

# UNDERSTANDING PRACTICES TOWARDS CORPORATE SOCIAL RESPONSIBILITY

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## Abstract

Corporate Social Responsibility (CSR) is a broad term used to describe a company's efforts to improve society. Present research is focused to finding awareness level of manufacturers' regarding CSR. The study was conducted on apparel manufacturers of Jaipur city. It was found that manufactures do have some extent of awareness and follow CSR practices, however the role of CSR in meeting ethical, environment and social area is still not till not much known to manufacturers'.

**Keywords :** Awareness, Manufacturers', CSR Practices.

## Introduction

Corporate Social Responsibility (CSR) is defined as "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life" (World Business Council for Sustainable Development, 2004). The importance of CSR has emerged significantly in the last decade. Companies have become more transparent in accounting and display 'public reporting' due to the pressures from various stakeholders. It is possible for companies to behave in the 'desired' ethical and responsible manner towards consumers, employees, communities, stakeholders and environment. It is a way of doing business that has significant impact on the society. For this it is necessary to build CSR into a movement. This means public and private organizations need to come together to set standards, share best practices, jointly promote and pool resources where useful.

Ministry of Corporate Affairs has notified in Section 135 and Schedule VII of the Companies Act as well as the provision of the Companies Rule 2014 (CRS Rules) which has come into effect from 1 April 2014. Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. Further as per the CSR Rules, the provisions of CSR are not only applicable to

Indian companies, but also applicable to branch and project offices of a foreign company in India.

## CSR in apparel industry

Apparel industry in the context of business, beyond financial goals, contribute to the social, economic, and environmental development in which apparel units are operating, as well as ensuring participation from the community and thereby create value for the society at large. As per the guidelines of Ministry of Corporate Affairs of India, industries have to maintain certain labour standards and working conditions for workers.

In order to gain the positive professional reputé, the apparel industries should carry social responsibilities. Strategies are continuously implemented with regard to the issues like child labour, low wages, work place safety, employee's health and impact on the environment. Various inspections are carried out by the brands manufacturers in the countries. The scenario has not changed a lot but the local manufacturers are now careful about the working conditions in the unit.

CSR covers various aspects like economic, social and environment and ecological aspect. Economic aspect covers direct and indirect economic effect of the organisation actions on surroundings and stakeholders, social aspect covers all the people concerned and affected by the business of the organisation and environmental & ecological aspect covers pollution, wastage, climate change, overuse of natural resources etc. Apparel industries are becoming more conscious in fulfilling the social responsibilities by complying all the concerned rules and regulations and contribute towards societal and sustainable development ahead.

Literature available indicates that there is lack of awareness about CSR. By reviewing the current practices of manufacturers' it will help insustainability of the business. The main objectives of the study are:

1. To study the Corporate Social Responsibility practices followed in the apparel manufacturing units.
2. To create an awareness towards Corporate Social Responsibility in the apparel manufacturing units.



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### Review of Literature

Gupta (2015) explored twenty six industries professionals working in the Indian apparel industry through interview. Five factories in New Delhi were observed and eleven Indian apparel manufacturers' websites were reviewed for CSR – related content. Results depict that the factories of New Delhi and Indian apparel firms are gradually moving toward implementing CSR, but full integration is very slow.

A study by Wu (2013) revealed the consumers perception towards CSR in China. One hundred twenty seven males' respondents were interviewed within the age group of 22 to 50 years. Data analysis indicates that some enterprises had some extend of CSR awareness and assume CSR in their practices, however enterprises' attention to CSR is still not sufficient enough and only confines with the problems that closely relate to their economic interests.

Maud, Howqua, & Husain (2013) investigated CSR practices followed in the garment sector of Bangladesh. The study explored the real scenario of present CSR practices by multinational companies of Bangladesh. One twenty four respondents were interviewed. Results indicate that CSR has gain considerable importance in western world; however in Bangladesh the momentum of CSR was very slow as different companies are receiving little pressure from stakeholders, they are reluctant to embrace CSR in their setting, and it will take considerable time to reach the mind of different stakeholders.

