

An analysis of stakeholder's perception regarding quality of Corporate Social Responsibility initiatives offered by the selected companies

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ABSTRACT

Corporate Social Responsibility (CSR) involves the psychological and idealistic issues concerned with the business in society. In 1980s, the concept of stakeholders was developed by Freeman (1984) who purpose the concept by defining CSR as “any group or individual who can affect or is affected by the achievement of the organization’s objectives.” Russo and Perrini (2010) highlighted, “the concept of CSR has been widely investigated throughout the last few decades”. Non probability sampling through quota sampling was used and the information was collected from two types of respondents. study has applied GAP Analysis on the basis of Berry, Parasuraman and Ziehaml, (1985) Servqual methodology with few modification supported by various studies, to assess the stakeholders perception regarding CSR. The results of the study revealed that the GAP analysis could make a positive involvement by increasing the quality of CSR initiatives offered by the FMCG companies.

Abbreviations: Corporate social responsibility (CSR)

INTRODUCTION

Corporate Social Responsibility (CSR) involves the psychological and idealistic issues concerned with the business in society. The business is connected with the principles of sustainable development and relies on financial factors, economic factors (e.g. profits, return on investment, dividend payments and others), immediate and long-term social, environmental and other consequences of their activities. CSR consists of the deliberate and planned adoption of management practices that, afar from legal prescriptions, aim at adding considerably to sustainable development.

In 1980s, the concept of stakeholders was developed by Freeman (1984) who purpose the concept by defining CSR as “any group or individual who can affect or is affected by the achievement of the organization’s objectives.” The changing scenario after liberalisation, privatisation and globalization have extensively increased expectations of stakeholders linked to the organisations directly or indirectly. The society wants the businessman to understand the requirements of nature, community and indulge in the welfare activities related to the society.

Corporate social responsibility (CSR) is a systematic approach that includes respect for ethics, people, communities and the environment, as a basic approach that improves the aggressive situation of a company. An increased number of companies have acknowledged the business benefits of CSR policies and practices, over the past decade-. Companies have been promoted to implement CSR activities due to pressure from customers, suppliers, workforce, investors, futuristic organizations and other stakeholders. There are two contrasting perceptions with respect to corporate social responsibility: the neoclassic economic and the moral philosophy models. The first model defines that there is a negative relationship between CSR and corporate performance because of cost increase. The second model defines a impartial association because responsible firms are aiming for welfare rather competitive advantage. Finally, the fusion models specifies that organizations should apply strategic activities in order to satisfy the needs of their stakeholders, since companies would

obtain superior payback at a minimum cost. Some researchers also signified a negative relationship between two (Wier, 1983; Bromiley and Marcus, 1989); while some found a positive relationship (Moskowitz, 1975; Lopez et al., 2007),

LITERATURE REVIEW

Davis (1960) described social responsibility as businesses' "decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest". Frederick (1960), augmented that resources must be "utilized for broad social ends not and simply for the narrowly circumscribed interests of private persons and firms".

The Committee for Economic Development (1971) made the following statement in regards to corporate social responsibility, "Today it is clear that the terms of the contract between society and business are, in fact, changing in substantial and important ways. Business is being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values. Business enterprises, in effect, are being asked to contribute more to the quality of life than just supplying goods and services".

Mark Lee Hunter and Luk N. Van Wassenhove (2011) depicted "a corporate responsibility strategy may transform not only managerial practices, but also the social environment, by enabling or disabling stakeholder partners or adversaries". Further, it is found that ethical markets strategy can lead to stable long-term relationships with major buyers. Russo and Perrini (2010) highlighted, "the concept of CSR has been widely investigated throughout the last few decades". "Further, the concept of CSR is gaining increasing force, progressing to a critical concentration on corporate strategic orientation. Defining what we understand by CSR is not an easy task".

