

An Empirical Study on Corporate Social Responsibility of Eastern Coalfield Limited

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Structured Abstract

Purpose: This study attempts to find out how the Eastern Coalfields Limited (ECL) was fighting hard to put Corporate Social Responsibility (CSR) initiatives towards well-being of the environment and local community.

Design/ Methodology: The study is purely of empirical in nature, where the CSR initiatives of ECL analyzed by Chi-Square test.

Findings: The scenario of implementation of CSR initiatives of ECL in recent years is highly encouraging.

Conclusion: The efforts and expenditures made by Eastern Coalfields Limited on account of CSR are very much significant.

Originality/Value: This research work is very valuable in understanding the scenario of implementation of Corporate Social Responsibility initiatives of Eastern Coalfields Limited under the study period.

Implications: Performance of corporate social responsibility by Eastern Coalfields Limited increases corporate reputation, which benefits society ultimately.

Keywords: Corporate Social Responsibility, Coal India Limited, Eastern Coalfields Limited, Sustainable Development, Stakeholders, Shareholders,

Paper type: Empirical Study

Introduction

The term Corporate Social Responsibility (CSR) is very much wide and complex in nature. Generally, CSR means the entire activities done by the corporate with achieving the goal of welfare of all the stakeholders and not just company's shareholders.

Philip Kotler and Nancy Lee (2005) define CSR as "a commitment to improve community well-being through discretionary business practices and contributions of corporate resources" whereas Mallen Baker refers to CSR as "a way companies manage the business processes to produce an overall positive impact on society."

Carroll extended corporate social responsibility from the traditional economic and legal responsibility to ethical and philanthropic responsibility in response to the rising concerns on ethical issues in businesses. This view is reflected in the *Business Dictionary* which defines CSR as "a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs and (3) by earning adequate returns on the employed resources."



The pyramid of corporate social responsibility

Eastern Coalfields Limited (ECL) is a subsidiary company of Coal India Limited (CIL). ECL has adopted and implemented CIL CSR Policy which is in consonance with amendment of Companies Act, 2013 and CSR Rules, 2014. The DPE Guidelines vide F. No. 15(13)/2013-DPE (GM) dated 21st October, 2014 effective from 01.04.2014 is also adhered too. ECL initiatives has integrated their business with social processes by making welfare measure focused primarily on underprivileged, land oustee and Project Affected People (PAPs) staying in the radius of 25 Km of ECL. As per the provision under CIL CSR Policy, 80% of the fund should be utilised within the radius of 25 Km of ECL HQ/Area/Project and remaining 20% would be spent within the State/State of operation. It ensured that poor and needy section of the society derives the maximum benefit to support their development and sustainability. The projects and Programs have been directed in the following priority areas at ECL:

A) Promotion of Education:

- Construction of State of the Art School Building at Mugma, Dhanbad, Jharkhand
- Rehabilitation Equipment and Essential equipment for Asha School in Eastern Command Zone, Indian Army, Kolkata.

B) Public Health and Welfare of Divyangjan:

- Services of Mobile Medical Van in 240 nos. of village by engaging 6 MMVs in nearby all areas of ECL's operations both in West Bengal & Jharkhand.
- Rainbow Project for Divyang students of Asansol Anandam in Asansol

C) Skill Development & Women Empowerment:

- Operation, Maintenance, Management & Up gradation of ITI Sikitia, Godda (Aspirational District), Jharkhand
- Women empowerment through skill development/upgradation by training them in Beauty Therapy Trade at Sanctoria, Paschim Bardhman, WB

D) Infrastructure development: Construction of Bituminous Road from Highway to Sri Sri Ravi Shankarjee Ashram, Central Kajora.

E) e) Ensuring Environmental and Ecological Balance: Installation of around 1200 Solar Street Lights at Different villages in and around of Raniganj Coalfields.

F) Rural Development & Irrigation Repair, Renovation & Restoration of Samudrabandh, Maheshpur and Gangasagar Talab, Mahagama at Godda (Aspirational District) for agriculture development.

G) Welfare of SC/ST: Training of 50 nos. of Mining Sirdar SC/ST candidates under 4 years training program.

Literature Review

A comparative study conducted by Khan and Atkinson(1987) on the managerial attitudes to social responsibility in India and Britain shows that most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to the shareholders and employees but also to customers, suppliers, society and to the state.

