CHAPTER 1

INTRODUCTION

1.1 Background of the study

The idea of corporate social responsibility (CSR), i.e., businesses bearing a responsibility to society and a broader set of stakeholders beyond its shareholders, gained currency in the 1960s. Since then, attention on corporate social responsibility has been growing in both academic and practitioner communities around the world (Wang, Tong, Takeuchi, & George, 2016).

Our natural environment has the limited ability to meet the needs of the present and future generations, therefore, achieving a sustainable development has become one of the biggest challenges of humanity. A sustainable development is one that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 8). This implies equally favoring social, environmental and economic development, also known as the triple bottom line - people, planet and profit (Elkington, 2002).

Particularly since the 1990s CSR entered in the vocabulary and agenda of multiple social actors (Duarte, 2011). The rising number of issues related with the relationship between business and society, in both academic and popular press, the development of national and international standards and certifications, the emergence of dedicated CSR associations, and the amount of initiatives such as workshops, conferences and other activities organized by public and private entities discussing CSR, evidence well the growing attention that the topic has been recently gathering (Patricia, Mouro, and Goncalves, 2010). What distinguishes the current meaning of CSR from previous social initiatives is the explicit assumption of multiple responsibilities towards society and the attempt to manage it strategically (Matten & Moon,2005, 2008). It implies that companies rethink their position and act in terms of the complex societal context which they are part of (Van Marrejick, 2003). CSR practices have been implicitly incorporated in the management of many organizations for decades, although as a concept it presents a certain newness and complexity (Santos, 2011).

There are ethical antecedents to CSR embodied in ancient Persian, Jewish, Hindu, Christian, Confucian and Islamic texts and social conventions which point to particular obligations of individuals who are well endowed. The concept of Philanthropy is perhaps the most ubiquitous antecedent of modern CSR. Most managerial and academic understandings of CSR include reference to philanthropic contributions in support of charitable causes. Another element of CSR genealogy is Industrial paternalism. This was a feature of 19th century industrialization manifest in the provision of housing, education and recreational facilities and opportunities for workers (Moon, 2014)

There always was an unwritten contract between business and society in India, as there has been elsewhere too. This contract was based on the ethic of 'giving back'. Giving back being an essential part of Indian culture, mentions Pushpa Sunder in her work. She further quotes Thiruvalluvar, on the liability of social welfare; 'Like how the water in a large well of a village benefits everyone, the wealth of a wise man benefits society'. Merchants of the past embodied the spirit of giving for the common good, despite the changes in the political and social structures in the society (Sundar, 2013).

"Organizations around the world, as well as their stakeholders, are becoming increasingly aware of the need for socially responsible behaviour" (International Organization for Standardization, 2007, as quoted in Bhave, 2009). Although the term has been used for over half a century now, no single accepted definition exists. Corporate social responsibility (CSR) according to the definition provided by the International Organization for Standardization in the International Organization for Standardization, 2007) standard means "responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, health and welfare of society, takes into account the expectations of stakeholders, is in compliance with applicable law and consistent with international norms of behaviour and is integrated throughout the organization and practiced in its relationships" (Bhave, 2009, p.2).

The debate over what actually constitutes CSR is an on-going process between academics, consultants and corporate executives which has resulted in more definitions of CSR. This ambiguity in the term has put business executives in a fix especially in the corporations which have taken up this issue, leaving them with more questions than answers, with more doubts than clarifications. Everyone has their own perspective about CSR which causes the concepts and definitions to be often biased towards specific interests (Van Marrewijk,

2003). Carroll (1999) illustrates this diversity in perspectives through the words of Post& Preston (1975) in the book *Private Management and Public Policy: The Principle of Public Responsibility,* where the term 'CSR' has been described as, "a brilliant one; it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability, to others, it means socially responsible behaviour in an ethical sense; to still others, the meaning transmitted is that of "responsible for," in a casual mode; many simply equate it with a charitable contribution, some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for "legitimacy", in the context of "belonging" or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large."

