

# Corporate Social Responsibility (CSR) and Stakeholder's Reaction: A Survey on Impact of CSR on Firm Performance in Gujarat

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## Abstract

Fiscal crisis in global markets have made the outlook of the Indian economic system more depressive but the idiosyncratic liberalization and globalization gave the emanation to the phenomena of the foreign investments i.e. FDI and FII in India. International economic integration plays vital role in economic development of the country. The foreign capital is one of the important means of the economic development of the country. FDI and FII are the two important investments in the global capital. The Karl Pearson Correlation and multiple Regressions are used to study the relation and impact of FDI, FII and BSE Sensex. The Correlation shows that there is strongly positive correlation between FDI and Sensex and weak negative correlation between FII and Sensex. On the other hand, Multiple Regressions shows that there is no impact of FII and FDI on BSE Sensex.

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**Index terms**— foreign investment, FDI (foreign direct investment), FII (foreign institutional investment) and sensex.

## 1 Introduction

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. In today's economic and social environment, issues related to social responsibility and sustainability are gaining more and more importance, especially in the business sector. Business goals are inseparable from the societies and environments within which they operate.

## 2 II.

## 3 Methodology

Primary as well as Secondary information has been collected. Sample consisted of 35 companies and their stakeholders, out of which 24 responded well which includes Zydus Cadila, Gujarat Narmada Valley Fertilizers Company Limited (GNFC), Gujarat State Fertilizers and Chemicals Limited (GSFC), Gujarat Alkalies and Chemicals Limited (GACL), Reliance Limited (Dahej Division), Gujarat Fluorochemicals Limited (GFL), Atul Limited, Gujarat Organics Limited, United Phosphorus Limited, Dip-Flon Engineering, SRF, Super Industrial Lining, BASF.

## 4 a) Companies Involved in CSR Activities

Out of 100 organizations surveyed, 83.33% of organizations are involved in CSR activities. This shows that majority of the organizations are involved in the CSR practices and are interested to serve the society to the extent possible.

There is nothing better than serving society & employee welfare for promoting CSR as the main or leading stakeholder at society and employees only. 57% of the organizations believe that promoting CSR is nothing but providing service to society. 27% of them promote CSR for employee's welfare.

### 5 c) Stakeholder's Focus on CSR

20% of the organization does CSR mainly for their employees. 22% of the organization does CSR mainly for the civil society group. 24% of the organization does CSR mainly for the local communities. 29% of the organization does CSR mainly for the environment protection and society at large. The highest is 22% for environment protection and educational initiative. 14% of organizations contribute towards promotion of green and efficient technologies and development of backward regions. 10% of organizations contribute towards upliftment of marginalized & under-privileged section of the society and establishment of hospital.

### 6 e) Transparency in Process of CSR Practices

Transparency in the process of CSR Practices is by distribution of pamphlets & brochures. They identify goals & take measures for the betterment of the society, distribute awards, prepare monthly report to the top management, involve stakeholders while taking decision for CSR activities and display all expenses both in villages and common notice board.

### 7 C b) Organisation's View Point on CSR d) The Major Projects towards Which an Organisation is

Contributing for CSR.

### 8 B

The main benefit the organizations believe is social benefit as the 44% of them agree to it. The other benefit they believe is motivation to employee to work efficiently as 31% of them agree. 17% believe enhancing corporate image is the benefit they gain from CSR. Majority of the organizations believe that employees are motivated by the CSR activities that are performed by their organization. Many of the organizations provide residential facilities to the employees, education facilities to their children, health facility to the employee and their family etc services if provided to the employees as a part of CSR activities it is in benefit to both, the employee and the organization. If the employees are motivated then they are loyal to their work as well as the organization.

### 9 III.

Factors That Majority of the organizations say that there is a strong influence of CSR activities on long term survival of the organization because if the society, customers etc are happy with the organization's performance then that will directly and positively affect the long term survival of the organization. Secondly if the employees of the organization are motivated they will surely work for the betterment of the organization and extend its life. 45% of the organizations think that CSR strongly influences the corporate of the organization. The reputation of the organizations is increasing due to CSR. 50% of the organizations believe that CSR has strong influence of environmental welfare.

