

## Corporate Social Responsibility Practices: A Study of Cement Industries in the State of Odisha

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### ABSTRACT

India is a fast growing economy and is booming with national and multinational firms. At the same time the nation has faced social challenges like poverty, population growth, corruption, illiteracy just to name a few. Therefore it all the more imperative for the Indian companies to be sensitized to corporate social responsibility (CSR) in the right perspective in order to facilitate and create an enabling environment for equitable partnership between the civil society and business. This paper studies the CSR practices of cement plants located in the state of Odisha namely: Bargarh Cement Works, a unit of ACC and OCL India Limited, Rajgangpur. This paper is mainly devoted to see what exactly the organizations are expected to do for the society towards CSR, what they are doing in practice, and to what extent they meet their social obligations or CSR practices. In fact a need assessment study was carried out in 2007 in the communities around plant and mines of Bargarh Cement Works. Accordingly works under taken in the locality at and around Bargarh for sustainable development to improve quality of life for now and future generations to come. Similarly OCL India Ltd. at Rajgangpur also under taken several developmental and welfare initiatives in the peripheral areas to uplift the condition of poor and helpless tribals to fulfill its obligation towards corporate social responsibility.

**Keywords:** Social challenges, Equitable partnership, Corporate Social Responsibility, Sustainable Development, Quality of Life.

### 1. INTRODUCTION

Manufacturing companies do not work in isolation. The land on which companies they establish are either obtained through eviction or possession from Govt. The human resources they utilize are procured from

the society. Other resources like raw materials, water, power, everything are acquired from the society only. Similarly the finished products they produce are all consumed by the society only. Thus the wealth that possessed, the scientific skill that is acquired, the knowledge that is obtained all is secured from the society. Thus one has to discharge his debt to society by doing some good in turn (Gadhia, 2004). Everyone should in the first place realize the truth that he has been endowed with the human body not for seeking his selfish ends, but for serving others.

Today's corporate world believed that in pursuit of technological excellence, they have not lost sight for their social responsibilities. For them success is not all about production and profit, but also caring for the people around them through education, health care, water supply, infrastructure of communication, social forestry, culture and sports.

## **2. CONCEPTUAL FRAMEWORK**

The concept of corporate social responsibility grew out the rapid change from the economic model of business towards a broader socio-economic model. The economic model placed much more emphasis on production, exploitation of resources, individual interests and a minor role of government and in general such a business is known as the closed system. But in contrast the socio-economic model or open system view of business emphasizes the overall quality of life, conservation of resources, community interest, etc. Corporate social responsibility is a concept where the business organizations integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis (Wilson, 2001). Hence business units have given much more emphasis on human capital, environments and relations with stakeholders. Every business organization has the prime objective to protect and enhance its wealth but it is not too easy without the good will and confidence of large community in it. For this the business houses have extended the paternalistic approach towards the community at large and acceptance of a large measure of responsibility towards the community is therefore good business as well as good citizenship (Miller, 1996). According to Kotler and Lee (2005), Corporate Social Responsibility is defined as the commitment to improve community well being through discretionary and business practices and contribution of corporate resource. It is not an invention of public relation in order to increase their visibility in the business community (Frankental, 2001).

CSR indicates intelligent and objective concern for the welfare of the society that restrains individual and corporate behavior from destructive activities. The government formulated rules and regulations for the steady implementation of social welfare policies by the business organizations. But CSR was voluntary in nature and beyond the statue. Hence social responsibility begins where the law ends. In general it signifies a business organization as an asset to the local community and nation. Social responsibility is the company's mission to be responsive to the social needs so that at least some part of its resources may be allocated towards accomplishment of social goals and to tackle social problems (Michael, 2000). The social responsibility of business encompasses economic, legal, ethical and discretionary expectation that society has of organizations at a give point of time (Carroll, 1979). Organizations themselves do not have ethics but they do relate to their environment in ways that often involve ethical dilemmas and decisions. Social responsibility is the set of obligations an organization has to protect and enhance the society in which it functions (Griffin, 2000). Although some business organizations create problems like air and water pollution and resource depletion, majority of them are realizing the sense of social responsibility at corporate level. However, business create problems and should therefore help to solve them; corporations are citizens in

our society; business often has the resources necessary to solve problems; and business organization is a partner in our society along with government and the general population.