The role of business in society has undergone a profound transformation in the last few decades. While companies have been given increasingly greater freedom, they have also been held responsible for a range of issues that were previously considered the sole responsibility of the state. Business is expected to voluntarily promote efforts to mitigate climate change, protect human rights and safeguard the environment. The concept of corporate social responsibility (CSR) captures the essence of this transformed relationship between state, market and civil society and signals a new role for private actors in future national and global governance (Gjølberg, 2009).

Two major academic disciplines anchor opposite poles in the debate about the social responsibilities of corporations: economics (which focuses on corporations) and moral philosophy (which focuses on social responsibilities). Participants in the CSR debate combine elements of these two extremes and create a number of models, arguments, and theories of what constitutes a firm's responsibility to society; some of these models view economics and moral philosophy as opposing forces while others view them as complementary (Godfrey & Hatch, 2007).

While there have been criticisms and debates on whether it was appropriate for corporations to expand their remit beyond shareholder value, an increasing majority of corporations have proactively committed to addressing larger societal challenges. With a variety of options for corporate engagement in mainstream society and local communities, corporations have created dedicated organizational units to effectively manage their social obligations. There is commensurate growth in specialized organizations operating at national and global levels that advise on, and often implement, targeted short-

term projects or longer- term sustained community-level programs. Over 8,000 companies from more than 150 countries are signatories to the United Nations' *Global Compact*, covering issues on human rights, labor standards, environment and anti-corruption. The scale and prominence of these trends indicate that discussions of CSR have shifted from existential questions on organizational mission and shareholder value to the mechanisms and processes by which corporations conceptualize and enact their societal obligations. Similarly, the dialogue has shifted from simplistic justifications of financial outcomes related to core businesses to sophisticated views and measures of societal outcomes (Wang, Tong, Takeuchi, & George, 2016)

There is growing interest among managers in the antecedents and consequences of CSR, especially for executives at multi-national, multi-divisional companies. These corporate leaders are mindful of the fact that business norms and standards, regulatory frameworks, and stakeholder demand for CSR can vary substantially across nations, regions, and lines of business. They are also aware that their divisional managers are under constant pressure from employees, suppliers, community groups, NGOs, and government to increase their involvement in CSR. Unfortunately for both academicians and practitioners, the analysis of CSR is still embryonic and thus, theoretical frameworks, measurement, and empirical methods have not yet been resolved. (McWilliam, Siegel & Wright, 2006)

Jonker and Marberg (2007) discuss the origin of this debate between scholars, business and government which began somewhere around 1970 and the evolution of CSR.The governmental regulation in areas like safety, environment etc in the 1970s indicated the experiences of the Role of Government to promote Corporate Social Responsibility initiatives in the private sector.

Though the roots CSR extend before the Second World War, but till 1950s, CSR was more philanthropic, according to Cacioppe, Forster, & Fox (2008), with donation as the primary approach for businesses. In 1951, Frank Abrams, a former oil executive, argued that companies had to think beyond just profits, and focus evenly on their employees, customers and the world in general (Frederick, 2016).

The 60s and early 70s were classified as the "awareness" and "issue" areas by Murphy (1978), as quoted by Carroll and Shabana (2010), serving as a transition period between the academic idealism of the 1950s and the corporate pragmatism of the future. In theory, Milton Friedman's viewpoint on CSR echoed through the 1970s and the

primary social responsibility of a firm revolved around using the funds allocated for CSR to engage in activities designed to increase its profits and boost company efficiency Since a number of definitions of CSR had already been formulated by Friedman, Frederick and Johnson among others, the two subsequent decades dealt less in new definitions and more in streamlining of CSR concepts, undertaking measures to operationalize it and pursuing research studying the relationship between CSR and Corporate Financial Performance (CFP) (Carroll & Shabana,

2010). New, but complimentary concepts like Corporate Social Responsiveness, business ethics, public policy etc. were studied. Wartick & Cochran (1985) extended the existing model of Corportae Social Performance (CSP) with an "evolution of the corporate social performance model", while Epstein (1987) defined corporate social responsiveness and business ethics, to further integrate them into the concept of "corporate social policy process". Freeman (1984) introduced the "stakeholder theory" into CSR, which emphasized that organizations should not be accountable only to their shareholders, but also look after the interests of other stakeholders, who can influence or are influenced by organization's activities. Frederick (2008) termed the 1980s as the ascent of the corporate ethics stage, wherein efforts were focused on fostering ethical corporate cultures.

