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Corporate social responsibility: A case study of select company's role in rural development

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Abstract

This paper explores the Corporate Social Responsibility (CSR) practices of Public Sector Undertakings (PSUs) in India, focusing on rural development. The study uses secondary data from internet-based research, literature review, PSU'S to analyze CSR initiatives in five areas: livelihood, health, education, environment, and infrastructure. The findings suggest that social responsibility is an important business issue for Indian public sector companies, regardless of turnover, sector, and goal. CSR actions may have a positive impact on the development of rural communities and PSUs' business. The study concludes that social responsibility is a crucial business issue for Indian PSUs, regardless of turnover, sector, or goal.

Keywords: Corporate social responsibility (CSR), public sector undertakings (PSUs), stake holders

Introduction

Corporate Social Responsibility (CSR) has emerged as a significant aspect of modern business practices, reflecting the growing recognition that businesses have a responsibility not only to their shareholders but also to the broader society and environment in which they operate. CSR encompasses a wide range of activities, including ethical labor practices, environmental sustainability, community engagement, and philanthropy. In recent years, there has been a growing emphasis on the role of corporations in contributing to rural development, particularly in developing countries where rural areas often face significant challenges such as poverty, lack of infrastructure, and limited access to education and healthcare. Rural development is a critical component of sustainable development, as it seeks to improve the quality of life and economic well-being of people living in rural areas. This involves not only economic growth but also social and environmental improvements. Corporations, with their resources, expertise, and reach, are uniquely positioned to contribute to rural development. By integrating CSR into their business strategies, companies can play a pivotal role in addressing some of the most pressing issues faced by rural communities.

This case study focuses on the role of select companies in rural development through their CSR initiatives. The companies chosen for this study have been recognized for their innovative and impactful CSR programs that have made a tangible difference in rural communities. These companies have demonstrated that CSR is not just a moral obligation but also a strategic business imperative that can lead to long-term benefits for both the company and the community. One of the key areas where corporations have contributed to rural development is through the creation of sustainable livelihoods. By investing in agriculture, small-scale industries, and skill development programs, companies have helped rural communities become more self-reliant and economically viable. For example, some companies have introduced modern agricultural techniques, provided access to credit, and facilitated market linkages for rural farmers, thereby increasing their income and improving their standard of living. Education and healthcare are other critical areas where corporations have made significant contributions. Many companies have established schools, vocational training centers, and healthcare facilities in rural areas, thereby improving access to quality education and healthcare services. These initiatives not only enhance the well-being of rural communities but also contribute to the overall development of the region. Environmental sustainability is another important aspect of CSR in rural development. Companies have undertaken various initiatives to promote sustainable practices, such as water conservation, afforestation, and renewable energy projects. These efforts not only help in preserving the environment but also ensure the long-term viability of rural communities.

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Review of Literature

The concept of Corporate Social Responsibility (CSR) has evolved significantly over the years, with scholars and practitioners exploring its various dimensions, including its role in rural development. The literature on CSR and rural development is vast, encompassing theoretical frameworks, empirical studies, and case analyses that highlight the potential of businesses to contribute to sustainable development in rural areas. This review of literature synthesizes key findings and perspectives from existing research, focusing on the intersection of CSR and rural development.

Bowen (1953) ^[1] CSR is the obligation of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society

Frederick's (1960) ^[2] work on social responsibility represents an important milestone in the evolution of CSR. His emphasis on the role of businesses in ensuring that the economic system meets societal expectations has had a lasting impact on both academic research and corporate practices. While the economic and social landscape has changed significantly since the 1960s, Frederick's core ideas continue to resonate, particularly in the context of contemporary challenges such as rural development, sustainability, and social equity. His work serves as a reminder that businesses have the potential to be powerful agents of positive change in society, and that their responsibilities extend beyond profit maximization to include the broader well-being of the communities they serve.