- **Indian Thoughts:** Bharat Ratna JRD Tata's view in context of CSR is that "we generate wealth from the people. What comes from the people must to the extent possible therefore get back to the people". According to N.R. Narayan Murty, Ex-Chairman and Managing Director of Infosys Technology, corporate's foremost social responsibility is to create maximum shareholder value working under the circumstances where it is fair to all its stakeholders – workers, consumers, the community, Government and the environment, He points out that living in harmony with the community, and the environment around us and not cheating our customers and workers, we might not gain anything in the short run, but in the long run, it means greater profits and shareholders value. According to Salman Khurshid (2010), minister of state for Corporate Affairs Government of India, CSR is to be taken from 'Company's Vision' to 'Country's Vision'. He also said at the National Convention of company secretaries in Kolkata that CSR is no longer a charity or a matter of philanthropy. It should be imbibed in the corporate culture that leads to responsible business.
- **International View:** World Business Council on Sustainable Development: It defines CSR as "the commitment of business to contribute to sustainable economic development, working with the employees, their families, the local communities and societies at large to improve their quality of life".

The United Nations Conference on Trade and Development (UNCTAD) defines CSR as concerning essentially "how business enterprises relate to and, impact upon a society's need of goals" specially CSR touches upon social responsibility standards and performance of multinational corporation, and their role in developing a stable, prosperous and just global society. The European Commission defines CSR in a green paper as a concept in which "companies integrate social and environmental concerns in their business operation and in their interaction with their stock holders on a volunteer basis".

As a result corporate social responsibility is the set of obligations for which organization has to protect and enhance societal context in which it functions. The New Delhi-based Social and Rural Research Institute, a division of the Indian Market Research Bureau, conducted a survey. The survey covers 600 Indian companies spread across 24 towns and the major aspects of the survey relating to CSR (Krishnan, 2000) enlisted below:

- Most large companies agreed that business organizations should seriously think about social responsibility.
- The most common activities undertaken for discharging social responsibility were in the areas of health and education, community support, family planning, pollution control, culture and promotion of arts and crafts.
- Few companies had a policy on social development efforts.
- Companies with a higher turnover had a better participation in social development activities.
- The most common means of performing social development activities was donating money and sharing company facilities.

- The external agencies involved in the social development were the non-governmental organizations (NGOs), government agencies, panchayats, religious groups and clubs.
- Majority of the companies felt that social development activities did not require specialized skill and could be handled informally.

### **Need for CSR Measures**

In present context where social responsibility of business becomes necessary due to the following situational demands:

- (a) A societal approach to business is contemporary business philosophy, which demands the business organizations to be responsive to social problems.
- (b) In the LPG era, global companies have attempted to establish a good corporate citizen image for which they include social responsibility as a corporate objective. Now the indigenous companies are forced to follow SR objectives for maintaining their corporate identity.
- (c) On the basis of legal provisions the companies have to concentrate on social problems such as protection of environment, community development programmes, etc.
- (d) Corporate donations to social welfare projects of approved NGOs are exempted from Income Tax in India.
- (e) An organization's commitment to social responsibility creates a good corporate image and better business environment.
- (f) Very often situations demand due to natural calamities, accidents, etc.
- (g) Organizational culture of certain organizations makes necessary for them to take up social cause as their moral responsibility

Some people argued in favour of social responsibility because of the organizations are creating problems and should therefore help to solve these. Corporations are treated as citizens in our society, business often has the resources necessary to solve problems while some people argued against social responsibility due to the following reasons like need for profit maximization, costs of social involvement, potential for conflicts of interest, lack of social skills and accountability, etc.

### **Objectives**

The objectives of the present paper is to study and evaluate social performance by having a systematic assessment on some meaningful, definable domain of the companies activities that have some social impact, the method for improvement in the overall status and functioning of CSR in the present services and the prospect of CSR in a changing social environment.

### **CSR Practices in Selected Units**

It is obvious that no standard is available so far against which the performance of the companies in the areas of CSR could be compared. No specific format also could be made available for carrying the comparison

as to what the companies should do and what actually they are doing. That is why it is essential to take a closer look at the things from a local view point in case of CSR of two reputed and established cement factories namely ACC Bargarh and OCL India limited at Rajgangpur, who are serving the state since last five decades.

### **CSR Initiatives by ACC Ltd., Bargarh**

ACC Ltd. is India's foremost cement manufacturer with a countrywide network of factories and marketing offices. Established in 1936, ACC has been a pioneer and trend setter in cement and concrete technology. Among the first companies in India to include commitment to

Environment protection as a Corporate Objective. ACC has won accolade for environment friendly measures taken at its plants and mines also been felicitated for its acts of good Corporate Citizenship. Corporate Social Responsibility as defined by ACC Ltd. is "the way a company balances its economic, social and environmental objectives while addressing stakeholders' expectations and enhancing shareholders value."