In a study made by Carroll (1998) on top 500 largest Indian companies found that around 49% companies were reporting on CSR. Most of the companies report on donations, renovating schools in villages, mid-day meals etc. well defined expenditure on CSR has been shown by very few companies. The study also revealed that only 25% companies CSR activities were for employees and the rest were focusing on vicinity and society at large. Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc. believing that charity and philanthropy equals to CSR.

Vasanthi Srinivasan (2010) in his study on CSR and Ethics in Medium, Small and Micro Enterprise in India attempts to draw from the existing body of knowledge from both the academic and popular literature in India to identify the CSR practices and develop a research agenda for responsible business practices in the small-medium enterprise in India. The findings highlighted that most of the studies done in the Indian context have largely been qualitative and exploratory in nature. The study also revealed that since small-medium enterprises contribute significantly to the economy and are geographically spread in a country like India, adoption of CSR and ethical practices is crucial to a balanced development. There is a rarity of academic research in this area and therefore the researcher opines that a study of the intra-country similarities and differences in adoption of CSR practices in small-medium enterprises could be a valuable exercise for policy makers.

Harish Kumar (2012) in his research article entitled “CSR Revisited” has thrown lights on four different approaches of companies towards CSR viz; Good Governance, Ruinous CSR, Discretionary CSR, and Illusion CSR. He also tried to highlight argument against the CSR as well as the CSR driver. The researcher also found eight factors that drive the CSR initiatives. They are Philanthropic Attitude, Governmental Actions, Environmental Concern, Ethical

Consumerism, Crises and Calamities, Globalization and Market force, Social Awareness & Education, and Social Expectation.

Kayonda Denis Mukasa et.al (2015) in this study applies the stakeholder theory and explores how corporate social responsibility (CSR) activities are associated with corporate reputation. In particular the paper investigate how charitable contributions and toxic emission as proxies for CSR activities are related with shareholder returns as a proxy for corporate reputation. To conduct the study a sample of Korean firm reported in the Korea sustainability index database between 2010 and 2012 were taken. The study used *Ordinary least Square (OLS) regression*, to study the main hypothesis. The results drawn from the study finds that charitable contributions and toxic emission are positively and negatively related with shareholder's return respectively. In addition the results also shows that current shareholder returns are likely to be influenced by past charitable contributions and toxic emissions, suggesting that firm may develop current reputational competences by leveraging on past CSR activities.

Migle Sontaite-Petkeviciene (2015) tries to analyses corporate social responsibility in relation to corporate reputation building and management. The study provides theoretical analysis in relation to corporate social responsibility and main practices of corporate social responsibility in relation to building good corporate reputation. In order to solve the problem, the research focused at the theoretical level, analysis, generalization and comparison of academic literature and professional publications is applied in the research. After theoretical analysis based on the most outstanding theoretical approaches on the main reasons for CSR and main practices of CSR in relation to building good corporate reputation. The study concludes that CSR has become one of the most important drivers of corporate reputation. Research shows that organizations of all types and sizes may strengthen their corporate reputation by engaging in CSR activities.

Iguacel Melero Polo and Maria Eugenia Lopez.perez (2017) aims to contribute to current literature by establishing the current state of CSR research and identifying the theoretical framework of reference for understanding the link between CSR and reputation. After carrying out a systematic review of the literature the authors aimed to carefully examine existing studies on the relationship between CSR and reputation. From the content analysis the paper concludes that the theoretical approach used to analyze the CSR-reputation relationship is very heterogeneous. Although all the theories seem to acknowledge the existence of an information asymmetry problem and the agency, it would appear that the Stakeholder Theory and Resource-

Based Theory are the most frequently used theories. On the whole, the empirical results are conclusive in demonstrating a positive relationship between CSR initiatives and brand value.

Amanpreet Kaur and Balwinder Singh (2018) made an endeavor to compile the efforts of various researchers, for measuring corporate reputation. For measuring corporate reputation data from 500 Indian companies constituting BSE 500 index has been taken for a period of 10 years from 1st April 2002 to 31st March 2012. Content analysis of annual reports and ACE equity database were used to develop proxies. Six proxies were developed which were measured using Spearman correlation. The analysis of reputation rankings of six proxies of corporate reputation over the years clearly reveal that companies are able to maintain their reputation, once they attain a good standing in the market. Moreover the findings of the study clearly reveal that reputation research still lacks a concrete measurement.

