
A Study on the Implementation of Corporate Social Responsibility in Thermal Power Company

Pritam Chowdhury¹

¹ Faculty of Management Studies, Dr. B.C. Roy Engineering College, Durgapur, West Bengal, India.

* Corresponding author: pritamchowdhury2005@gmail.com

Abstract

The research investigates the Corporate Social Responsibility (CSR) practices of a thermal power firm in the West Bengal region of India. A mixed study paradigm involving both primary and secondary study methods revealed that 46 employees were surveyed to gain insight into trends in the organization, CSR investments, and methods of implementation. Results showed that significant actions have been undertaken in the years leading up to this study to realize corporate commitments to CSR, with 67.39% of respondents reporting that 1-2% of annual revenues went to CSR. The findings showed that direct financial support to communities, or public donations, was the most common CSR implementation method (43.47%). Respondents reported community needs were the primary driver for CSR site selection (43%), while current socio-environmental issues also influenced selection (33%). The research indicates that CSR practices in the power sector are beginning to depart from rigid CSR practices and schemes that have a weak operationalization of CSR policies, to developing more contextually useful, and community-centered practices. The research contributes to the CSR literature through the specificity on the sector of power companies in India for CSR practices, which is uniquely valuable to managers, as they make CSR implementation decisions according to the needs and expectations of society, and organizational goals for CSR.

Keywords: Corporate Social Responsibility, Power Sector, Community Engagement, Thermal Power, India

Introduction

Corporate Social Responsibility (CSR) is a voluntary commitment by corporations to enhance their social and environmental effects beyond their legal obligations. Policies regarding CSR involve the commitments that a corporation will engage in a CSR related to its operations and the decision-making process. A CSR policy will generally involve a commitment to responsible business and sustainability in the corporation's operations. The policy will often stipulate specific, focused goals and targets around areas of environmental sustainability, social responsibility, ethical business behaviour, and charitable giving. The policy may advocate for the corporation to measure its corporate social responsibility performance and publish its performance against those agreed upon targets. Engaging in CSR can generate a variety of positive impacts on a corporation including enhancing reputation, stronger stakeholder relationships, improved employee attraction and retention, less environmental footprint, and longer terms profitability. In recent years, there has continued to be an increase in the adoption and implementation of CSR policies by corporations. This trend has been fueled, in part, by social and environmental issues becoming more widely known to the general public, and an increase in the overall public perception of a moral responsibility for corporations to be aware of their responsibilities to society and the planet, as stakeholders, including customers, investors, and employees, to take on an increased responsibility. Generally, a well-designed CSR policy can effectively allow companies to demonstrate how their values are true by being responsible to society and the environment, and that they seek long-term value for shareholders and society. According to the Cone Communications Global CSR study from 2015, 91% of consumers worldwide expect businesses to do the right thing by addressing social and environmental issues and 84% say they would like to purchase responsible products when possible.

Literature Survey

Corporate Social Responsibility (CSR) is a phrase that has begun to gain in popularity and has been observed by numerous authors and discussed in their works as a CSR policy within organizations. This literature review presents a glimpse of the literature on CSR policies, as well as definitions of CSR, why CSR is good, and challenges of CSR policies. One of the most common definitions of CSR comes from Carroll (1991), where CSR means "the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." In other words, CSR means an organization's expectations on its stakeholders; organizations are held accountable for stakeholder interests and financial interests. A key theme of CSR policies is the opportunity that arises to have a favorable impact

on an organization's reputation. Brown and Dacin (1997) stated that, "...CSR initiatives allow organizations to build their reputations and engender trust among stakeholders which leads to increased sales and market share." Mc Williams and Siegel (2001) further stated that CSR allows organizations to attract and retain employees that may provide more of their effort for organizations with socially responsible missions. Awaiting in these CSR practices are challenges. For instance, Bansal and Roth (2000) assert that CSR policies could be inherently difficult to implement, particularly in areas with complicated supply chains. Margolis and Walsh (2003) indicate that stakeholders may resist CSR policies because they may not be aligned with stakeholder interests. One additional obstacle to CSR policies is the possibility of "greenwashing," which is described as making inflated claims or even making false claims about a company's social or environmental practices.

According to Elkington (1998), companies need to be truthful and transparent in their efforts at addressing CSR issues, otherwise they may be subjected to the risks of greenwashing, misuse of CSR terms, or overstating their CSR reporting. On the whole, the CSR literature reflects that companies should gain various benefits from its CSR policies, but sometimes barriers may limit the extent of those benefits that actually get experienced. Generally, organizations need to have transparency and supplier management in place to best demonstrate these CSR policies, with the overall commitment to address a range of stakeholder-relevant social and environmental issues. Aneel Karani (2010) completed a literature review of Corporate Social Responsibility (CSR) policies. The intent of the literature review was to assess the relationship between CSR policies and financial performance, as well the various factors that impact their effectiveness. Two major topic areas related to CSR arise from the CSR literature, which is the business case for CSR. Some academics theorize that CSR policies can enhance an organizations financial performance through reputational enhancements, motivations and retention of employees, and their ability to attract better socially minded investment. on the other hand, some academic scholars have published that not all CSR has a straight line between CSR and financial performance and that organizations sometimes can incur large costs in the implementation, sustainability, and priorities of CSR.