Bargarh Cement Works (BCW) with plant capacity of 1.20MTPA situated at Bargarh, Odisha was taken over by ACC Ltd. from Odisha Govt. in December 2003. Ever since the plant is taken over by ACC, it focuses its CSR in three major areas: Providing education for society's future; supporting sustainable community development; and Building infrastructure for livable communities.

- **Providing Education for Society's Future:** "Basic education links the children, whether of the cities or villages to all that is best and lasting in India", said Mahatma Gandhi. At no time has his words been more prophetic, then now in a world where education has become the biggest differentiating factor, the foundation offers an edge to deprived and rural students through its activities.

At every ACC run school, children of its employees and from the nearby localities study together. Bargarh Cement Works run its educational institute under the name of Vikas ACC Public School. More than 60% students attending this school are from the nearby areas. BCW also keeps on helping the infrastructural projects of school like Bargaon High School and Khaliapali High School. It has provided computer terminals to Cement Nagar High School and Banjipali High School and donated books to various school libraries.

The ladies club of BCW under the ACC AHEAD (Association for Health, Education and Development), has recently started a Bridge Education Programme for the students of classes V, VI and VII of UPME school, located nearby. The main objective of this programme is to help the students improve their academic performance.

ACC AHEAD was formed in January 2008 to support and supplement the community development programmes with a special focus on women empowerment.

- **Supporting for Sustainable Community Development:** The 1992 UN Conference on the Environment and Development (The Earth Summit) gave rise to the most commonly used definition of the concept of Sustainable Development, namely;  
"Development which meets the needs of the present without compromising the ability of the future generations to meet their own needs."

Sustainable Development is therefore about ensuring a better quality of life for all members of society now and for future generations to come and involves stake holders at all levels, from National Govt. to common man. As communities form one of the major stake holders for ACC, working for their sustained development through the process of community involvement forms a key aspect of its CSR activity.

In 2007, the Need Assessment Study was carried out in the communities around plant and Mine of BCW. About 55 girls are being trained in tailoring and embroidery. A total of 15 girls are undergoing computer training at the ladies club at Bargarh. About 11 women are involved in their own business- a pisciculture project recently started at Dungri. The free training program me on pisciculture, provided by the department of fisheries, Govt. of Odisha has made them more confident about their project.

Besides, around 90 young people across 46 villages have been trained as village first aiders. These people who have named their group, "JivanJyoti Village First Aiders Club" are divided into 18 groups each having 5 members. These members provide first-aid treatment to the village people and organize awareness camps and Health camps.

- **Building infrastructure for livable communities and social rehabilitation:** Samasta Lokah Sukhino Bhabatu (Let every being be lived happily) is the essence of Indian culture and all our epics and puranas loudly advocates this mantra. This forms the basis for implementation of CSR practices.

In the after moth of the September 2008 floods in Odisha, BCW stood by the victims by building their houses at Antaradi and Chikhli in Ambabhona block, Panimora in Sohela block and Deoli in Biramaharajapur block. 50 'ACC AWAS' houses for 50 beneficiaries are constructed.

Moreover, various initiatives such as rainwater harvesting, installation and maintenance of hand pumps in many villages are carried out. Villages like Dechuan, Gudipara, Bungapali, Lather, Chottadei and Badmal are provided with drinking water by BCW during every summer. Water supply system has been installed in the Khaliapali Revenue village.

Paying its homage to freedom fighter Veer SurendraSai on his second birth centenary on January 23, 2009, ACC built a statue of the national Hero and installed it at Gandhi Chhak, Bargarh. With honesty and integrity as its strength, ACC Ltd. envisions being one of the most respected companies in India, recognized for challenging conventions and delivering on its promises.

### **CSR Initiatives by OCL India Ltd., Rajgangpur**

OCL India Limited formerly Orissa Cement Limited and better known as OCL was established in the year 1949 at Rajgangpur, 50 kms west of Rourkela in the Sundargarh District of Odisha. This factory started producing cement under the brand name of KONARK. It diversified from cement to the field of Refractory in the year 1954 and sponge iron during the year 2001-02.

For any industry, development and welfare works under Corporate Social Responsibility (CSR) have no boundaries as it builds healthy relationship between people and company concerned. This is what OCL India Ltd. believes in since its inception.

