

## **CHAPTER 6**

### **CONCLUSION**

India has a long and rich history of close business involvement in social causes for national development and social responsibility has been known as social duty and charity since ancient times. But, CSR as a concept has received more attention in the last few years as it has evolved along with its various dimensions both globally and in Indian context. Existing research on CSR well establishes the crucial role the public sector undertakings can play or rather have been playing in addressing some of the most significant social challenges and thus, PSUs have been trying to be responsible towards the overall social welfare.

With the Companies Act coming into force from 2014, making it mandatory for larger companies to spend 2 % of their average turnover in the three previous years on CSR; social responsibility as an agenda has been intriguing for corporates, PSUs, stakeholders, policymakers and scholars alike. New regulations and the implementation especially in the PSUs provide an ample scope for some serious and interesting academic research on Indian PSUs, their CSR policies and initiatives and the managerial perception of the CSR practices.

The present thesis explores various aspects of CSR related to Indian PSUs in an empirical investigation of selected sample. This study, in an extensive review of literature, explores the evolution of the concept of CSR and policy formulation in India, it attempts to give an overview of existing research related to areas like CSR practices, managers' perception of different variables, and exploration of variables like ethical responsibility, environmental responsibility, community development etc., and finally the research gap is being traced after going through a number of research articles and books, newspaper editorials and other relevant material. In order to address the broader research question which is to understand the CSR practices of Indian PSUs and the managers' perception, three research objectives were formed: to study the Corporate Social Responsibility practices adopted by the Public Sector Undertakings, to investigate the managers' perception of certain Corporate Social Responsibility Practices of Public Sector Undertaking and propose a framework and finally to analyze and assess Corporate Social Responsibility as an ethical issue of Public Sector Undertakings; and these three objectives are addressed using different methods and approaches.

After the initial chapter of introduction, the second chapter is a review of literature which also incorporates an exploration of the ethical aspects of CSR which is also a continuation of theoretically studying the most significant aspect of CSR which is ethical responsibility. The chapter therefore discusses the ethical dimension of CSR and the scholars' take on it. The third chapter deals with the first objective and explores the CSR practices of selected public sector undertakings (eight PSUs under Ministry of Power). It gives an overview of major sectors of investment under CSR initiatives, analyses the trends and shifts in the budget allocation and expenditure after the implementation of the Company Act and also discusses the observations related to CSR policies and reporting. The observations are based on a detailed analysis of the information available on PSUs' official websites, different annual reports and policy documents.

The fourth and fifth chapters are a quantitative investigation of managers' perception of CSR practices categorized into five variables. Regression analysis is used to propose a framework based on how well the selected variables can predict the CSR practices of the PSU chosen for study which is SJVNL. The results indicate that managers consider the ethical responsibility to be the most significant predictor followed by educational and environmental responsibilities. Health and community development are considered to be less significant despite a huge shift in budget allocation towards these sectors. The results also suggest that despite the higher relative importance of education and environmental responsibility mostly the PSUs are spending lesser on these two sectors and also diverting the amount initially invested in these areas to other sectors.

### **6.1 Findings of the Study**

The findings of the research suggests that there has been a considerable positive change after the implementation of the Company Act. A drastic increase in the budget allocation and expenditure for CSR initiatives can be observed but the analysts still feel that "under their CSR schemes, most of the companies in India are trying to satisfying governments' ego, and markets' needs. PSUs are most lethargic in implementation of CSR, they still believe in philanthropy model of CSR. They donate cheques and give heavy amounts to the various govt. organizations and agencies in the name of development rather than implementing it. PSUs have shown their gross inefficiency of CSR spending. PSU are abduct on CSR" (Kumar, 2017) and this is evident in the trend observed where some. PSUs can be seen diverting or allocating budget as huge as 50% of the total amount towards *Swachh Bharat Abhiyan* without explicitly stating the exact initiatives the amount is spent on under this scheme. This further

suggests that though the CSR is being considered a serious agenda by the PSUs but still the need for the study of the actual impact of CSR initiatives can be felt.

Apart from this, the results of the chi-square and regression analysis are also quite intriguing. The association between the demographic variables and the perception of the managers about CSR practices came out to be almost insignificant since majority of the responses to the questions were neutral. This indicates a major problem with the managers hesitating to express their opinion in a public sector undertaking.

The regression analysis establishes that ethical responsibility is the most significant predictor of the Managerial perception and based on the results a modelling framework has been made which can help in measuring perception or rather predicting it, based on the focus of the CSR practices.

## **6.2 Significance of the Study**

Dhaneshwar and Pandey (2015, p. 4) while studying status of CSR among Indian PSUs found “that even though Indian PSUs have improved greatly in their CSR dealing as compared to previous years, there is still a long way to go. The CSR practices of these PSUs are generally un-researched which makes their efforts redundant .The focus is lop sided concentrating over a particular thematic area and geographical location”. This proves why PSUs can serve as potential areas of CSR research.

The present study addresses an important gap in existing research which is a very limited number of studies focusing the managerial perception in Indian context. The study also analyses the difference that has been brought about by the implementation of the Company Act which is not attempted by many studies despite a number of researchers exploring the CSR practices of various PSUs. Empirical method of investigation used for analyzing data by combining qualitative and quantitative approaches is an underexplored approach to study concepts like CSR. This thesis attempts to add a new perspective using methods which produce more verifiable and objective results. Therefore, by supplementing quantitative findings by qualitative observations and exploring aspects that needed immediate scholarly attention, this works significantly contributes to the existing corpus of research on Indian CSR.

## **6.3 Implications and Recommendations**

Based on the observations and findings following implementation and recommendations can be suggested:

- The quantitative findings can help in understanding the perception of managers and address the identified gap between policy making and implementation.
- Certain sectors have been neglected greatly due to the recent shift of focus in budget allocation as a result of in the recent trend, the focus needs to be shifted towards them.
- In some cases huge amount of money is invested for a single cause, the details of which should be thoroughly reported and impact of such initiatives should be studied.
- PSUs use different ways to report CSR activities e.g certain PSUs have environmental policies other than CSR policy, so such lack of uniformity in CSR reporting result in scattered information making it difficult for the researchers to assess and analyze the information. There should be a standard way of CSR reporting mandatorily followed by all organizations.
- The findings and the proposed model can be used as a reference point for further research by academicians and researchers since methods like regression analysis have rarely been used to understand concepts like CSR.

#### **6.4 Limitations of the Study**

- Since the study tries to understand in detail both the quantitative and qualitative aspects, it was not possible to consider a larger sample for the study because of which the results of the research cannot be generalized.
- Data collection from managers became very challenging which also contributed to a limited sample units.

#### **6.5 Future Scope of the Study**

- The proposed model of CSR practices can be tested on a larger sample for validation.
- The timeframe selected for the study is not very wide and hence longitudinal study can be undertaken which can highlight the trends of CSR expenditure over a wider time period.
- Impact studies assessing the actual benefit of CSR initiatives can be attempted.
- Studies comparing public and private sector are very less, this can be explored further along with the challenges faced by the respective organizations.
- The scope of studies comparing Indian CSR with the global context is also vast and is not explored thoroughly.

While concluding the thesis it can be said that the present study is a significant contribution to the existing corpus of CSR research in India. Though, it is a fact that CSR is a widely researched area but at the same time, scholars acknowledge that the present methods and topics of research are quite conventional, exploiting the same themes over the years now. Thus, a wide gap can be traced which indicates that the Managerial perception in PSUs needs to be addressed thoroughly. Therefore, this work is a very important step in that direction and despite all the limitations, it can serve as a base for generalizing the results in the future studies.