Bowen (1953), "this author suggested that businessmen had to adopt policies, make decisions and follow lines of action in coherence with both their companies' objectives and the values of society. The core idea is that firms can and should play a role beyond just making money. At present, works are aimed at clarifying and delving into this concept.

Most researchers seem to consider a four dimensions as given by Carroll (1999), which presents four dimensions: (1) economic; (2) legal; (3) ethical; and (4) philanthropic. Each dimension can be examined in relation to the various stakeholders of the firm, i.e. owners, customers, employees, the community and society at large.

Garriga and Mele' (2004) analysed "the different theories on CSR and put them into four groups. The instrumental theories assume the function of wealth creation for the company as the only reason for social responsibility. The political theories claim that companies exert their power by using their responsibility. The integrating theories consider that companies should meet the demands of society. Finally, the ethical theories try to understand why the relationship between business and society is opposed to ethical values".

Doh and Guay (2006) defined CSR "as all the measures adopted by a company to promote social benefits beyond the direct interests of the company and legal regulations. Recently, CSR has even been defined as an organisation's ethical duty, beyond Academia seems to be unanimous in considering that: socially responsible companies have to act voluntarily to conform CSR activities; going beyond legal prescriptions; the symbiotic relationship between business and society has become the central issue of the debate and it has to be long term; society interacts with business at a large, lending it legitimacy and prestige; and business becomes responsible for its activities within society in its long-term economic operations and creation of value".

RESEARCH METHODOLOGY

A well defined research helps in facing the uncertainties in time. Therefore, it is important to define the methodology of research here.

Objective of the study

To study the stake holders perception regarding the quality of CSR initiatives offered by the select companies.

To achieve objectives of this study, Non probability sampling through quota sampling was used and the information was collected from two types of respondents. One, the 40 internal respondents targeted were from the top management, middle management and lower management (employees involved in the process of CSR implementations etc.) from the selected FMCG companies of India. Second, the external respondents targeted were stakeholders (customers, shareholders, NGO's etc.) of the selected FMCG companies. 100 external respondents were approached from Delhi, Haryana and Noida. Exhibit No. 1.1 and Exhibit No. 1.2 indicates the details of both types of samples of respondents.

Sample from Internal Respondents (Employees) (Exhibit No. 1.1)

Sr. No.	Name of FMCG Company	Sample Quota	Per cent (%) of Sample Quota
	HUL Ltd	24	60
	ITC Ltd	4	10
	Nestle India Ltd	4	10
	Britannia Industries Ltd	4	10
	Dabur India Ltd	4	10

Sample from External Respondents (Stakeholder's) (Exhibit No. 1.2)

Sr. No.	Name of FMCG Company	Sample Quota	Per cent (%) of Sample Quota
	HUL Ltd	60	60
	ITC Ltd	10	10
	Nestle India Ltd	10	10
	Britannia Industries Ltd	10	10
	Dabur India Ltd	10	10

And the secondary data, were collected from various international and national journals of repute, annual reports of various Government institutions of India like IRDA, RBI etc., text books, magazines of repute.

LIMITATIONS OF THE STUDY

- The primary objective of the study is 'to study the CSR initiatives undertaken by FMCG companies in the Indian context', so legal and technical aspect has not been considered.
- The biased nature of the respondents is hard to eliminate and individual perceptions vary due to changed situations, beliefs, behavior and actions. As the study is based on survey, so the human element is already involved.

ANALYSIS & INTERPRETATION

The study has applied GAP Analysis on the basis of Berry, Parasuraman and Zithaml, (1985) Servqual methodology with few modification supported by various studies, to assess the stakeholders perception regarding quality of Corporate Social Responsibility initiatives offered by the select companies. A seven point Likert scale was used to measure the intensity of the attitude of stakeholder's and officials of selected FMCG companies, towards the selected dimensions of CSR initiatives. The respondents were asked to rate the variables, using seven point Likert scale, which ranged from strongly disagree (1) to strongly agree (7). The weighted average scores were also calculated at the appropriate places where the respondents were asked to rank/rate different statements, either according to degree of their importance or according to the extent they agree with the statement as the case may be.