## **Corporate Social Responsibility**

In its 61 years of untiring service to Nation, OCL has always given priority to community development. In its endeavor to uplift the conditions of poor and hapless tribals of this locality, OCL has undertaken various developmental activities in peripheral areas of Rajgangpur and Lanjiberna. The activities are mainly focused on areas like Health, Education, Drinking Water, Games and Sports etc. Some of the major activities undertaken during last three years are given below:

### **Education:**

1. Construction of building and additional rooms and renovating buildings in various schools and colleges, in and around Rajgangpur
2. Arranged drinking water supply in a number of schools where facility of clean drinking water was not available
3. Donated furniture like benches, desks, Almirah, tables, chairs to needy schools
4. Donated books and other study materials to schools
5. Reimbursement of salaries of four teachers in Shramik High School, and of one teacher in Nodal UP School in Lanjiberna
6. Constructed an open stage in Sarvati Devi Women's College, Rajgangpur
7. Constructed one basket ball court in Dalmia College, Rajgangpur
8. Repaired play ground in High School Ramabahal

Opening "One Teacher Schools - EKALA VIDAYALAYA" in 30 villages in collaboration with Friends of Tribal Society - an NGO.

Distributed 20 cycles to BPL girl students in Bargoan College.

### **Skill development:**

1. The institute also conducts other vocational trainings like preparation of papad, badi, snacks etc periodically.
2. Imparted Livelihood Training Program for unemployed youths on "Mason", "Driving-cum-Mechanic".

### **Drinking Water Facility:**

1. Sunk 115 Tube Wells in Rajgangpur & Lanjiberna in last 5 Years.
2. Repaired 45 Tube wells & made them functional in last 5 Years.
3. Dug 11 Ring Wells.
4. Renovated 21 Ring Wells & constructed platforms around
5. Arranged drinking water supply system by sinking deep bore well, laying pipe etc. under Sajal Dhara Scheme of Govt. in villages Khatang and Dharuda
6. Renovated one pond in Bhagattola.

7. Providing Water for irrigation from Lanjiberna mines to 4 Villages.
8. Sunk deep bore well and arranged supply of drinking water by laying pipe, installing motor etc in Ghoghar Temple and Sub-Jail, Rajgangpur

#### **Health Services:**

1. Free treatment and medicine for villagers of Lanjiberna & its surrounding area.
2. Free ambulance services to villagers for shifting of patients to nearby hospitals for treatment.
3. Operating charitable homoeopathic dispensary at Rajgangpur and Lanjiberna. Doctor also visits different villages and provides free treatment to villagers at their door step.
4. Operating a charitable allopathic dispensary at village Sonakhan through Bharatiya Jana Seva Sansthan, New Delhi.
5. Organising General Health Check-up Camps, Eye Camp, E & T Camp, Dental Camp etc in Rajgangpur and Lanjiberna every year.
6. Operating a mobile health unit through 'HelpAge' in Jagatsinghpur & Kapilas area. Another mobile health unit has been commissioned for needy people of Rajgangpur, Lanjiberna & surrounding area.
7. Renovated the hospital building of Govt. Hospital, Rajgangpur and improved infrastructure facilities like supply of water, construction of additional toilets, rooms etc.
8. Organising awareness program on Malaria, Dengu and Chikungunia every year in Lanjiberna.
9. 500 mosquito nets supplied free of cost to poor villagers.
10. Surveyed Rajgangpur municipal area and OCL Township through malaria Research Institute, Rourkela for sources of mosquito breeding.

#### **Women Empowerment:**

1. Operating a training institute "SWAYAMPURABHA" in Lanjiberna where poor and destitute tribal women are provided free training on tailoring, embroidery, dress designing etc. After completion of training, each trainee is being provided a swing machine. 50% of the cost of the machine is being borne by the trainee and the rest is being borne by the Centre. So far 80 women have completed their training in the centre and are earning their own livelihood by stitching.

#### **Youth & Sports:**

1. Organising 'Inter-Village Dalmia Cup Football Tournament' and 'Inter-Village Dalmia Cup Hockey Tournament' every year since last few decades.
2. Organizing sports for villagers on the occasion of Republic Day and Independence Day in Lanjiberna every year.
3. Providing games and sports materials like football, hockey stick and ball, carom board, volley ball, etc to different clubs in villages for promotion of games and sports.
4. Providing financial assistance to different clubs/associations for conducting various tournaments.