The concept of "corporate social innovation" was outlined by Kanter in 1999, where she called for firms to use social issues as a learning tool to identify unfulfilled needs and develop solutions that tap into new markets (Wilson, 2010). Using this concept, Kanter (1999) demanded an end to arm-length models of corporate philanthropy which papered over the cracks, rather than providing solutions to the most fundamental problems of the society.

Scholars usually divide the evolution of CSR into **four phases**; CSR 1, CSR 2, CSR 3 and CSR 4.

CSR 1 meant that companies should behave responsibly and contribute to society through charity and community initiatives, an approach now supported by most corporations.

CSR 2 was a stage when corporations showed responsiveness by creating public affairs department, improving employee communication, labour relations and public issue management, along with stakeholder engagement, especially shareholders.

CSR 3 in the 1980s laid emphasis on ethics along with regulations for corporate ethics and code of conduct. Business by taking up voluntary reporting advocated self- regulation against governmental regulations and assured self-policing of its activities.

In the last stage of CSR, CSR 4, scholars would like CSR to shift from its corporate centric orientation to a more cosmos oriented one. This concept draws a parallel with the concept of sustainable development.

Marrewijk (2003) enlists some approaches about CSR that have been proposed over the years. The *shareholder approach* can be simply explained in the words of Milton Friedman, "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970). The *stakeholder approach* is about going beyond interest of shareholders to a multitude of stakeholders who are affected by the activities of the organization. The broader view of CSR and the full coverage of the various perspectives come forth in the *societal approach* which advocates responsibility to the society. The basis for this argument is the fact that the organization is a part of the society in which it functions.

Three schools of thought have emerged regarding the end purpose of the CSR. Wan- Jan (2006) has done a literature review of the three. First school is which promotes CSR from an ethical standpoint, which talks of CSR for the sake of CSR without any expectation from the CSR activities. This "noble way" for corporate behaviour is the only form of CSR according to this perspective. Looking at CSR from a business strategy is another school of thought. This thought has its origin in the agency theory according to which the primary aim of corporate managers is to increase shareholder value. The third school of thought focuses on the common denominator of the first two schools of thought and takes the "serving stakeholders" stance. According to the ethical stance, the corporation should treat its stakeholders properly and behave ethically with them and business strategy also focuses on treating stakeholders ethically, through which, managers believe that their businesses will stand to gain.

If there have been different approaches to how to look at CSR, academics have also tried to put forward their own interpretations of how CSR looks as an overview. Carroll (1991) has proposed a pyramid of CSR. Four categories or components of CSR; economic, legal, ethical

and philanthropic responsibilities of an organization are explained metaphorically through a pyramidal shape (Bhave, 2009).

Carroll (1991) starts with the basic building block, economic performance, which undergirds all other aspects of corporate behaviour. The law has to be obeyed as it is the "codification of the acceptable and unacceptable behavior". Ethical responsibility is meant by doing what is just whilst avoiding or minimizing negative effects on the stakeholders. Business to fulfill its philanthropic responsibility is expected to contribute financially and through human resources to society. Compared to this Windsor (2006) has painted a very different conceptual picture of CSR. Ethical and economic responsibilities of the corporation are conceptualized as mutually exclusive.

Given the entire debate about CSR, its definitional constructs, its realms of applicability, its conceptualization and various perspectives, certain well accepted characteristics of CSR have been advocated by the International Organization for Standardization in 2007 and it can be said that willingness of an organization to take responsibility and be accountable for the impacts its activities and decisions create on society and the environment, along with expectations of society, role of stakeholders in social responsibility and integration of social responsibility in the daily regular activities of the organization are important.