A study on CSR in the apparel industry: A multiple case study analysis, focused on reviewing the content of the publicity available on CSR. Published information by the 14 apparel brands was belonged to the Service Accounting Code. Qualitative analysis leads to the creation of a comprehensive database of indicators used by the apparel brands to report their CSR actions and initiatives. A model was constructed based on suggestions for transforming the apparel industry. Fashion & Sustainability: Design for change, and the observed themes among the collected indicators from the SAC brands CSR reports. The model represents the five elements of the apparel system which a company would engage to progress towards sustainability. The indicators were categorized and grouped within the elements and an analysis was conducted to determine the

type, distribution, of the reported indicators. The apparel brands were subsequently compared based on the number of reported indicators within the five elements and a cross case analysis was conducted. The analysis addresses the question as to the effectiveness of CSR reporting as a tool for measuring progress towards sustainability. The results highlight that CSR reporting was not effective in providing a true reflection of an apparel brands CSR actions and initiatives and their progress towards sustainability (Kozlowski, 2012).

Shanmugan & Mohamed (2011) conducted study on textile companies of India. Twenty companies were interviewed personally and measured on 5 – point likert scale about the CSR initiatives. Collected data was analysed by using statistical tool i.e. Friedman test. Results indicate that CSR of the textile units have been effective due to the positive influence of their activities towards employees and environment. High ranking CSR factors were 'avoiding product-related controversy' (for customers), 'employee dispute' (for employees), 'reclaiming of waste land' (for environment), company encouragement to employees' (for community) and 'avoiding fines and penalties and managers conviction' (for corporate governance) has been executed by the textile units. Firms are responsible for ethical conduct of their operations and have an impact on stakeholders.

### Methodology

**Research design :** The study was based on the descriptive research that involves interviewing the manufacturers and creating awareness programme for those who are not so aware about CSR.

**Locale of the study :** Jaipur was selected as the study area as it is fast growing economy.

Manufacturers from the Mansarovar and Malviya Nagar and Sitapura industrial area were selected. Locale of the study is Jaipur as there is easy accessibility of the respondents for investigation related to the topic.

**Sample Size :** In order to know the awareness of CSR of manufacturers' twenty five manufacturers were selected on the basis of Purposive Sampling. The manufacturers' were selected from all the apparel industries who were registered under Apparel Export Promotion Council (AEPIC) and had minimum profit of 5 crore annually. Only those manufacturers' were approached who had some knowledge of CSR.



**Sampling Method :** The data was gathered from respondents by purposive sampling technique from the Jaipur city.

**Data Collection :** Primary data was collected through interview schedule based on consumer and manufacturers' awareness towards CSR. Interview Schedule was prepared which had of 10 items related to various practices followed in apparel industry. The interview schedule helped in categorizing subjects possessing low and high practices followed in apparel industries.

**Data Analysis :** The data was transferred and tabulated. The data was analysed in the form of table to get comprehensive information with regards to the awareness of the consumers' and manufacturers' towards the CSR. The collected data was analysed in terms of frequency and %age.

**Training Programme :** Training Programme was conducted at Sitapura Industrial Area and Malviya Nagar, Jaipur. The training was supported by teaching aids such as power point presentation, posters and video clippings. The session was planned for two hours. The session focused on implementation of CSR in their company's or industries. Benefits of CSR, various strategies, report format and communication of such information to society were discussed in the sessions.

**Pre-Test and Post Test :** To study the effectiveness of training, pre and post evaluation of their knowledge was conducted. The gain in knowledge determined the impact of training. Well-structured questionnaires containing of different questions were formulated to assess the knowledge. Rating scale was used to find the increase in knowledge after training sessions. The questionnaire has 10 items. The knowledge score of each respondent was tested before training. The same pre-test schedule was given to the respondents to study the impact of the training programme. The difference between pre and post-test was taken was taken to find gain in knowledge.

**Analysis of Data :** The gathered data was calculated through tabulated and coding and analysis. Wilcoxon signed test was used to analysis the data through SPSS software.