### **Community Development:**

1. Constructed a 835 meter long concrete road from old Clay Gate to HML Gate, Ranibandha
2. Constructed building for accommodation of poor tribal orphan children at ‘Kalpataru Ashram’, Lamloi, Rajgangpur.
3. Renovated and maintained ‘Theme Park’ at Sundargarh. The park depicts rich cultural heritage of local tribals and is one of the best of its type in Orissa.
4. Constructed Community Canters in villages like Jampali, Lamloi, Jhandakona, Gudiali, Babudhi, Banstola, Jamdhi, Ramabahal, Lanjiberna, Tungritoli.
5. Supplied furniture, utensils etc to village community centers for organizing various cultural program and functions in the village.
6. Constructed 44 Biogas Plants in villages.
7. Organized computer based literacy program in villages during 2006-07. About 150 villagers were made literate.
8. Provided electricity in four villages i.e. Bihabandha, Babudhi, Rangadhupa and Tungritoli in Lanjiberna.

### **Charity & Donation:**

1. Donated Rs. 23 Lakh in last 5 Years, to Sundargarh District Peripheral Development Committee, Sundargarh for undertaking various development work in the district. In addition to the same, it has also granted a financial assistance of about Rs. 66 Lakh to the Committee for constructing two bridges in village Malidhi and Jhagarapur in 2009-10.
2. Donated Rs. 31Lakh for construction of a “Community Kalyan Mandap” in Rajgangpur.
3. Donated Rs 4.5 Lakh to “HOPE” for construction of a school building for mentally retarded children in Rajgangpur. Donation of Rs. 5000/- per month for remuneration of teachers w.e.f. Nov. ‘09
4. Donated Rs. 25 Lakh to Chief Minister’s Relief Fund for relief and rehabilitation of flood affected people of Orissa in 2008-09.
5. Donated Rs. 3.5 Lakh to “Vedvyas Gosala” for proper upkeep of old cows. It has also donated Rs. 1.5 Lakh to Sree Vir Pratap Gosala, Rajgangpur for sinking a deep bore well.

### **Conservation of Environment**

#### **Plantation:**

1. Organizing “BanaMahotsav” every year. Planted 2,53,000 trees over a land of 92 hectares in Lanjiberna and 1,62,000 trees over a land of 70 hectares in Rajgangpur so far.
2. Organizing awareness program in schools and planting trees in school premises
3. Distributing tree samplings to villagers every year.

## Environment:

1. Constructing a sewerage treatment plant to handle sewerage of Rajgangpur municipality passing through OCL area and also sewerage of OCL Township.
2. This will eliminate one of the major source of mosquito breeding. This treated water will be reused in plant process and green belt irrigation.
3. Besides this OCL has planted mosquito repellent Citronella plants in the colony whose efficacy is under study.

Summary of expenses incurred under different heads during 2004-05 and 2007-08 are given below:

**Table 1**  
**Expenditure on Community Welfare Activities**

<i>Area</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2007-08</i>
Education	₹7,60,320.00	₹7,60,320.00	₹9,90,347.00
Drinking Water	₹11,51,509.00	₹8,95,309.00	₹1,69,301.00
Health	₹6,35,000.00	₹13,52,984.00	₹15,76,002.00
Games & Sports	₹20,845.00	₹54,000.00	₹76,760.00
Charity & Donations	₹13,58,537.00	₹46,15,540.00	₹11,81,725.00
Total	₹39,26,211.00	₹73,80,325.00	₹39,94,135.00

Besides, OCL has also donated generously to Prime Minister's and Chief Minister's Relief Fund when natural calamities like cyclone, flood etc. struck the Nation.

OCL pledges to continue its endeavor in the above direction more vigorously in future.

### 3. CONCLUSION AND SUGGESTION

Corporations may have more than just the responsibility to increase profits and must consider the environment and community at large. This may require that we move away from the greedy capitalist, liberal society that we are living in, if we as a community are to become more considerate of others.

Besides a company should aim to arrive at a policy that is realistically achievable, rather than aim too high and observe opportunities to comment on short fall in performance. All CSR programme should contain review and a remedial function to identify the short comings and to put them right. In this 21<sup>st</sup> century the corporate world believes that they ought to invest in CSR as a part of their business strategies to become more competitive and global where the social aspects are no longer responsibility but duty, no longer expenditure but investment.

Even though both Bargarh Cement Works and OCL India Ltd. have made contribution over the years to community development particularly in the area of education, sports, health care and community development, priority should be given to infrastructure, water, sanitation etc. as a part of corporate social responsibility. The companies may consider to provide training to the under privileged by organizing training camps on pisciculture, vegetable cultivation, poultry, goatry, phenyl and incense stick making and various other income generation scheme through women Self Help Group (SHG). They may also consider to provide vocational training by way of opening vocational training centres in the localities for improving the quality of life of the under privileged communities.

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