Overall GAP Score of CSR initiative offered by the selected FMCG companies of India:

Overall GAP Scores, both Unweighted and Weighted were tabulated in Exhibit No. 2.1 All values were explained by mean, median and standard deviation.

Exhibit No. 2.1

Overall GAP Score (n=84)			
	MEAN	MEDIAN	STD. DEVIATON
Overall Unweighted GAP Score	0.63	0.72	0.38
Overall Weighted GAP Score	9.51	10.56	4.71

As the results shows, overall unweighted score of 0.63 revealed hereby that stakeholder's' has received much more than what they have expected from the organization. Stakeholder's' alleged the quality of CSR initiative accessible to them at a high rate. And the results of overall Weighted GAP Score i.e 9.51 were also positive. It means FMCG companies has been providing the high quality of CSR services to the stakeholder's.

Dimensions of CSR initiatives:

The important weights has been compiled and represented below in Exhibit No. 2.2.

Exhibit No. 2.2

Overall Dimension wise Importance Weights (n=84)							
	Educati on and Training	Healthcare	Environ ment Protectio n	Rural Develop ment	Women empowerm ent	Disaster relief	Gender Equality
MEAN	15.19	14.45	11.50	15.24	9.35	15.80	15.70
MEDIA N	15.00	15.00	10.00	15.00	10.00	15.00	15.00
STD. DEVIA TION	3.50	3.73	3.78	3.87	2.53	4.17	3.94

Exhibit No. 2.3

		Educatio n and Training	Healthcare	Environme nt Protection	Rural Develop ment	Women empower ment	Disaster relief	Gender Equality
Education and Training	Pearson Correlation	1	.228**	.017	-.502**	-.555**	-.262**	-.021
	Sig. (2- tailed)	.	.000	.721	.000	.000	.000	.525
Healthcare	Pearson Correlation	.228**	1	-.085	-.296**	-.150**	-.052	-.572**
	Sig. (2- tailed)	.000	.	.081	.000	.002	.272	.000
Environment Protection	Pearson Correlation	.017	-.085	1	-.150**	-.125**	-.295**	.011
	Sig. (2- tailed)	.721	.081	.	.005	.006	.000	.819
Rural Developmen t	Pearson Correlation	-.502**	-.296**	-.150**	1	.205**	-.129**	-.072
	Sig. (2- tailed)	.000	.000	.005	.	.000	.005	.127
Women empowerme nt	Pearson Correlation	-.555**	-.150**	-.125**	.205**	1	-.078	-.152**

	Sig. (2-tailed)	.000	.002	.006	.000	.	.108	.002
Disaster relief	Pearson Correlation	-.262**	-.052	-.295**	-.129**	-.078	1	-.262**
	Sig. (2-tailed)	.000	.272	.000	.005	.108	.	.000
Gender Equality	Pearson Correlation	-.021	-.572**	.011	-.072	-.152**	-.262**	1
	Sig. (2-tailed)	.525	.000	.819	.127	.002	.000	.

Multiple Correlations: amongst CSR dimensions

** Correlation is significant at the 0.01 level (2-tailed).

Multiple correlations (Exhibit No. 2.3) has been shown below, which revealed that the significant correlation exist within the dimensions of CSR initiatives.

➤ Overall Dimension Wise Gap Score :

Exhibit No. 2.4 showed average Unweighted and Weighted gap for the different dimensions of CSR initiative.

