

# Private and Public Companies Wise Analysis of Corporate Social Responsibility Designing Practices of Kerala Companies

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**Abstract:** Corporate Social Responsibility (CSR) is a management concept whereby companies integrates social and environmental concern in their business operation on a voluntary basis. A large number of companies doing business and making profits are spending sizable amount as part of CSR activities. But their CSR practices comprising CSR reporting practices are rarely looked into by conducting scientific enquiries. CSR designing practices includes all instructions, instruments and approach which is crucial in the preparation phase of CSR. The aim of this paper is to examine the whether size of the organization influences its CSR designing practices. The study is based on the data collected from 200 private and public Indian companies operating in the state of Kerala. Study uses MNOVA techniques for data analysis. The study found that size of the organization doesn't affect its CSR designing practices significantly.

**Key Words:** Corporate Social Responsibility, CSR Reporting, CSR and Nature of Ownership, Public and Private Companies.

## 1. INTRODUCTION:

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders (UNIDO, 2001). Corporate responsibility refers to the duties and obligation of corporation as a social institution (Francis & Mihra., 2011). CSR Practices refer to CSR process or activities transposed by the companies from their social ideas or notion. Practices regard the company-community relationship (Simionescu, 2015). CSR Practices give the outcome of social notion which in turn are based on regulations, norms, conducts and ethics codes. CSR takes in to account each and every stakeholders and improve their living by undertaking welfare programmes to create stable social environment (Sharma, 2011). Corporation played pivotal role in every sphere of public life: controlling and managing basic resources like water, energy, health care, education, prisons, social security (Francis & Mihra., 2011).

CSR Process is typically considered as an activity (or activities) that transform inputs into outputs or some CSR results. There for process approach means that the organization identifies and manages its processes and the interrelationships between them (Castka, Bamber, & Sharp, 2004). CSR designing defines the instructions, instruments and approach is crucial in the preparation phase, this is done based on a clear vision and the right instructions and instruments.

## 2. OBJECTIVES OF THE STUDY :

- To comprehensively examine the CSR designing practices of private companies and public companies
- To study the effect of nature business on CSR designing practices

## 3. METHODOLOGY :

### 3.1 Population and Sample

The list of private and public companies made available from district industrial Ceters (DIC s) for each districts. According the list provided by DICs, The composition of companies include 116 private comoanies and 84 public companies. (Sircar, 2006), (Government of India, 2006).

Data analysis is done by using SPSS 21 Package. Data were collected from 197 Organisations. The respondents were CSR executives/person in charge of CSR in that organisation. For collection of data Kerala are divided in to three zone; north, central and south.

The study is based on 200 observation collected through a structured questionnaire from private and public companies registered and operating in the state of Kerala in India. An extensive review of the literature was done to list five constructs and all the measures used in the study. CSR design variables are captured from previous studies (Spiller ,2000, Panapanaan et al, 2003; Werre,2003; Cramer, 2005; Maignan et al, 2005; Maon et al., 2007; Bhattacharyya et al., 2008; Khoo and Than , 2012).

#### 4. ANALYSIS AND DISCUSSION

##### 4.1 Profile of Sample Companies

The selected companies were classified as private companies and public companies. The composition of companies in the sample is characterised by 57.9 percent private companies while public companies constitute the rest.

##### 4.2 Reliability Test

To get the reflection of reality and to ensure meaningful statistical results, the proposed model must be statistically reliable. A positive result of the reliability implies that the proposed model would produce similar results when tested again under the same condition. The reliability of the scales was evaluated by using Cronbach's coefficient (Hair et al., 2010). The Cronbach's coefficient of the construct CSR designing was 0.85 and it is considered adequate for confirming a statistically satisfactory level of reliability.