Carroll's (1979) ^[3] introduced a framework that has become one of the most widely cited and influential models in CSR literature. The model, often referred to as the "CSR Pyramid," provides a structured way to understand the various responsibilities of businesses in society. *ThreeDimensional Conceptual Model of Corporate Performance* has had a profound impact on the field of CSR. By providing a clear and structured framework, it has helped businesses understand and integrate their social responsibilities into their overall strategy. The model's emphasis on balancing economic, legal, ethical, and philanthropic responsibilities continues to be relevant, particularly in the context of contemporary challenges such as rural development, sustainability, and social equity. Carroll's work serves as a foundational reference for both academic research and corporate practice in the realm of CSR.

Freeman (1984) ^[4] Strategic Management: A Stakeholder Approach revolutionized the way businesses think about their role in society. By shifting the focus from shareholders to stakeholders, Freeman's work has had a lasting impact on fields such as CSR, sustainability, and ethical business practices. The stakeholder approach is particularly relevant in the context of rural development, where businesses must engage with local communities, governments, and other stakeholders to create sustainable and inclusive growth. Freeman's ideas continue to inspire academic research and corporate practices, emphasizing the importance of ethical decision-making, stakeholder engagement, and long-term value creation. His work remains a foundational reference for understanding the social responsibilities of businesses in a complex and interconnected world.

Cochran and Wood (1984) ^[5] The relationship between corporate social responsibility (CSR) and financial performance has been a topic of debate since the 1960s. A new methodology, improved technique, and industry-specific control groups have been used to reexamine this relationship. The study found that the average age of corporate assets is highly correlated with social responsibility ranking. However, after controlling for this factor, there is still some correlation between CSR and financial performance. This finding is important for corporate management, as a negative correlation may lead to caution or investigation of the underlying causes. The study also includes asset turnover and asset age as explanatory variables.

Research methodology

In this paper, three public sector undertaking (PSUs) have been selected. The selected companies wear from different industrial sectors like: Coal- Coal india limited Steel- Steel Authority of India Limited Power- Damodar Valley Corporation.

The methodology of the present study was to analyze the secondary data obtained from web- based research, review of print literature etc to understand CSR practice within the context of rural development in India. For the purpose of analysis, CSR initiatives for rural development were classified under five areas: livelihood, health, education, environment and infrastructure.

Results & Discussion

CSR Policies and initiatives

The study reveals that all surveyed Public Service Unions (PSUs) have CSR policies and practices, reflecting their social, environmental, and ethical objectives in mission statements. The top priority for PSUs surveyed is education, followed by health and livelihood.

The study reveals that out of three surveyed Public Sector Undertakings (PSUs), one implemented its CSR initiatives directly through a dedicated division, while another was managed by local manufacturing units and HRD. DVC has established a dedicated foundation for rural development, encouraging community participation in planning and implementing CSR activities.

Impact of CSR Programs on Rural Poor

The study analyzed the effects of CSR programs on three public sector organizations in five key areas: livelihood, health, education, environment, and infrastructure.

Livelihood

CCL: the company's initiatives and programs aimed at improving the quality of life and economic well-being of people living in and around its mining command areas, particularly through sustainable practices and community development projects.

SAIL: The organization focuses on generating livelihoods and empowering women and youth in remote areas, including Jharkhand, through projects like pearl farming and skill development programs.

DVC: DVC's livelihood initiatives demonstrate the company's commitment to sustainable development and community welfare. By focusing on skill development,

agriculture, women empowerment, education, healthcare, and environmental sustainability, DVC has made a significant impact on the lives of rural communities. These initiatives not only improve livelihoods but also contribute to the broader goals of poverty alleviation and inclusive growth.

Health

CCL: CCL's health initiatives, including health camps, mobile medical units, awareness programs, and infrastructure development, are aimed at improving the well-being of rural populations, aligning with national health goals.

SAIL: SAIL's health initiatives reflect the company's commitment to improving the well-being of communities in its operational areas. By addressing critical healthcare needs through infrastructure development, mobile medical units, health camps, awareness programs, and partnerships, SAIL has made a significant positive impact on the health of rural populations. These efforts align with national health goals and demonstrate how corporate initiatives can contribute to public health and sustainable development. SAIL's focus on maternal and child health, sanitation, and disease prevention underscores its holistic approach to community welfare, making it a role model for other organizations in the sector.

