Measurement of CSR performance of the Corporate located in Talegaon Industrial Belt, Pune, India

Yukiko Hashimoto * and Mahesh Thakur**

Being socially responsible by corporate entities is now a business obligation. Today about 90% of leading companies in India are involved in various CSR programmes such as working for education, health, empowerment of women and environment. Recently CSR has evolved from philanthropy to business related because the new CSR concept with gaining some strategic advantage and sustainability has been widely recognized. This article examines whether corporates in India (including multinationals operating business in India) are practicing strategic CSR based on the survey conducted in Talegaon Maharashtra Industrial Development Council (MIDC) in Pune, India. And also we try to measure the community impact socially and economically. The result shows the most of the companies in Talegaon still practice philanthropic approach but they have made improvement on community impact from 2011 to 2013. After our intervention, some companies started developmental and strategic approach for their community. It can be concluded that the quantity and area of CSR has been increased according to the community needs and community participation is very important to conduct CSR.

Field: Management and society

1. Introduction:

Corporate Social Responsibility (CSR) has become the compulsory process of every business these days. It has also become the buzzword to not only overcome competition but to ensure sustainable growth. It has been supported by all stakeholders and encompassing the whole Community. As philanthropic CSR, how it has been perceived by the communities and how much it has helped their needs and development are their importance. As corporate, how they take care of the indirect responsibilities which they have powered and influence on the life of the communities is their great concern (L’Etang, 1995).

Nowadays CSR is an expectation about the needs and objectives of the society higher than economic viewpoint. Carroll (1999) introduced a three level model about the definition of corporate social performance and differentiated the corporate various actions:

• Social obligations (response to market and legal limitations)
• Social responsibility (compatible with social norms)
• Social accountability (compatibility and participation in the society)

*Yukiko Hashimoto, Department of Social Work, Kibi International University, Japan, Email: yhashimt@kiui.ac.jp
**Mahesh Thakur, School of Industrial Social Work, Karve Institute of Social Service, India, Email: thakurmb75@yahoo.com
2. Literature Review

CSR measuring methods: ‘What is not measured is not managed’ is a well-worn management catchphrase (Munoz and Kumar, 2004) so measuring CSR as a managerial topic is necessary. Carroll (2000) claimed that corporate social performance should be measured as an important subject to both business and society and the important matter is development of valid and reliable measures. During recent decades, businesses and academic communities have paid increasing attention to measure the socially responsible actions of organizations. However it should be noted that there is no single best method to measure corporate social activities (Wolfe and Aupperle, 1991; Turker, 2009). Waddock and Graves (1997) indicated measuring corporate social performance difficulties and evaluated the alternative ways, such as document content analysis, reputation indices and scales, instruments of forced-choice survey, behavioral and perceptual measures and case study. These alternative ways were categorized into three main procedures of expert evaluations, single-and multiple-issue indicators and managers’ surveys by Maignan and Ferrell (2000). The following procedures are proposed as feasible to measure CSR by extending the last-mentioned classification: single- and multiple-issue indicators, content analysis of corporate publications, reputation indices or databases, scales measuring CSR at the individual level and scales measuring CSR at the organizational level.

Kullback–Leibler divergence (KLD) rates firms, traded on the US stock exchange, based on eight attributes of social actions (community relations, employee relations, environment, product, treatment of women and minorities, military contracts, nuclear power and South Africa). Fortune’s reputation index also suggests a systematic instrument for assessing socially responsible actions from a managerial viewpoint.

In Indian industrial development context the Kirloskar Group of companies is the name with good brand and social perspective base. The Kirloskar philosophy has based on the social development and the group has started more than 100 years before with and objective of social development. The group has started the healthy competition for the Kirloskar group Companies and makes more change in the social development with keeping the business growth intact.

2. Methodology and Model

Rationale for Adopting CII-Exim Bank Award Model for measuring the CSR impact and perception of the communities in Talegaon MIDC(Maharashtra Industrial Development Corporation)

The model is comprehensive in scope and touches all aspects of business excellence. Emerging after the successful and proven models viz. Edward Deming and Malcolm Baldrige, (The Deming Prize is Japan’s national quality award for industry) combines the strengths of both these models. The model believes in time-tested principle that excellent results with respect to business performance, customers, people and society are achieved by leadership driving the company’s policy and strategy, effective people
management, value adding partnerships with customers and suppliers and adoption of
cost effective processes.

THE RKQP MODEL :- 8a parameters
The RKQP Excellence Model is a non-prescriptive framework based on 9 criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enablers' criteria cover what an organisation does. The 'Results' criteria cover what an organisation achieves. 'Enablers' cause 'Results' and 'Enablers' are improved using feedback from 'Results'. The Model, which recognizes there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that: Excellent results with respect to Performance, Customers, People and Society are achieved through Leadership driving Policy and Strategy that is delivered through People, Partnerships and Resources, and Processes.

The RKQP Model lays more emphasis on means (termed as "Enablers") under the Model, than "Results". The importance given to these vital elements viz. Enablers and Results are in the ratio of 60:40 under the revised model. The RKQP Model is presented in diagram form as shown below (Fig.1). The arrows emphasize the dynamic nature of the Model. They show innovation and learning helping to improve enablers that in turn lead to improved results.

**Figure 1: RKQP Model**

In the study the performance of the industries of Talegaon MIDC has measured on the 4 parameters as per the RKQP 8a as Society result
- Performance as responsible citizen
- Company’s Involvement in the community development
- Environmental and Natural Resources Conservation by Companies
- CSR programme impact on the community development
Objectives of the study:

- To study the perception of community towards the CSR Programmes implemented by the companies of Talegaon MIDC.
- To study the companies commitment and involvement in the community development
- To Study the level of community Participation in developing CSR.
- To measure the performance of the companies and compare 2013 with 2011-2.
- To study the impact of CSR programme on community development.