Research Gap

While several studies show the importance of Corporate Social Responsibility (CSR) in the effectiveness of organization reputation, retention of employees, and trust of stakeholders, not enough is known on how this takes place in the Indian power sector, specifically thermal power and state owned, energy-intensive industries. Most of the literature exists in the multinational corporation context, or consumer-

based sectors that do not provide insights into CSR practices including trends/policies, strategies and community engagement initiatives in utility sectors. To date there is little empirical evidence to show how some demographic characteristics of employees impact their interpretation of organizational CSR practices.

Research objective

1. to ascertain the priority organization gives to CSR practices
2. to review the trends of the company's CSR practices
3. to assess how the company conducts its CSR practices.

Research Methodology

This research employs both primary and secondary sources of data. Primary data will be generated by the researcher using surveys, interviews, and experiments that specifically are designed for addressing the research problem at hand. A Simple Random Sampling method is used in this study. The sample of respondents selected for this study is 46. This sample was collected from employees who are employed in the Thermal Power Station and the sample geographical area was West Bengal, India. The Secondary Data has been collected from various academic journals containing articles regarding Corporate Social responsibility. Many databases exist that provide data on many research methodologies, including surveys, studies, and statistics. The above mentioned databases are JSTOR, Pub Med, and Scopus.

Analysis of Respondents

Demographic Profiles of the Respondents

Table 1: Demographic Information

Particular	Specific Highlighting Category	Percentage
Gender	Male	63.05 %
Age	45-54 Years	47.83 %
Organization's Association Period	11-20 Years	36.96%

The information above represents important demographic and organizational information regarding our respondents. More respondents were male (63.05%) which suggests gender bias in the representation. The largest proportion of the respondents were in the age group of 45-54 years (47.83%). This indicates that most respondents were middle-level to senior-level professionals. In relationship to length of time in the organization, the data shows: 36.96% had been with their organization for 11 to 20 years. The

data indicates a high level of retention and commitment to the organization. Overall, the data suggests that the study sample was almost all older, experienced, male employees who have belonged to the organization for years, contributing to stability and maturity in the shared perspectives.

CSR Activities Analysis

Table 2: Personality Traits

Particular	Specific Highlighting Criteria	Percentage
Organization commitment to CSR.	Increased Significantly	39.13 %
Amount Spend on CSR activities	1-2 % of Annual Revenues	67.39 %
Methods of Implementation of CSR Activities	By giving Financial Support Directly To Community	43.47 %

Table 2 results are important and provide meaningful insight into corporate actions towards Corporate Social Responsibility (CSR). A considerable number of participants (39.13%) stated their organization has increased their commitment to CSR programs, suggesting a greater awareness of social and environmental responsibility within the last several years. A majority of organizations (67.39%) indicated that amounts spent on CSR is 1–2% of their annual revenue, which implies an organizations movement towards the purposes of corporately mandated expectations. Another indicator of CSR involvement is the more salient way of supporting CSR is to provide a direct monetary transfer to community (43.47%). Organizations are still choosing direct monetary donation of resources to a cause in lieu of indirect or strategically supportive forms of donation into a community. In conclusion, the results suggest organizations are at a pace of increasing intention to support CSR as a legitimate concern to a greater extent, by, at least one measurable way, of corporate donations of monetary support to a charity.

Reason behind choosing the Area

As depicted in Figure 1, the pie graph illustrates the top justification for organizations choosing a location, site, or community for CSR activities. The largest portion amounting to 43% represent the most dominant justification, which is demand from the community indicating that organizations consider the needs and expectations of the local community. The second most significant justification, at 33%, is current issues, which illustrates that organizations are also targeting their CSR activities

toward more socially, economically, or environmentally relevant and responsive issues. Lastly, the other 24% responding organizational mandates, which reflects that internal, organizational policies or strategic plans within organizations have an influence on CSR decisions. Collectively, the findings illustrate that while compliance and organizational mandates matter, the largest factor in determining CSR location is community and current issues.