##### 4.3 Mean Test and MANOVA

A one-way multivariate analysis of variance was run to determine the effect of scale of business operations on designing CSR by companies. Eight measures of designing/ governing of CSR labelled as designs 1 to 8 were assessed. They were

- Conducting CSR initiatives regularly
- Conducting Stakeholder analysis for designing CSR
- Separate budget for CSR
- Considering ethical Issues for designing
- Overseeing of CSR initiatives by board of directors
- Providing CSR training in the organisation
- Designing and managing CSR initiatives by CSR leadership team/ CSR Committee
- CSR activities meet diverse need of the society and are not single sector concentric

**Table 1 Descriptive Statistics and Group Differences of CSR Designing Practices**

Sl. No.	CSR Design Measures	Nature of Ownership	Mean	SD	F	Sig
1	Conducting CSR activities regularly	Private	<b>3.686</b>	1.110	0.762	0.3840
		Public	3.535	1.181		
		Total	3.589	1.156		
2	Conducting stakeholder analysis	Private	<b>4.171</b>	1.021	0.478	0.4900
		Public	4.047	1.296		
		Total	4.091	1.204		
3	A separate budget for CSR	Private	<b>3.514</b>	1.213	2.724	0.1000
		Public	3.197	1.334		
		Total	3.310	1.298		
4	Considering ethical issues while designing CSR	Private	<b>3.671</b>	1.086	7.451	0.007**
		Public	3.150	1.381		
		Total	3.335	1.305		
5	Overseeing of CSR initiatives by the board of directors	Private	<b>3.514</b>	1.151	9.925	0.002**
		Public	2.898	1.396		
		Total	3.117	1.345		
6	Providing CSR training in the organisation	Private	<b>3.257</b>	1.259	1.207	0.2730
		Public	3.047	1.296		
		Total	3.122	1.284		
7	Designing and managing CSR initiatives internally	Private	<b>3.800</b>	1.199	1.473	0.2260
		Public	3.583	1.205		
		Total	3.660	1.204		
8	CSR activities meet the diverse needs of the society	Private	<b>2.586</b>	1.083	0.158	0.6910
		Public	2.520	1.133		
		Total	2.543	1.113		

Private companies scored higher in case of all the variables than public companies. The highest mean score was found to be in the case of Conducting Stakeholder analysis for designing CSR i.e. 4.171 in private companies and 4.047 in public companies, while the dependent variable CSR activities meet diverse need of the society and are not single sector concentric scored lowest mean of 2.586 in private companies and 2.520 in public companies.

The following null hypothesis was tested individually for each measure of designing CSR, using F statistics.

H<sub>01</sub>: There are no significant differences between private and public companies regarding individual measures of designing of CSR.

In the cases of considering ethical issues for designing and Overseeing of CSR initiatives by board of directors the null hypothesis gets rejected, at a 5% significance level, since p values of F statistics falls below 0.05. It is inferred that significant differences exist between private and public companies in these two measures of designing/ governing CSR. However, in the case of the remaining 6 measures of designing/ governing CSR no significant differences exist between private and public companies since null hypothesis fails to get rejected, at a 5% significance level, the p values of F statistics being greater than 0.05.

The following null hypothesis was tested for combined measure of designing/ governing CSR, using F statistics of Wilks' Lambda.

H<sub>02</sub>: There are no significant differences between private and public companies regarding combined measures of designing/ governing of CSR.

The results of MANOVA are shown in Table 3.

**Table 2 MANVOA Results**

Wilks' Lambda	F	Hypothesis df	Error df	Sig
0.895	2.7530	8	188	0.0070

The differences between private and public companies on the combined dependent variables was not statistically significant, at  $F(8, 188) = 2.75$ ,  $p = 0.007$  and Wilks'  $\Lambda = 0.895$ .

The null hypothesis fails to get rejected, at 5% significance level, since the p-value of F statistics exceed 0.05. It may be concluded that on the whole, the measures of designing/ governing of CSR put together are same whether companies private or public companies.

## 5. CONCLUSION:

CSR designing practices of Kerala companies showed that the CSR designing practices were the same whether companies are private or public companies. Based on the mean score and SD of each measure of CSR designing practices, both private and public companies have better CSR design practices even though public companies were lagging behind the private companies in terms of CSR designing practices undertaken by them. It supports the previous studies of Smith (2013) and Chandra & Kaur (2015) that private companies consider more aspects of CSR. Significant differences were found between the private and public companies only in the measures of 'considering ethical issues' and 'overseeing of CSR initiatives by the board of directors' and private companies were giving more focuses to these design measures than public companies. In public companies board of directors don't always oversee CSR initiative while private scale companies consider more ethical aspects of CSR to ensure that CSR projects are designed for the benefit of deserving stakeholders. Both categories of companies focused their CSR activities on specific sectors only and not for meeting the diverse needs of the society. It may be because the sector-specific concentration of the CSR projects may help the organisation to serve the needs and expectations of the specific group of stakeholders more effectively.

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