**Table 1**  
**Distribution of allocation of separate funds for CSR implementation**

(N=25)

S. No.	Separate allocation of funds	Frequency	%age
1	Yes	21	84.00
2	No	4	16.00

Table 1 indicates that 84.00% of the respondents have separate allocations funds for CSR implementation and whereas 16.00% do not have any provision of such funds. Majority of the manufacturers' have separate allocation funds for CSR because they feel that it is mandatory and practising CSR.

**Table 2**  
**Distribution of the respondents on basis of annual publication of CSR report**

(N=25)

S. No.	Publish CSR report	Frequency	Percentage
1	Yes	21	84.00
2	No	4	16.00

Table 2, shows that 84% of the manufacturers' publish CSR report annually whereas 16% manufacturers' do not publish the CSR reports. Only those manufacturers' who have separate funds for CSR publish their CSR report annually.

**Table 3**  
**Distribution of the respondents on basis of organizing training sessions at their own site**

(N=25)

S. No.	Organize training sessions	Frequency	Percentage
1	Yes	8	32.00
2	No	17	68.00

Table 3 reveals that majority of manufacturers' (68.00%) do not organize training sessions at their own site where as 32.00% of manufacturers' organize such sessions. The reason for not organizing training sessions was because of lack of proper space and resources.

**Table 4**  
**Distribution of the respondents on basis of undertaken training on CSR**

(N=25)

S. No.	Participate in external CSR training	Frequency	Percentage
1	Yes	14	56.00
2	No	11	44.00



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Table 4 shows that 56% respondents participate in CSR training organized by other agencies whereas 44% respondents have never participated in training. Hence it is inferred that majority of manufacturers' participate in training programme as they want to enhance their knowledge and want to understand how external training can be beneficial to their industries in terms of CSR implementation.

**Table 5**  
Distribution of the respondents on basis of means of communication for CSR

(N=25)

S. No.	Means of communication	Frequency	Percentage
1	Flyers or brochures	2	8.00
2	Magazine/ newspapers/ journal advertisement/ Newsletter	2	20.00
3	Website	18	72.00

Table 5 shows that maximum number of manufacturers' communicates CSR efforts locally through website (72%). Twenty percent of the respondents communicate through newsletter, magazine/newspapers, journal advertisement and rest through flyers and brochures (8.00%). None of the manufacturers' communicates through television advertisement. It can be inferred that website is an easiest and time saving method for information to disseminate.

**Table 6**  
Distribution of CSR activities conducted by manufacturers'

(N=25)

S. No.	CSR related activities	Frequency	Percentage
1	Work force	6	24.00
2	Supply chain	1	4.00
3	Stimulating sustainable local economy	3	12.00
4	Stakeholders engagement	2	8.00
5	Community activities	13	52.00

Table 6, shows that maximum number of manufacturers (52%) were involved in community activities for implementation of CSR, while 24% were involved in workforce activities, 12% in stimulating sustainable local economy, 8% in stakeholders engagement and remaining 4% in supply chain activities.

**Table 7**  
Distribution regarding measures adopted by the manufacturers' to reduce environment impact

(N=25)

S. No	Measures adopted	Frequency	Percentage
1	Energy saving	2	8.00
2	Waste recycling	17	68.00
3	Mobility management	2	8.00
4	Sustainable packaging	3	12.00
5	Eco- friendly product	1	4.00

Table 7 reveals that 68% manufacturers' prefer to recycle or reuse the waste, 12% prefer sustainable packaging, 8% prefer energy saving and mobility management and rest 4% for eco- friendly products. Waste recycling reduces pollution leads to clean and green environment.

**Table 8**  
Impact of training on awareness level of manufacturers' about CSR

(N=10)

Awareness level	Pre-test		Post-test	
	f	%	f	%
Low	8	80.00	3	30.00
High	2	20.00	7	70.00

Table 8 shows that 80% of manufacturers' were not aware of CSR whereas 20% were aware of CSR practices. After the conduction of awareness programme the score rose to 70%. There was significant rise in knowledge and awareness level of consumers about CSR due to training session conducted. Hence such sessions should be conducted.

### Conclusion

The time has come when there is pressure from international institutions and local government to



comply with CSR norms. Therefore a need is felt to conduct such training sessions for generating awareness to the manufacturers on CSR as it will contribute towards societal and sustainable development.

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