IV. Effect Percentages of strongly agreeing and somewhat agreeing are 50% and 30% respectively in terms of having moral motivation through donation to organizations having social or environmental utility. 10% are neither agreeing nor disagreeing. 10% are disagreeing on that donation to organization having social or environmental utility is a moral motivation.

Higher number of companies thinks that donation to organization having social or environmental utility is kind of strategic and moral motivation through CSR to stakeholders of society.

### 10 VI.

### 11 System for CSR a) Use of the power of the media & internet to increase

### 12 Conclusion

For any programme to be successful it must have the support of the top management and some form of implicit benefit in the near future of the business. As such, the top management can play a significant role in creating a climate of socially responsible behaviours of the business. The data analysis shows that, majority companies involved in corporate social responsibility. Organizations mainly take into consideration the project of education initiatives and environment protection. It is found that organization for promoting CSR they mainly focus on society and employees and different types of treatments are given to the stakeholders of organizations so as to focus and promote the CSR activities of an organization.

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Parameters	Mean	Standard deviation
Long term survival	3.75	0.78
Enhancement of corporate image	3.8	0.86
Better contribution to community welfare	4.25	1.16
Environmental welfare	3.9	0.99
Organization's interest in CSR	4.76	0.96

Figure 1:

supplier's product is helping for gaining strategic and moral motivation.35% are neither agreeing nor disagreeing.10% are somewhat disagreeing and 15% are disagreeing that control of quality of supplier's 45% of the organizations believe or somewhat that CSR effects the stakeholder's V. Strategic and Moral Motivation through CSR to Stakeholders satisfaction.30% of the organizations strongly agree to CSR has effect on stakeholder's satisfaction. The organizations have to satisfy the stakeholders as they are real assets of the organization.40% of the organizations somewhat agree that CSR has effect on internal business processes. 20% of the organizations neither nor agree that CSR has effect on internal business processes.15% of the organizations disagree that CSR has effect on internal business processes.21% of the organizations strongly agree that CSR has effect on attainment of company's goal/objectives.37% of the organizations somewhat agree that CSR has effect on attainment of company's goal/objectives.5% of the organizations disagree that CSR has effect on attainment of company's goal/objectives. a) Employees agree Parameters Mean standard deviation Preferential treatment of women in application 3.8 0.71 Preferential treatment of minorities in application. 3.75 0.70 Measures to prevent abuses on work floor 3.5 0.61 Measures to foster proper relations among employees. 4.25 1.05 37% are strongly agreeing and 32% are 20% are strongly agreeing and 20% are somewhat agreeing that having control on quality of product is not at all motivating. Parameters Mean standard deviation Control of quality of supplier's product. 3.2 0.43 Control of the environmental standards of the products & production processes of suppliers for compliance with legal requirements. 3.9 0.87 Control of the labor standards of suppliers for compliance with legal requirements. 3.55 0.70 40% are strongly agreeing and 35% are somewhat agreeing that control of the environment standards of the product & production processes of suppliers for compliance with legal requirements.5% are neither agreeing nor disagreeing.15% are somewhat disagreeing and 5% are disagreeing.20% and 45% are strongly agreeing and somewhat agreeing respectively that control of the labor standards of suppliers for compliance with legal requirements is a good motivation.15% are neither agreeing nor disagreeing.10% are somewhat disagreeing and 10% are disagreeing. c) 20% are strongly agreeing and 55% are somewhat agreeing that development of sustainable alternative for customers is a favorable motivation.15% are neither agreeing nor disagreeing. Majority of the companies are agreeing that the term development of sustainable alternative for customers is very positive for strategic and moral motivation for stakeholders like customers. Parameters Mean Standard deviation Development of a sustainable alternative for customers. 3.75 0.9 Complaints procedures for customers 3.5 0.71 Around 60% of companies are agreeing on the statement that complaints procedures for customers is very useful for developing strategic and moral motivation through CSR to stakeholders like customers. Parameters Mean Standard deviation Percentage of net profits allocated to local community projects. 4.2 1.24 Donation to organizations having social or environmental utility 4.1 1.05 Sponsorship of sport and cultural events 3.95 0.82 somewhat agreeing that b) Cause related marketing campaign 3.4 0.59

Figure 2:

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