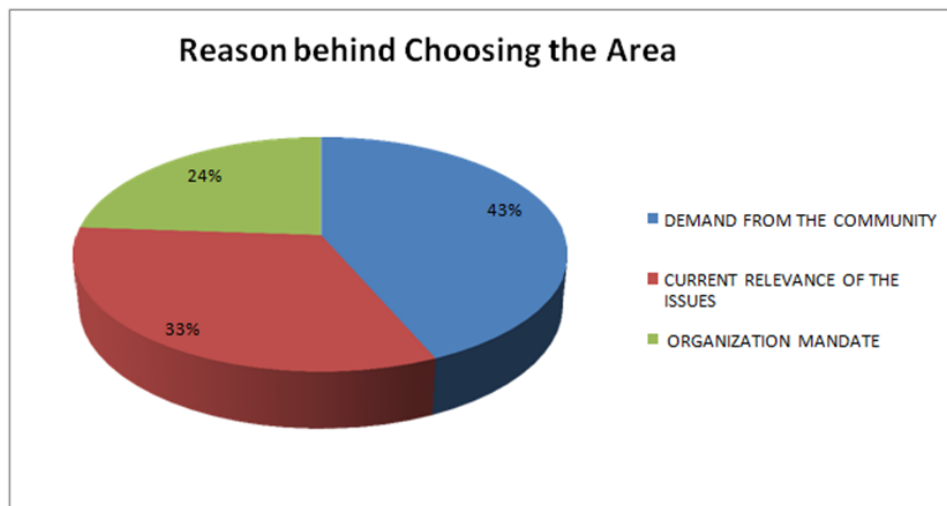


Figure 1: Reason behind choosing the area for implementing CSR

Discussions

The analysis suggests that CSR in the energy field is not a mere facade and is incorporating becoming part of organizational strategy. Stated programs included a variable percentage of earnings allocated towards CSR, which demonstrates a desire to meet legislated requirements of the Companies Act amendment passed in 2013. These companies also noted that CSR should include social responsibility in addition to money. That said, there is a reliance or a desire to fund projects at arm's length, which also reflects some interest to find the easiest way to complete CSR projects, but it also raises questions about the sustainability of projects using either that model versus developmental projects/models, or capacity building approaches. The demographics of the employees may also matter: the majority of respondents were older, white males and long-tenured, and they also had an understanding of organizational and community evolution and their importance to a function of society. Moreover, in dealing with community need, they also reflect the relevance of issue to community when a CSR project is initiated and demonstrate a sophistication to work within sophisticated participatory mechanisms in

company-led development work instead of the top-down corporate imposed decisions. Of course, because finances are the preferred contribution, CSR is not likely to be transformative unless there would be a capacity-building project associated with them that together create longer-term future options for impact.

Managerial Implications

These findings have implications for managers working in the power sector. First, as firms become increasingly cognizant of the importance of CSR considerations, managers should view CSR as a true strategic priority for innovative strategies, instead of simply framing CSR as compliance. For managers of firms that have moved from the stage of purely financial contributions to CSR, investing time, money, and human resources into sustainable CSR in education, health, and environmental sustainability priorities will strengthen and nurture long-term relationships in the community. Second, while community expectations may be the most significant implementation driver for CSR, that reinforces the need for stakeholder engagement and the importance for managers to use, implement structured processes, for collecting stakeholder feedback, but mostly community feedback, that allows managers to align CSR practice to community need. Third, the level of acumen on behalf of organizations demonstrated employee loyalty and commitment, which we would expect at a minimum, but it should be mentioned that CSR initiated internal organizational awareness programs of CSR may be a medium to cultivate deeper employee engagement on a community responsibility basis. Finally, demonstrating transparency related to a company's CSR investments and the demonstrated results may build trust with various stakeholders, including community stakeholders and stakeholders of employees, and thus risk and mitigate the appearance of skepticism or greenwashing, thus preserving and enhancing the organization's image.

Conclusion

This study concludes that CSR (Corporate Social Responsibility) in the energy sector is gradually evolving into a strategic method of balancing a compliance requirement with a legitimate social input. The case study of the firm shows a steady increase in CSR involvement over time, with most contributions occurring in the forms of financial commitments. The study also points to a need for companies to be more sustainable, targeted, long-term, and capacity-building CSR contributors in order to have a larger impact on the community. The existence of decision making centered on the community is an encouraging sign that an organization is responding to a community need, and not just meeting an expectation of organizational management. Within the Indian power sector context, integration of CSR into the business strategy is not only a regulatory policy expectation but also and ably-chanced

opportunity to reinforce organizational legitimacy and build trust in their locality. It will be worthwhile for future studies to expand the research to comparative studies across the energy sector, to build a full picture of sectoral differences in CSR contributions and impact on local communities.

References

- Bansal, P., & Roth, K. (2000). Why companies go green: A model of ecological responsiveness. *Academy of Management Journal*, 43(4), 717–736. <https://doi.org/10.2307/1556363>
- Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing*, 61(1), 68–84. <https://doi.org/10.1177/002224299706100106>
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48. [https://doi.org/10.1016/0007-6813\(91\)90005-G](https://doi.org/10.1016/0007-6813(91)90005-G)
- Cone Communications. (2015). *Cone Communications/Ebiquity Global CSR study*. Cone Communications. <https://www.conecomm.com/research-blog/2015-cone-communications-ebiquity-global-csr-study>
- Elkington, J. (1998). *Cannibals with forks: The triple bottom line of 21st century business*. New Society Publishers.
- Karani, A. (2010). A literature review of corporate social responsibility policies and practices. *International Journal of Business and Management Studies*, 2(1), 23–32.
- Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48(2), 268–305. <https://doi.org/10.2307/3556659>
- McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26(1), 117–127. <https://doi.org/10.5465/amr.2001.4011987>