responsiveness, corporate social responses, corporate social performance, corporate citizenship, and corporate philanthropy have been conceptualised and mainly originated from the management area (e.g., Carroll 1979; Matten and Crane 2005; Wood 1991). Based on previous business and management knowledge, different CSR scholars explore the CSR theme and related notions derived from various perspectives, such as social obligation, marketing, stakeholder-relation, integrated strategy, and leadership themes. This section reviews the main CSR conceptual views driven by those related management themes. Based on previous business and management knowledge, different CSR scholars explore the CSR theme and related notions derived from various perspectives, such as social obligation, marketing, stakeholder-relation, integrated strategy, and leadership themes. This section reviews the main CSR conceptual views driven by those related management themes.

The social obligation view of CSR is the foundation of future research in the CSR area. Following Bowen’s (1953) book, Carroll (1979) identifies the CSR pyramid, which includes four stages of CSR development: economic, legal, ethical, and philanthropic obligations. Philanthropic responsibility indicates “these roles are purely voluntary, and the decision to assume them is guided only by a business’s desire to engage in social roles not mandated, not required by law, and not even generally expected of businesses in an ethical sense” (Carroll 1979).

The CSR-related studies in the marketing area focus on the marketing dimensions, such as cause-related marketing (Barone et al. 2000; Varadarajan and Menon 1988), social sponsorship (Simmons and BeckerOlsen 2006), environmental marketing (e.g., Crouch 2006; Handelman and Arnold 1999; Menon and Menon 1997; Zeithaml and Zeithaml 1984), communicating with consumers concerning CSR issues (Caruana and Crane 2008), customers response to organisational CSR behaviour (e.g., Brown and Dacin 1997; Ellen et al. 2006; Handelman and Arnold 1999; Sen and Bhattacharya 2001), and corporate reputation (e.g., Berens et al. 2005; Brown and Dacin 1997; Lichtenstein et al. 2004; Wagner et al. 2009).

Stakeholder theory is another foundation of CSR theme development. According to Maignan and Ferrell (2004), there are two main motivations of organisational CSR activities concerning stakeholder-relations: the first one is the instrumental approach. As companies rely on stakeholders for their continuous support or providing resources (Barney 1991), managers have to consider the claims and needs from stakeholders. The other one is from the moral perspective, as Donaldson and Preston (1995) argue that “all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and there is no prima facie priority of one set of interests or benefits over another”.

Based on the discussion of marketing and stakeholder-relation management in the CSR area, more and more scholars value the examination of CSR issues from the integrated strategy aspect (e.g., Baron 1995). For instance, Maignan and Ferrell (2004) point that “organisations act in a socially responsible manner when they align their behaviours with the norms and demands embraced by their main stakeholders”. McWilliams and Siegel (2011) observe that CSR which is embedded in an integrated strategy may be labelled “strategic CSR”.

On the basis of current leadership styles (e.g., transformational, charismatic, authentic, ethical, participative, servant, shared, and spiritual leadership), some scholars attempt to incorporate CSR into leadership theory (Bass and Steidlmeier 1999; Waldman and Galvin 2008). Maak and Pless’s (2006) study is one of the first endeavours in this area. They name the leadership approach based on the ideals of CSR as “responsible leadership” and define it as “the art and ability involved in building, cultivating and sustaining trustful relationships to different stakeholders to achieve a meaningful, commonly shared business vision”.

3. Objectives of the study:

- 1) To analyse the CSR practices adopted by the companies from different sectors viz, Pharmaceutical and Healthcare.
- 2) To explore the perception and expectations the community holds about corporate social responsibility.
- 3) To measure the impact of CSR practices on the community.

4. Review of Literature Survey:

Keeping in mind the objectives of the study, a questionnaire was developed covering the perceptions and expectations of the community on the company’s corporate social responsibility. The questionnaire was based on a 5-point likert scale. The sample respondents included 120 individuals (One from each household) and the most educated member from the household was preferred to mark the responses for both Pharmaceutical and Healthcare companies. The samples included both the genders in the age range 18-65 years and above and belonged to the immediate community surroundings the company. In particular, the data was collected for UTH healthcare for Pharmaceutical company and DPH hospital for Healthcare company. The data collection was done by using SPSS 23.0. Questionnaire administration provided a good opportunity for detailed explanation of the research and objectives to the respondents. Descriptive statistics and one sample statistics (mean and standard deviation) are used to analyse the data.