CSR in India has traditionally been an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept.

However, what was clearly evident was that most of this had a national character encapsulated within it. As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects (NICCI, 2016).

The last decade of the twentieth century witnessed a swing away from charity and traditional philanthropy towards more direct engagement of business in mainstream development and concern for disadvantaged groups in the society. This has been driven both internally by corporate will and externally by increased governmental and public expectations (Das Gupta, 2007).

Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend. While CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than

philanthropic. A large number of companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing CSR reports. The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy (NICCI, 2016).

Given India's long tradition in this field, its CSR agenda continues to be characterized mainly by philanthropic and community development activities. On the other hand, the results of the survey conducted by Gupta & Gupta (2008) suggest that Indian companies and stakeholders are beginning to adopt some aspects of the mainstream agenda, such as the integration of CSR into their business processes and engagement in multi-stakeholder dialogues.

A noticeable change in the move of the focus from charitable donations and philanthropy to issues of ethics, ecology, support for small rural enterprises and consumer education became prominent in the decades after independence (Das Gupta & Das Gupta, 2008).

According to Sundar (2000), the following four phases of CSR development can be identified. These phases parallel India's historical development and resulted in different CSR practices.

First phase: *CSR motivated by charity and philanthropy*

The first phase of CSR is predominantly determined by culture, religion, family tradition, and industrialization. Business operations and CSR engagement were based mainly on corporate self-regulation. In the pre-industrial period up to the 1850s, merchants committed themselves to society for religious reasons, sharing their wealth, for instance, by building temples. Moreover, "the business community occupied a significant place in ancient Indian society and the merchants provided relief. Under colonial rule, Western types of industrialization reached India and changed CSR from the 1850s onwards. The pioneers of industrialization in the 19th century in India were a few families such as the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Naidu, Mahindra and Annamali, who were strongly devoted to philanthropically motivated CSR (Mohan, 2001).

Second phase: *CSR for India's social development*

The second phase of Indian CSR (1914-1960) was dominated by the country's struggle for independence and influenced fundamentally by Gandhi's theory of trusteeship, the aim of which was to consolidate and amplify social development. During the struggle for independence, Indian businesses actively engaged in the reform process. Not only did companies see the country's economic development as a protest against colonial rule; they also participated in its institutional and social development.

Third phase: *CSR under the paradigm of the "mixed economy"*

The paradigm of the "mixed economy," with the emergence of PSUs and ample legislation on labour and environmental standards, affected the third phase of Indian CSR (1960-1980). This phase is also characterized by a shift from corporate self-regulation to strict legal and public regulation of business activities.

Under the paradigm of the "mixed economy", the role of the private sector in advancing India receded. During the Cold War, India decided to take a third course between capitalism and communism. In this scenario, the public sector was seen as the prime mover of development. The 1960s have been described as an "era of command and control", because strict legal regulations determined the activities of the private sector (Arora and Puranik, 2004). The introduction of a regime of high taxes and a quota and license system imposed tight restrictions on the private sector and indirectly triggered corporate malpractices. As a result, corporate governance, labour and environmental issues rose on the political agenda and quickly became the subject of legislation. Furthermore, state authorities established PSUs with the intention of guaranteeing the appropriate distribution of wealth to the needy (Arora and Puranik, 2004).

The fourth phase: *CSR at the interface between philanthropic and business approaches*.

In the 1990s, the Indian government initiated reforms to liberalize and deregulate the Indian economy by tackling the shortcomings of the "mixed economy" and tried to integrate India into the global market. Consequently, controls and license systems were partly abolished, and the Indian economy experienced a pronounced boom, which has persisted until today. This rapid growth did not lead to a reduction in philanthropic donations; on the contrary, the increased profitability also increased business willingness as well as ability to give, along with a surge in public and government expectations of businesses. (Arora & Puranik 2004).

