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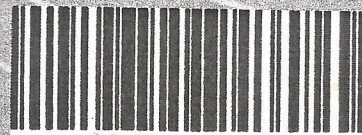
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**ISSUES AND CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY IN OIL
 SECTOR PUBLIC ENTERPRISES IN ASSAM**

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ABSTRACT

Corporate Social Responsibility (CSR) is not a new concept it has been in practice in India since long but the approach was voluntary in nature until the government rules made it mandatory. The oil giants (both public and private) of India have taken up CSR activities in several areas like education, environment, health but the result is not satisfactory. As there still lies a vast scope for development in each and every sector of the country. The corporate are investing in the designated areas but the effect is not visible, thus there lies a gap in the implementation, the promises made in papers and the rules applied. The issues and challenges which are posing as a threat to the corporate from making a notable development in the society will be studied. This study will aim to give a noteworthy contribution so as to make it practically viable for the managerial use by citing a project based approach.

Keywords: Corporate Social Responsibility, challenges, issues, oil sector public enterprise, stakeholders.

Introduction

Corporate Social Responsibility (CSR) refers to the obligations of businessmen or a business house to pursue those policies to make those decisions or to follow those lines of action which are desirable in terms of the organisational and societal objectives and add value to our society. CSR is considered as an essential part of business language and practice because it is vital to many of the theorists and is continually consistent with what the public expects of the

business community today. The businessmen's decisions and actions shows a direct economic or technical impact in the society. CSR began as a philanthropic activity where organizations contributed to social causes; but it was gaining importance and becoming an essential activity for business. Gradually, CSR become an important feature in business philosophy. The subject of CSR gained importance ever since the government rules made it mandatory. The society reacts to a company's CSR activities in multiple ways, by not just buying more products, but by

enacting other stakeholder behaviours, such as seeking employment with the company and investing in the company. The CSR activities are to be selected in such a manner that the benefits reach the smallest unit i.e., village, panchayat, block or district depending upon the operations and resource capability of the company.

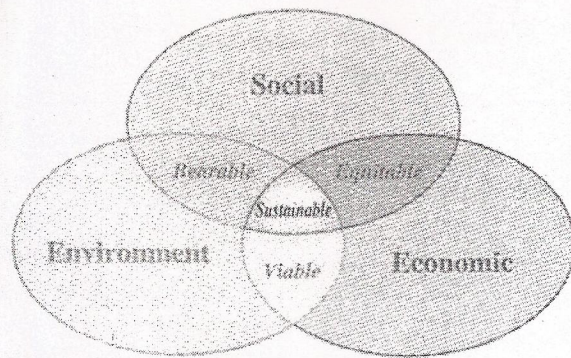


Fig 1: Corporate Social Responsibility

The term CSR was first coined by Howard Bowen in the early nineties. Bowen is called the father of CSR. The term consists of three words corporate, social, responsibility. According to Oxford Dictionary (The little Oxford Dictionary, 7th edition, Oxford University Press, Delhi) the word corporate means belonging to a corporation, social means of the society and responsibility means being responsible to. This term is not new to the business world but the idea related to it had been changing and now it occupies a very important position in every corporate house and is considered as one of the utmost important area.

Benefits of CSR

The crucial benefits attached to CSR apart from the Philanthropic part:

- ✓ Strengthened Brand
- ✓ Increase Sales and Market share
- ✓ Enhanced Corporate Image and Clout
- ✓ Increased ability to attract, motivate and retain employees
- ✓ Increased appeal to investors and financial analysts
- ✓ Risk Management

Objective: To know the issues and challenges of public sector oil enterprises in Assam

Research Methodology: Descriptive research design is applied in the study. Keeping in view the set objective, this research design is adopted so as to have greater accuracy and in depth analysis of the research study. Secondary data is collected from different news articles, books and websites etc. Primary data collection was done through interview method. The samples included the following:

1. Deepshikha Cancer Care Foundation at Guwahati (Indian Oil Corporation Limited has provided them an ambulance). The beneficiaries were the patients.
2. Shishu Sarathi Centre for rehabilitation and training of multiple disability at Guwahati (Indian Oil Corporation Limited has provided them chairs, tables, desks, photo copier machine). The beneficiaries were the children with multiple disability and trainees.
3. SOS Children's Village at Guwahati (Indian Oil Corporation Limited has provided them chairs, tables, desks, computers, computer tables). The beneficiaries are the orphaned children residing there.

Literature Review:

The researcher has reviewed books, reports doctoral theses, articles, journals, and newspapers at local, national and international levels. The period of study is from 2008-09 to 2011-12. Several other studies have been conducted on the topic of CSR but none with a focus on the issues and challenges of public sector oil giants in Assam. There remains ample scope for the present study to explore the area in regards to the CSR activities of the oil sector PSE's.

The Government of India has framed new guidelines in this area of CSR for the companies to abide by, which has specified the percentage of net profit that must be contributed towards the CSR activities:

CSR in public sector:

The Department of Public Enterprise rules relating to the oil sector companies in India is very stringent. The amount set aside for the CSR activities if not utilised by the particular company it goes to the fund formed by TISS and is utilised centrally by them. Apart from this other rules like doing proper base line survey before implementation, proper evaluation in every step is essential to keep one apart from any fraudulent activity being committed in the name of CSR by any company. Post audit helps to find any loopholes which exist in the company's implementation process. Loss-making companies are however not mandated to earmark any specific funding for CSR activities.