5. Data Analysis and Results:

1) User Demography: The demographic profile of the respondents is given in the table 1 for Pharmaceutical company. The table 1 shows that the total sample size for the present study is 120 respondents, and out of this sample, 52% were male and 48% were female respondents. About 61.0% of the responding community was between the ages of 18-25 years, about 20.8% were 26-35 years, about 12.5% were between 36-45 years, 2.5% were between 46-55 years, and only 3.2% were above 56 years of age. Regarding educational qualifications of the respondents, 40.6% of the respondents were educated up to graduate level or more, 35.4% of the respondents were undergraduates, 13.8% respondents were educated up to the secondary level, and 10.2% were educated under the under secondary level. Regarding occupation, 38.0% were students, 28.7% were farmers, 15.5% were small businesses, and 8.3% belonged to a profession other than these.

In case of Healthcare company, the table 1 shows that the total sample size of the respondents is 110, and out of this sample, 56.66% of the respondents were male and 43.33% were female. About 15.5% out of the total respondents were between the ages of 18-25 years, about 33.6% were between 26-35 years, about 31.8% were between 36-45 years, 12.7% were between 46-55 years, and only 6.4% of the community members were above 56 years of age. Out of the total respondents, 67.5% of the respondents were educated up to graduate level or more, 22.5% were undergraduates, 10% were educated upto the secondary level, and none of the respondents were educated upto the under secondary level. Regarding occupation, 14.16% of the respondents were students, 34.16% of the respondents were farmers, 27.5% of the respondents were small business owners, and 24.16% of the respondents belonged to an occupation other than these.

Table 1: Demographic Profile

| Group | Pharmaceutical Company | Healthcare company |
|-------------------|------------------------|--------------------|
| Gender | | |
| Male | 52 | 56.66 |
| Female | 48 | 43.33 |
| Age | | |
| 18-25 yrs | 61 | 15.5 |
| 26-35 yrs | 20.8 | 33.6 |
| 36-45 yrs | 12.5 | 31.8 |
| 46-55 yrs | 2.5 | 12.7 |
| Over 56 yrs | 3.2 | 6.4 |
| Education | | |
| Under secondary | 40.6 | 0 |
| Secondary | 35.4 | 10 |
| Graduate | 13.8 | 67.5 |
| Post Graduate | 10.2 | 22.5 |
| Occupation | | |
| Student | 38.0 | 14.16 |
| Farmer | 28.7 | 34.16 |
| Small Businesses | 15.5 | 27.5 |
| Others | 8.3 | 24.16 |

1) The community`s Perception on Pharmaceutical and Healthcare companies

Corporate Social Responsibility: the questionnaire consisted of statements related to community awareness about CSR (Yes Or No) statements and community perceptions and expectations about the companies` CSR on a 5 point agreement scale, where, 1=strongly disagree, 2=somewhat disagree, 3=undecided, 4=somewhat agree, and 5=strongly agree. For this purpose, the responses were recorded on environmental and community related parameters. The results are depicted in the table 2,3,4 and 5.

i) Community`s Awareness about Corporate Social Responsibility: With respect to Pharmaceutical company, 65% of the community respondents were aware about CSR, while 23% were not aware about CSR. Out of 65% of the respondents, 54.2 % of the respondents were also aware about the Companies Act, 2013 and its mandate on the companies to spend 2% of the profits on CSR. Out of the total, 95% respondents agreed that the company must involved itself for the cause of CSR, whereas, in case of Healthcare company 85.6% of the respondents were aware about CSR, out of which 62.7% were also aware about Companies Act, 2013 and its mandate on the companies to spend 2% of the profits on CSR;98.2%of the respondents agreed that the company must involved itself in CSR practices.

ii) Community`s Awareness about Pharmaceutical and Healthcare company`s CSR practices:

In case of Pharmaceutical company, 95% of the respondents perceived the company to be socially responsible; 75% were aware that the company had a CSR policy; 95% of the respondents agreed that the company was spending on various community development projects, while 85.8% of the respondents were aware about different projects being funded by the company. Whereas, in case of Healthcare, 47.3% of the respondents perceived the company to be socially responsible;62.7% of the respondents responded that the company had a CSR policy; only 47.3% of the respondents agreed that the company was spending on various community development projects; while, 72.7% of the respondents were aware about different projects being funded by the company.

Table 2: CSR activities towards the environment

| One-Sample Statistics | | | | | | |
|---|-----------|-----------|-------------|-------------|----------------------|----------------------|
| Variable | PC | HC | PC | HC | PC | HC |
| | N | N | Mean | Mean | Std.Deviation | Std.Deviation |
| Waste management/reduction practices | 120 | 110 | 3.63 | 2.62 | 1.216 | .928 |
| Tree plantations | 120 | 110 | 4.02 | 3.49 | .907 | .875 |
| Provide regular voluntary information about environment management to the community | 120 | 110 | 1.61 | 1.00 | 1.063 | .000 |
| Disclosure of environmental and social performance | 120 | 110 | 1.74 | 1.21 | .440 | .409 |