Under the Companies Act, 2013, that replaces the nearly six-decade old legislation governing the way corporate function and are regulated in India, profitable companies with a sizeable business would have to spend every year at least 2 per cent of three-year average profit on CSR works. This would apply to the companies with a turnover of Rs 1,000 crore and or more or net worth of Rs 500 crore and more, or net profit of Rs 5 crore and more. As per new proposals, from the beginning of 2013-14, Top earning PSUs like ONGC, BHEL and NTPC may have to double their expenditure on CSR as per the new draft guidelines being finalized by the Department of Public Enterprises (DPE). PSUs with net profit between Rs 100-500 crore are required to earmark 2-3% of their income. They have to ensure that they spend full amount earmarked for, otherwise, they have to disclose why they have not spent these fund. Public sector companies with a profit of less than Rs 100 crore are required to contribute 3% of their income for undertaking such activities. The proposed guidelines stated that if Public Sector Units (PSU's) are unable to spend the earmarked amount for CSR in a particular year, it has to be spent in the next two years (Srivastava & Singh, 2016).

India's economic reforms and its rise to become an emerging market and global player has not resulted in a substantial change in its CSR approach. Contrary to various expectations that India would adopt the global CSR agenda, its present CSR approach still largely retains its own characteristics, adopting only some aspects of global mainstream CSR.

The empirical results of a study by Arora & Puranik (2004) show that Indian CSR is still in a confused state. The findings of the survey reveal a shift from a purely philanthropic approach (e.g. selective donations) to a more comprehensive CSR approach.

This shift is apparent primarily in the perceptions of CSR, the professionalism of community development and the integration and organization of CSR within a company. Irrespective of these aspects, the empirical results lead to the conclusion that CSR still has a philanthropic connotation because of its emphasis on external stakeholders, particularly communities.

Discussing the role and importance of Public sector undertakings (PSUs), Murthy and Pitty (2013) state that the high level of public accountability attached to Public Sector Enterprises as a result of public ownership makes them socially responsible. The Committee of Public Undertakings in 1992 examined the issue relating to social obligations of Central

Public Sector Enterprises and observed that "being part of the 'State', every Public Sector enterprise has a moral responsibility to play an active role in discharging the social obligations endowed on a welfare state, subject to the financial health of the enterprise". It issued the Corporate Social Responsibility Guidelines in 2010 where all Central Public Enterprises, through a Board Resolution, are mandated to create a CSR budget as a specified percentage of net profit of the previous year.

Indian PSUs have a long tradition of CSR, and their contribution to the development of undeveloped or under-developed regions cannot be ignored. For a long time after India's independence, these PSUs made relentless efforts to reduce mass unemployment by creating job opportunities and providing healthy working conditions, job security, health care benefits, and education benefits to its employees. Also, employees were cared for even after retirement through pension programs. Their importance also stems from the fact that whereas market-based reforms lead to wealth generation, they also result in the ever-widening gap between rich and poor. In a country where even today a large portion of the population lives below the poverty line, such a gap can be a cause of severe distress and social unrest. The government, through its strong and successful public sector, has been able to lead by example and demonstrate ways to optimize economic growth in a socially just manner (Sharma, 2009) The importance of PSUs in the Indian economy has always been acknowledged as it accounts for over 22% of the country's GDP, around 6% of the total employment in the organized sector and over 20% direct and indirect tax collections. In India, there are 240

Public Sector Enterprises (PSE's) outside the financial sector. These enterprises produce around 90% of India's coal, 65% of refined oil, 83% of natural gas, 32% of finished steel, 35% of aluminum and 27% of its nitrogenous fertilizer. Indian Railways alone employs 1.6 million people, making it the world's largest commercial employer. Financial sector SOEs account for 75% of India's banking assets (Dewan, 2006).

The equity in PSUs essentially belongs to the people. With the advent of liberalization, privatization and globalization the role of Public Enterprise (PE) has undergone a substantial change. Since 1991, the market capitalization has doubled, signifying the impact of disinvestment in PSUs which has also gathered steam. By releasing the voluntary guidelines on corporate governance, the government has expressed strong desire to improve the corporate governance standards in Corporate India. Since 2007, central public sector enterprises has initiated some steps for achieving Corporate Governance norms which are

subsequently mandatory for all PSUs as there is a genuine need to improve the level of transparency and accountability in PSUs. Besides, the other major area on which emphasis has been laid upon is to stress on the link of Corporate Social Responsibility with sustainable development and define CSR as a philosophy wherein organization serve the interest of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations.