The *CSR budget will* be mandatorily created through a Board Resolution as a *percentage of net profit* in the following manner:-

Type of CPSEs Expenditure range for CSR Net Profit (Previous Year)	Expenditure range for CSR in a financial year (% of Profit)
(i) Less than Rs. 100 crores	3%-5%
(ii) 100 crores to Rs. 500 crores	2%-3% (Subject to a Minimum of 3 crores)
(iii) 500 crores and above	0.5%-2%

Table 1: Department of Public Enterprise rules

There lies a huge potential in the oil sector companies to undertake developmental activities relating the society. They have a huge capital outlay and accordingly earn a huge amount of profit which they can use in the CSR activities. Moreover in the process of their development they harm the society and in turn bear the responsibility to do something for it. They not

only can help the stakeholders by giving them employment, etc but can also help the government and support them in their efforts. This would also initiate a step forward in the development of the society.

In Assam, the oil companies are holding a dominant position apart from tea sector and plywood (which is in the verge of extinction now). Thus the oil companies mainly take up CSR activities in the health, education, environment sector. The CSR activities mainly include opening school, giving computers in schools, providing mobile medical van, health check up camps etc. In Assam, there lies many hindrances which have given very less scope for CSR projects to be undertaken. If these hindrances are overcome and the stakeholders join hands with the companies to work for the societal development then the scenario of Assam is sure to take a 'U' turn in the near future

Findings:

The study gave the following findings:

1. Role of Government

The role of the government has become imperative as regards to the corporate social responsibility activities. It is so because India is a developing country growing in size and shrinking in opportunities.

2. Disclosure of Reports

The conduct of annual audit has made it made compulsory to disclose the amount relating to all the expenditure as well as profit in the company. Thus this also shows the accountability of the company in monetary terms towards the CSR activities.

3. Effect on stakeholders

The conduct of the business influences its customers deeply. The company which is showing its concern towards its stakeholders is being rewarded by the stakeholders in the form of high profits, increased sales, enhanced brand equity etc.

4. Retaining Manpower

Personnel's are always attracted towards high pay packages but the recent trend brings in some changes. The attraction of the employees are more towards those employers who show an ethical conduct, concern towards the society and gives more stress on employee's objectives rather than profit earning, Profit earning always was is and will remain the ultimate goal of business but it is taken as an hidden objective. In order to hire and retain skilled employees, companies are being forced to improve working conditions and lay more stress on individual and societal objectives.

5. Supplier Relation

The stakeholders are increasingly taking part in business affairs so many companies prefer to select socially responsible backward integrated partners.

6. Lack of Community Participation in CSR Activities:

As per the DPE rules, the oil refineries are to conduct CSR activities within a 10 kilometre radius of the refinery. Assam has 3 refineries (Guwahati refinery, Digboi refinery, Numaligarh refinery) which is surrounded by a thick population in its nearby area.

7. Need for Research institutions:

There is scarcity of trained and efficient research institutions that can effectively take up the baseline surveys for the oil giants. This also acts as a bane for the region as the companies

8. Issues of Transparency:

The CSR projects are planned, designed, and prototyped by the company officials but the implementation in the practical field is being done with the help of some local agents who are chosen on the basis of some set parameters like government recognised, skilful, experienced etc.

9. Other factors:

The other factors like absence of organised NGO's, poor role of media in highlighting the success stories of undertaking CSR activities, absence of clear cut statutory guidelines and policy directives to give a direction to CSR activities of oil giants, lack of common thought in local agencies in regards to CSR projects.

10. Perception of Society:

The perception of the stakeholders is that the CSR activities are to be single handedly taken up, implemented and also accomplished by the concerned companies. As a result, they find it hard to decide whether their participation is required or not in such activities.

11. Other Findings:

The personal interview with the coordinator of Deepshikha Cancer Care Foundation as well as Shishu Sarathi and SOS Village revealed that the work done by the oil company as a part of its CSR activity is a good one the donations given in the form of chairs, tables, ambulance, computers etc are worthy enough but they have the capacity to do more.

Conclusion:

Corporate Social Responsibility is an emerging area which has now been widely accepted as an important activity and not a philanthropic act. The increasing change in outlook is welcomed but the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies is sought which can push up the standards of other organizations at the same time. Oil giants can be benefitted in a number of ways if the approach to view the concept is deliberately changed. The corporate can have improved

corporate can have improved performance in marketing and financial fields, addition in reputation and brand image, enhanced sales figures, etc. The stakeholders will also be benefitted with better health facility, medical facility, education and job opportunities.

Managerial Implication:

This particular study gives wide scope for the managerial implication in the public sector oil enterprises of Assam. This study has the matters keeping in mind the scenario prevailing in Assam, its geographic terrain, population, demographic information etc. It is sought that the managers should no longer consider CSR as a philanthropic act but as an essential activity which is counted as a liability to be met. Moreover the managers should take up a project based approach. The managers should be engaged wholeheartedly in accomplishing the task which has been initiated. Proper baseline survey should be conducted at the initial stage to avoid any kind of work stoppage in the formulation or implementation stage. The eye should be on the challenges and to stop its occurrence. In case, it occurs then aid should be made ready to meet those untoward situation. The evaluation stage is the final stage and it holds special importance because of its severe characteristics. If the project is not evaluated properly then problem may occur in the long run. The managers should keep a vigil eye and make the best possible use of the CSR activity as a strong marketing tool. As CSR activities are such which has the capability to cover a wide area. This

benefit can be well utilised by the marketing managers to derive mileage out of it.

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