| | | | | | | |
|--|-----|-----|------|------|------|------|
| Reduction of water consumption | 120 | 110 | 2.45 | 1.00 | .532 | .000 |
| Reduction of all forms of pollution (Air, water,land, noise) | 120 | 110 | 1.27 | 1.42 | .444 | .952 |
| Energy conservation | 120 | 110 | 1.42 | 1.76 | .495 | .976 |
| Environmental audits | 120 | 110 | 3.25 | 3.07 | .435 | .896 |
| Environment policy, organization, and management | 120 | 110 | 3.24 | 3.64 | .430 | .936 |
| Monitoring, minimizing, and taking responsibility | 120 | 110 | 4.32 | 1.41 | .467 | .891 |

iii)Environment-Related CSR: The Physical environment is a significant and crucial part of business operations, specifically for the cement firms because of their negative impact on the environment. The community respondents were asked to indicate the extent to which selected companies were engaged in various environment related CSR activities. The results are presented in the table 2. For Pharmaceutical company, 5 out of 10 environment related CSR activities were rated high or were above average. These activities include (in order of merit) waste management/reduction practices (M=3.36, SD=1.216); tree plantations (M=4.02, SD=.907); environmental audits (M=3.25, SD=.435);organization policy, organization and management (M=3.24, SD=.430) and monitoring, minimizing, and taking responsibility (M=4.32, SD=.891). However, the situation was different for the remaining environment related CSR activities. The table 2 indicates that the remaining activities received low patronage by community respondents, which includes providing regular and voluntary information about environmental management to the community (M=1.61, SD=1.063); disclosure of environment and social performance (M=1.74, SD=.440) ; reduction of water consumption (M=2.45, SD=.532) ;reduction of all forms of pollution (M=1.27, SD=.444); energy conservation (M=1.42, SD=.495) were all engaged to a low extent.

Table 3: CSR activities towards the community

| Variable | PC | HC | PC | HC | PC | HC |
|---|-----|-----|------|------|---------------|---------------|
| | N | N | Mean | Mean | Std.Deviation | Std.Deviation |
| Charity and volunteer work | 120 | 110 | 3.91 | 1.87 | .898 | .665 |
| Elimination of all forms of forced and compulsory labour and child labour | 120 | 110 | 4.09 | 4.80 | .467 | .402 |
| Achieving universal primary education | 120 | 110 | 2.21 | 1.00 | .660 | .000 |
| Eradication of extreme hunger and poverty | 120 | 110 | 3.76 | 1.38 | 1.004 | 1.004 |
| Promoting gender equality and women empowerment | 120 | 110 | 4.16 | 3.63 | .534 | .486 |
| Reducing child mortality and | 120 | 110 | 1.88 | 1.00 | .980 | .000a |

| | | | | | | |
|--|-----|-----|------|------|-------|------|
| improving maternal health | | | | | | |
| Combating HIV, AIDS, malaria, and other diseases | 120 | 110 | 4.53 | 4.50 | .579 | .878 |
| Involved in projects with local community | 120 | 110 | 4.13 | 1.13 | .573 | .386 |
| Recruitment policies that favour local communities | 120 | 110 | 3.75 | 1.77 | 1.079 | .421 |
| Organise community development activities | 120 | 110 | 3.45 | 2.13 | 1.371 | .560 |
| Company`s representatives monitor CSR activities | 120 | 110 | 3.43 | 1.34 | 1.301 | .733 |
| Maintain good relationship with community & people | 120 | 110 | 3.23 | 1.46 | 1.314 | .750 |

In case of Healthcare company, out of 3 activities out of 10 environment related activities was related above average; which included tree plantation (M=3.49, SD=.896); environmental audits (M=3.07, SD=.896); and environmental policy, organization and management (M=3.64, SD=.936). However, the remaining 7 activities were all engaged to a low extent, which includes waste management (M=2.62, SD=.928); providing regular and voluntary information about environmental management to the community (M=1.00, SD=.000); disclosure of environment and social performance (M=1.21, SD=.409); reduction of water consumption (M=1.00, SD=.000); reduction of all forms of pollution (M=1.42, SD=.976); and monitoring, minimizing and taking responsibility (M=1.41, SD=.891)

iv) Community-Related CSR: On the likert scale of 1 to 5, community respondents were asked to indicate the extent to which both the selected case study companies were engaged in various community related CSR activities. The Table 3 indicates that engagement in most of these community related CSR activities by Pharmaceutical company was significantly above average (M>2.50), except for the following activities: a) achieving universal primary education (M=2.21, SD=.660), b) reducing child mortality and improving maternal health (M=1.88, SD=.980). Whereas, in case of Healthcare company, engagement in community related activities was significantly above average of high, which includes: a) elimination of all forms of forced or compulsory labour (M=4.80,SD=.402) , b) promoting gender quality and women empowerment (M=3.36, SD=.486), c) Combating HIV AIDS, malaria, and other diseases (M=4.50, SD=.878), while the remaining community related CSR activities were related significantly below average or low (M<2.50).