Exhibit No. 2.4

Dimension wise Gap Score (n=848)								
		Education and Training	Healthcare	Environment Protection	Rural Development	Women empowerment	Disaster relief	Gender Equality
Overall Unweighted Gap Score	MEAN	0.75	0.43	0.82	0.78	0.73	0.75	0.85
	MEDIAN	0.75	0.50	1.00	0.70	0.70	0.75	1.00
	STD. DEVIATION	0.51	0.77	0.90	0.78	0.51	0.71	0.75
		Education and Training	Healthcare	Environment Protection	Rural Development	Women empowerment	Disaster relief	Gender Equality
Overall Weighted Gap Score	MEAN	9.32	5.24	8.52	10.25	5.39	12.73	13.71
	MEDIAN	10.00	7.77	8.33	12.00	7.00	12.50	13.33
	STD. DEV.	8.04	9.95	10.52	9.94	4.79	10.07	9.80

(Exhibit No. 2.4). The results showed that 'Gender Equality' ranked at the top compared with other dimensions and the quality of CSR initiatives were assumed more than the expectations.

Exhibit No 2.5

Inter Comparison of GAP Scores of The selected FMCG companies of India			
Name of FMCG company		Unweighted GAP Score	Weighted GAP Score
HUL Ltd	Mean	0.47	7.17
	Median	0.80	11.14
	Std. Deviation	0.34	4.82
ITC Ltd	Mean	0.07	0.74
	Median	0.78	8.48
	Std. Deviation	0.37	5.02
Nestle India Ltd	Mean	0.05	0.75
	Median	0.48	7.77
	Std. Deviation	0.18	2.58
Britannia Industries Ltd	Mean	0.07	0.88

Dabur India Ltd	Median	0.74	10.38
	Std. Deviation	0.25	4.52
	Mean	0.07	0.87
	Median	0.75	10.88
	Std. Deviation	0.28	4.17

The results showed that FMCG companies of India were having positive weighted and unweighted gap score. It means that the stakeholder's perceived quality of CSR initiatives offered by selected FMCG companies better than their expectations. Average importance weight were compiled and tabulated in Exhibit No. 2.5

The results of the above analysis indicated that the expectation and perception level of stakeholder's regarding CSR initiative offered by the selected FMCG companies revealed that..

- The overall unweighted (0.69) GAP score was in positive zone meaning thereby that the stakeholder's perceived the quality of CSR initiative offered to them were of good quality by the selected FMCG companies of India. When overall weighted (9.31) GAP score was taken into consideration it was also in positive zone. This reaffirmed that FMCG companies of India were providing the quality CSR services to their stakeholder's.
- The overall dimension wise unweighted and weighted gap score in all of the dimensions of CSR initiatives were found to have positive gap, implying that stakeholder's expectation regarding the various dimensions of CSR initiatives were met by the selected FMCG companies of India. Stakeholder's were consistently more satisfied with Gender Equality dimension [both in unweighted (0.85) and weighted (13.71) gap score] which was ranked higher than all other CSR initiative dimensions.
- There was a significant correlation, both positive and negative, existing between most of the dimensions of CSR initiative offered by the selected FMCG companies of India.
- The stakeholder's rated the quality of CSR initiative offered by HUL Ltd (Unweighted GAP Score 0.46 & Weighted GAP Score 6.17) were above than their expectations and higher than the other FMCG companies The HUL Ltd was also accorded the best Unweighted and Weighted gap score in all the dimensions of CSR initiatives offered.

CONCLUSION

It is important to notice that most of the FMCG companies of India are delivering CSR initiative related services more than the expectations of their respective stakeholder's. However, the perception level of HUL Ltd stakeholder's was significantly higher than the stakeholder's of remaining the selected FMCG companies of India.

Although all the selected FMCG companies of India we're carrying out CSR initiative at or above par than expected by their customers. As value improvement is a never ending process, governing bodies of these FMCG companies should train personnel professionally and improve corporate culture regarding CSR initiatives to improve overall satisfaction of stakeholder's. The most important for the top officials to have a glance at the organizational leadership of these selected FMCG companies of India.

The study resulted that the GAP analysis could make a positive involvement by increasing the quality of CSR initiatives offered by the FMCG companies. The measurement scale helps in locating the loopholes and signifying problems that hinder the proper implementation of quality of CSR initiatives in FMCG sector of India.

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