Hypothesis of the Study:

As we believe community voice is the priority to plan CSR because the community is the most important stakeholder if the objective of CSR is sustainability of corporate and social development.

- The more company’s involvement in the community development better the impact on people social and economic development
- Community participation is important to plan the CSR strategies and implementation of Programme.

Methodology

The stakeholder’s perception has been collected for the society perception survey. The stakeholders were selected from the community of Talegaon Industrial Belt, Pune.

Coverage of the survey: MIDC, Talegaon Industrial Belt, Pune.

Sample: Talegaon MIDC has been selected for the study as this is the mostly the automobile company hub and relatively new MIDC of the Pune Industrial belt. Almost all the Multinational Companies are in this industrial belt.

After a quick initial survey, companies working or conducting CSR initiatives in the Community and undertaking Community Development programs were selected for the study. They are as follows:

1) JCB (British Multinational company)
2) Posco (Korean Multinational Company)
3) GM (American Multinational Company)
4) INA (German Multinational Company)
5) L&T (Indian Multinational Company)

100 community households and 10 community leaders have been interviewed from the villages around MIDC. Period of the study: from May to August, 2013 (4 months)

Survey tools: Questionnaire – 100 respondents from the location

• Focus Group Discussion
• Observations
Talegaon MIDC Statistical analysis and discussion

1. The five companies’ performance as a responsible citizen in the industrial area of Talegaon MIDC was tried to analyze through the responses of individuals in the community of their operation on four sub-parameters. They are as follows;

- Relationship with relevant authorities (Local Self Government)
- No Discrimination and equal opportunities while conducting the CSR programmes
- Building and maintaining positive relationship with community members
- Corporate Pay attention to its Social Responsibilities

![Company's performance as a responsible citizen 2011 vs 2013](image)

**Fig.2 Company’s performance as a responsible citizen 2011 vs 2013**

It reflects from the above fig. that compare to 2011 to 2013 all the company's under study of the Talegaon MIDC has improved their performance in the area of “Responsible as good citizen”.
All the companies have taken efforts to build their relationship with the community members and relevant local authorities'. This year all the companies of the Talegon MIDC have formed the association to work collectively on Community development front. It is a unique move of the companies of Talegon MIDC which shows their responsibility as good Citizen and this process initiated without any discrimination.
2. Company's Involvement in the social development: The survey schedule was designed with a part of it trying to find the perception of the stakeholders about the companies’ effort in social work in the communities where it operates. The respondents were questioned on around eight sub-parameters as follows:

1. Involvement in Education and Training.
2. Employee involvement in social activities or community bodies in relevant activities.
3. Women Empowerment and Development.
4. Philanthropy and voluntary work.
5. Impact on local Economy.

Fig. 3: Cumulative average Company’s performance as a responsible citizen.

Fig. 4: Company’s Involvement in the Community Development.
It shows from the above Fig. that Company’s involvement in the community in the year 2013 is more as compare to 2012.

This year JCB has started the Support classes and the women empowerment (Vocational Training) initiatives in the 2 villages and 6 wadis. L&T is started the Mobile Science laboratory for the school going children & supported the social enterprise for women where Posco provided the educational aid to school and construct the compound for school. GM conducted the meeting with Village local leader and community people. INA has initiated the scholarship for the economical poor students. The JCB company comparatively high in all the sub parameters as their initiatives in the wide spread area of the village and the CSR dept. has conducted the sustainable plan of the CSR project.

All the above companies through their association TDIA (Talegaon Dabhade Industrial Association) initiated the baseline need assessment survey in the vicinity of the MIDC with an objective to identify the actual needs of the communities.

![Company’s Involvement in the communities average](image)

**Fig.5 Company’s involvement in the communities (average)**
3. Environmental and Natural resources conservation by Companies

Fig.6: Environmental and Natural resources conservation by Companies

The corporate of the Talegaon MIDC has taken initiative to conserve the natural resources and it reflects from the above fig. that in 2013 company’s performance has increased in the environmental area.

Fig.7-1: CSR Impact on Communities

The CSR programme and initiatives for the communities has improved the social and economic conditions of the communities of the respective village. The vocational
training and the outsourced jobs of the companies were workout for the Communities which have improved the economic condition of the families.

CSR initiatives of the respective companies have created the good social and economic impact in the communities. The companies of Talegaon MIDC have designed the CSR programs taking into account the local community needs.

Most of the companies have motivated their employees to participate in the CSR programs and employees are glad on getting involved in the CSR programs.
It reflects from the above fig. that the Companies involvement and commitment towards the communities has created the social and economic Impact on Communities.

In 2012 the impact on communities comparatively less of all the companies except the JCB Company. In 2013 the CSR initiatives of the respective companies has improved social and economic condition of the communities.

Conclusion

We can draw the conclusion from this study that the CSR initiatives can be planned with taking the participation from the communities. In this paper the importance of community involvement in developing the policy has been proved. In the Talegaon industrial belt all the 5 companies have the philanthropic approach towards CSR in the year 2012 but they started developing the CSR strategies for developing sustainable CSR.

We can also conclude that the community involvement and initiatives of the corporate can bring the change in the in the society. In Talegaon the most of the companies have involved in the community development activities which has improved the social and economic conditions of the local communities. The educational aid and related facilities also provided by the companies under the CSR. In result the level of education and attendance increased in the school and women of the related communities also got an employment. In the vicinity of Talegaon MIDC the social and economic development has improved due to the CSR initiatives of the related companies.

References:


Turker 2008 Measuring Corporate Social Responsibility, a scale development study, Journal of Business ethics 85 411-427