v) Community Expectations: To analyse the expectations of the community from the selected case study companies, the community members were asked to indicate the

extent to which the community members had expectations from the companies on a Likert 5- point rating scale. It is quite evident from table 4 that expectations of the community members from Pharmaceutical company were significantly high at the 5% significant level ($M > 2.50$) for all the variables which includes (in preference order) assist to train community members, provide funds to support community projects and activities, meet regularly with community members, focus on poverty reduction in communities, followed by providing basic infrastructure. Whereas, the expectations of the community members from Healthcare company were significantly high for all the activities except for providing basic infrastructure ($M = 1.75$, $SD = .402$). It can also be inferred from the table 4 that all the respondents expected the company to assist in training the community members ($M = 5.00$), majority of community respondents expected the company to provide funds to community members ($M = 4.81$), and expected the company to meet regularly with community members ($M = 4.78$).

Table 4: Community Expectations

| One sample statistics | | | | | | |
|--|-----|-----|------|------|----------------|----------------|
| Variable | PC | HC | PC | HC | PC | HC |
| | N | N | Mean | Mean | Std. Deviation | Std. Deviation |
| Focus on poverty reduction in communities | 120 | 110 | 3.18 | 3.79 | 1.188 | 1.166 |
| Assist on train community members | 120 | 110 | 4.88 | 5.00 | .322 | .000 |
| Meet regularly with community members | 120 | 110 | 3.65 | 4.78 | .885 | .565 |
| Provide funds to support community projects and activities | 120 | 110 | 4.78 | 4.81 | .419 | .417 |
| Provide basic infrastructure | 120 | 110 | 4.20 | 1.75 | .402 | 1.474 |

6. Findings:

1. The age groups of the respondents is an indication that the community respondents were sufficiently mature to give responses that were reflective of the corporate social responsibility practices of the selected case study of Pharmaceutical company.
2. If it indicated from the analysis that from Pharmaceutical Company, the majority (75%) of the respondents knew about CSR, but nearly half of the population was unaware about Companies Law, 2013 and its mandate on the companies to spend 2% of their profits on CSR. From the statistics, it is clearly indicated that Healthcare company's respondents were more aware about CSR and companies Law, 2013 a compared to Pharmaceutical respondents.
3. For Pharmaceutical Company, 95% of the respondents and for Healthcare Company, 98.2% of the respondents agreed that the company must involve itself with the cause

related to CSR. This further shows that the community respondents believed that the companies must take responsibility towards the society.

4. In case of Pharmaceutical company, majority of the respondents perceived the company to be socially responsible and agreed that the company was spending on various community projects. Whereas, in case of Healthcare company, only 47.3% of the respondents perceived the company to be socially responsible; 62.7% of the respondents responded that the company had a CSR policy; and 72.7% of the respondents were aware about different projects being funded by the company.
5. With regard the environmental related CSR activities, it was found that both the companies are doing so and few activities like tree plantation, environmental audits, organization policy, organization and management are major once and the remaining activities received low patronage by community respondents.
6. With regard to community related CSR activities, Pharmaceutical company was primarily focusing on combating HIV AIDS , malaria and other diseases; was involved in projects with local community, and in eliminating all forms of compulsory, forced labour, and child labour.
7. It was found that Pharmaceutical company maintained a good relationship with the community through meetings and involvement of the community in CSR decisions. However, the community was not found to be having very good relations with Healthcare company.

6. Conclusion:

CSR is important to various users of corporate information such as employees, customers, local community, and government and its agencies, pressure groups and society in whole (Al-khater and Naser, 2003). This study attempted to underpin stakeholders' perceptions of CSR activities. Findings revealed local appreciation of the concept, although uncertainty in its business meaning. The findings were supported by many earlier studies in other parts of the world. Although researcher focused on the experience of Pharmaceutical and Healthcare sector, the results have a wider implication for other companies in other Industrial sectors in India. The discussion of the research and policy implications was therefore generalized to benefit similar contexts. This study has provided a basis for more studies, extensions, and replications. Researcher recommends analytical research into the practices and factors influencing CSR in the Indian environment. The results of this study were limited by the combination of various methods of data collection. The researcher faced problems while conducting interviews as many latent defendants turned down an appeal to participate. More responses could have provided progressive credibility to the results appeal to participate. More responses could have provided progressive credibility to the results.

7. Limitations of the study and Scope for further research:

The study acknowledges a number of limitations, which in the real sense form the basis for further studies. These limitations resemble to methodology used and reserve trials. In the current study, data was collected at a single moment in time, which may limit the accuracy of the research. The study is limited in scope not only to one Pharmaceutical

company and one Healthcare company to CSR initiatives that were directed only to the community as a stakeholder.

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