DVC: DVC is committed to enhancing the health of its communities through health initiatives such as health camps, mobile medical units, awareness programs, and infrastructure development. These efforts align with national health goals and demonstrate how corporate initiatives can contribute to public health and sustainable development.

Education

CCL: CCL's education initiatives in rural areas demonstrate the company's commitment to fostering social and economic development through education. By improving infrastructure, providing scholarships, promoting digital literacy, and empowering women and girls, CCL has made a significant impact on the lives of rural communities. These efforts align with national education goals and contribute to the broader vision of inclusive and sustainable development.

SAIL: SAIL has established 146 schools in its steel townships, providing modern education to over 69,000 children. The company also assists over 286 schools with 14,000 students with additional rooms, walls, toilets, and stationery. SAIL-managed schools have a survival rate of 93.12% in primary education and 90% in secondary education, ensuring high completion rates.

DVC: DVC's Social Integration Programme (SIP) supports education in rural areas in Jharkhand and West Bengal, running 16 schools and sponsoring Kendriya Vidyalayas and a DAV school. DVC supported the government's initiative to provide technical education to unemployed and underprivileged youths by upgrading existing ITIs and setting up new ones in Jharkhand and West Bengal, including ITIs in Bolpur, Koderma, and Chandrapura, Dist-Bokaro.

Environment: Many companies are engaged in sustainable management and development of natural resources,

including tree plantation, watershed management, waste management, and wind farms.

CCL: CCL is a leading organization that engages in large-scale tree plantation and reclamation of degraded land, focusing on restoring mined-out areas and mine spoils, with notable success. CCL is responsible for constructing and renovating ponds to ensure water availability for agricultural and other purposes in villages.

SAIL: SAIL in Orissa has restored 200 acres of degraded land through afforestation at Purnapani flux mines by planting saplings of various species, including horticulture, forest, and grasses. Pisciculture was carried out in abandoned quarries, and 300,000 fish lings were released in quarry waters. 30,000 saplings of 50 species were planted this season, and another 5 lakh were released. A plan is to plant 10,000 saplings in 10 acres of degraded land, with 4,000 saplings completed at Barsua Iron Ore Mines.

DVC: DVC is committed to sustainable development and environmental conservation through various initiatives such as afforestation, water conservation, air quality management, waste management, biodiversity conservation, and environmental education. These efforts align with national and global sustainability goals, demonstrating how corporate initiatives can contribute to environmental protection and sustainable development.

Infrastructure: Out of the PSUs surveyed only two PSUs are providing different infrastructural facilities like construction or development of roads, electricity, water facility, sanitation, school, health centre etc

CCL: CCL is enhancing the quality of life in rural areas through infrastructure development, focusing on road connectivity, water supply, healthcare, education, community facilities, and sustainable energy solutions. These initiatives align with national development goals and contribute to inclusive and sustainable growth.

SAIL: SAIL has been constructing and repairing pucca roads annually, providing communication facilities to nearly 2 lakh people across 329 villages. In 2009-10, 103.35 km of roads were constructed, benefiting 17,24,114 people. By March 2010, over 73 lakh people across 435 villages had benefited from the modern network of roads built by SAIL.

DVC: DVC constructs and maintains roads in rural areas to enhance connectivity and access to markets, schools, and healthcare facilities. They also install hand pumps, borewells, and water purification systems for clean drinking water. They also provide electricity through grid connections and solar power systems, and promote the use of renewable energy sources like solar panels and biogas for sustainable solutions.

Conclusion & Recommendations

The study reveals that Indian Public Sector Undertakings (PSUs) prioritize social responsibility as a crucial business issue, regardless of size, sector, or location. These PSUs recognize the importance of socio-economic development for local communities' stability and sustainability in the global market. The study reveals that all surveyed PSUs

have CSR policies and practices, implementing various initiatives such as income generation, health check-up camps, mobile health services, education, adult literacy, agricultural development, drinking water provision, natural resource management, and infrastructure facilities. Despite a shift from philanthropic to welfare and sustainable development, no link was found between PSUs' CSR agenda and Millennium Development Goals. The study concludes that CSR initiatives for rural development positively impact society and their businesses.

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