In April 2010, the Department of Public Enterprises, has issued a comprehensive "Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises" (Oberoi, 2012). Under these guidelines, CPSEs have to create mandatorily, through a Board Resolution, a CSR budget as specified percentage of net profit of the previous year. Expenditure range for CSR in a financial year is three to five percent of the net profit, of previous year, in case of CPSEs having profit less than Rs.100 crore; two three per cent (subject to minimum of Rs.3 crore) in case the profit ranges from Rs.100 crore to Rs.500 crore and 0.5-2 percent in case of CPSEs having a net profit of more than Rs. 500 crore in a previous year. Loss making companies are not mandated to earmark specific funding for CSR activities but may achieve this objective by integrating business process with social processes, wherever possible. The CSR budget has to be fixed for each financial year and the funds would be non-lapsable.

Therefore, the role of government in promoting CSR has two broad aspects. The first aspect relates to promoting, encouraging, and facilitating all corporates for undertaking of the CSR activities. The second aspect relates to CSR activities of the PSUs, which functions under the control and supervision of the government.

1.2 Rationale for the Study

It is evident that PSUs' contribution is significant and their different aspects in terms of CSR initiatives offer an intriguing area of research. The review of literature suggests that there is a dearth of studies that seek to explore the Managerial Perception in PSUs. Also, none of the studies in the existing literature focus on exploring the CSR activities and managers' perception of a PSU with 'Miniratna' status but there are still a few studies exploring 'Maharatna' and 'Navratna' PSUs, which though have been explored less but still have managed to catch the scholars' attention.

The Public-Sector Undertaking identified for the present study is SJVNL (Sutluj Jal Vidyut Nigam Limited). SJVN Limited, a Miniratna & Schedule 'A' CPSU under the Ministry

of Power, Govt. of India, is a joint venture between the Govt. of India & Govt. of Himachal Pradesh. Incorporated in the year 1988, the Company is fast emerging as a major power player in the country. SJVN is successfully operating the country's largest 1500 MW Nathpa Jhakri Hydropower Station and is setting new benchmarks in generation and maintenance year after year, after having tackled the silt erosion problems in under-water turbine part.

The rationale behind this selection lies in the fact that out of eight Public Sector Undertakings enlisted under Ministry of Power, SJVN is one of the major PSUs with the Miniratna status. Its CSR initiatives are commendable and it has managed to stand out of all the eight PSUs in several ways. To add to its strengths, in the 11th inter Power sector competition, themed "Value, Ethics, Moral-The Emerging Challenge", held in 2014, SJVNL was the winner.

The focus of the present study is understanding managers' perception but since there are other objectives as well, therefore, for a detailed quantitative analysis only one PSU has been selected (sample of 150 managers). Though for the qualitative and descriptive analysis eight PSUs (power sector) have been selected.

1.3 Research Problem

One of the important aims of this thesis is to understand how one specific stakeholder group - employees –at the managerial level- responds to perceptions about companies' engagement in CSR activities and also what is their overall perception of CSR practices.

This study has chosen to put a focus on managers' perception, since they are believed to be the basis and the foundation of each and every organization and a potential source of internal competitive advantage. Rodrigo & Arenas (2008) suggest that CSR initiatives can be better understood from an employee's perspective. Their CSR perceptions are more precise; they are well-informed and are often involved in CSR initiatives by actively participating. Moreover, strategy is closely related to employees since organizational routines and CSR is often executed by the individuals themselves. They are every firm's core resource and no organization can perform or exist without them. Waddock (2008) mentions that 'one reason that companies pay greater attention to CSR nowadays is that firm's assets are intangible'. Stakeholder - company relations rely on the quality of good will, reputation and human capital it has developed'. Thus, it is beneficial for every manager to understand and explore ways that can make the company - employee relation

more efficient. Employees provide the company with time, skills and human capital commitments, while they expect in exchange fair income and adequate working conditions.

A key issue about CSR is brought forth by Windsor (2006) through a generalization that "Corporate Social Responsibility, (CSR), is, regardless of specific labeling, any concept concerning how managers should handle public policy and social issues." This summing up helps to put CSR through the perspective of managers in corporate entities and helps them demarcate, albeit vaguely, the scope of CSR. (Vellios, 2011)

Moreover, they are a central group for understanding how CSR impacts upon the members of an organization because they are concerned about, contribute to, and react to the company's social responsibility (Aguilera, Rupp, Williams, & Ganapathi, 2007).

CSR in public enterprises is a challenge especially in developing nations, as there has not been any past experience or benchmark to help governments run enterprises, to assess and improve the way as to how the budgetary allocation earmarked for CSR can be put in use to procure tangible results effectively. Although there has been ample literature available on the various facets of Corporate Social Responsibility but still some areas have not been addressed extensively especially in the context of Public Sector undertakings. The literature examined is mostly related to the concept of Corporate Social Responsibility but very few research studies or research papers focusing on CSR practices on Indian Public Sector can be traced. Even the early literature on CSR indicated that corporate managers accepted the idea that CSR is important for their organizations (Holmes, 1976). Yet, despite the fact that managers are the key drivers behind policy implementation in an organization, very few studies have been done to investigate their perceptions regarding CSR (Gupta& Hodges, 2012). The research gap thus identified is:

1. Most of the research in Indian context is conceptual or theoretical with less emphasis on empirical enquiry.

2. Most of the studies on Public Sector Undertakings explore either Maharatna or Navratna status companies but not many focus on Miniratna status companies like SJVNL.

3. Though there have been a number of studies exploring Public Sector Undertakings but they rarely focus on understanding the managers' perception and the variables affecting it and thus it can be explored in greater details.

After the research gap is identified, following objectives have been formed:

1.4 Objectives of the Study

1. To study the Corporate Social Responsibility Practices adopted by the Public Sector Undertakings

2. To investigate the Managers' Perception of certain Corporate Social Responsibility Practices of Public Sector Undertaking and propose a framework.

3. To explore Corporate Social Responsibility as an Ethical Responsibility.

1.5 Research Methodology

The study is based on both primary and secondary data. For first and third objectives, secondary data is collected from company's annual reports, magazines, official websites, reports and manuals of various government agencies i.e. Ministry of Company Affaires, Ministry of Finance, Department of Public Enterprises and Planning Commission, research papers and relevant theoretical framework etc. These two objectives are analyzed qualitatively.

Primary data for the second objective is collected through field visits using questionnaire. The data is analysed using SPSS by performing percentage analysis and chi- square test to study the association of demographic variables and 'perception of managers about CSR practices', and correlation and multiple regression are performed to understand the relationship between independent variables and managerial perception and it has also helped in proposing a framework for studying perception. Detailed methodology for all the objectives is discussed in subsequent chapters along with results and analysis.

1.6 Outline of the Thesis

Chapter One- This chapter serves as an introduction to the thesis as it discusses the background and rationale of the study and lays out the structure and organization of the present work.

Chapter Two- This chapter consists of the literature review of the research work relevant to the thesis and it establishes the need and importance to conduct the present study after arriving at the research gap. This also includes a qualitative exploration of the ethical responsibility of CSR using appropriate theoretical background, which addresses the third objective.

Chapter Three- This chapter addresses the first objective and qualitatively studies the CSR practices of the PSUs enlisted under the Ministry of Power with specific focus on

SJVN. **Chapter Four-** This chapter discusses the research methodology for the quantitative study of the managers' perception of CSR practices on selected variables.

Chapter Five- This chapter discusses the results and analysis for the quantitative study of the managers' perception of CSR practices.

Chapter Six- This chapter is the conclusion which summarizes the major findings and the thesis is concluded with stating the significance, implications and recommendations, and future scope of the present research work.