Elisa Baraibar-Diez and Ladislao Luna Sotorrio (2018) in their study attempts to shed light on the relationship between the implementation of corporate social responsibility (CSR) actions and the creation of corporate reputation. To conduct analysis a structural equation model was developed, where data from Spanish listed companies for the period of 2002-15 were considered. Descriptive statistics and correlation analysis of the variables in the model were presented. After analysis the paper concludes that transparency mediates the path between corporate social responsibility and corporate reputation.

Rama Shankar Yadav et.al (2018) make an attempt to focus on the importance of corporate social responsibility (CSR) in building corporate reputation of an organization. An empirical study on 210 employees working in an automobile organization was considered for analysis. The conceptual framework based on comprehensive literature review hypothesized that the perceived CSR of an organization may lead to trust development among employees at the same.

Objectives of Study

- 1) To find out the performance of Corporate Social Responsibility by Eastern Coalfields Limited.
- 2) To study the role of Eastern Coalfields Limited on the Corporative Social Responsibility for promotion of sanitation in rural and urban Areas.
- 3) To study the impact on Society with Corporate Social Responsibility by Eastern Coalfields Limited.

Hypotheses of Study

Null Hypotheses (H₀) 1

The performance of Corporate Social Responsibility by Eastern Coalfields Limited has putting positive impact on the Society.

Null Hypotheses (H₀) 2

Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective.

Database/Methodology of Study

I have studied the workers attitude through 'interview technique'- both guided and unguided in considering the more rational and scientific method of technique. Moreover, as such, questionnaires were administered and interview was made on 700 workers, 150 trade union officials and 150 executives in the sampled collieries. Strict attention has been paid to the sampling procedure so that all the requisite characteristics in the unit may not have any scope to lose its representative character.

In order to measure the area of Corporate Social Responsibility (CSR), a pilot survey has been conducted to prepare questionnaire. And on the basis of the replies obtained in the pilot survey hypothesis have been taken into consideration in the area of Corporate Social Responsibility. The workers in sampled collieries have been categorised in the following five distinct divisions on the basis of responses to the questions made to them.

- (a) Very high Degree in agreement (VHDA)
- (b) High Degree in agreement (HDA)
- (c) Moderate Degree in agreement (MDA)
- (d) Low Degree in agreement (LDA)
- (e) Disagreement (Dis.)

In the subsequent deliberation analysis of responses of all the three parties to the questions is given. Types of questions asked are also discussed to have a clear idea on Corporate Social Responsibility of Eastern Coalfields Limited.

Result and Discussion

It is observed that the Projects and Programs have been directed in the following priority areas at Eastern Coalfields Limited:

- Swachh Bharat Abhiyan
- Skill Development Programs.
- Drinking water facility
- Women Empowerment
- Promotion of Education
- Sanitation and Public health.
- Infrastructure development such as construction/repair of Community Centers/ Buildings/ construction of roads, pathways etc.
- Promotion of Sports & Games.
- Supplementing Development Programs of the Govt.
- Ensuring Environmental and Ecological Balance.

It is important to note that society is dynamic and industrial society, which is a part thereof, is also changing. So, we can get a clear picture of the performance of Corporate Social Responsibility by Eastern Coalfields Limited has putting positive or negative impact on the Society and Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective or ineffective through Chi-square test.

Null Hypothesis 1: The performance of Corporate Social Responsibility by Eastern Coalfields Limited has putting positive impact on the Society.

Chi-Square test at 5% level of signature and at 8 degree of freedom = 15.507

Here calculated value = 5.167

So, calculated $<$ tabulated value.

Hence the null hypothesis is accepted (The performance of Corporate Social Responsibility by Eastern Coalfields Limited has putting positive impact on the Society) implying thereby that the ranking have no group bias.

From the analysis of the above table 1 it reveals that 53% workers expressed their agreement/consent regarding the performance of Corporate Social Responsibility by Eastern Coalfields Limited has putting positive impact on the Society.

Null Hypothesis 2: Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective.

Chi-Square test at 5% level of significance and at 8 degree of freedom = 15.507

Here calculated value = 4.379

So, calculated value $<$ tabulated value.

Hence our hypothesis is accepted (Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective) implying thereby that the rankings have no group bias.

From the table 2, it is clear that 53% workers were agree with Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective. They think that the Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective.

Conclusions

Eastern Coalfields Limited was fighting hard to put CSR initiatives towards well-being of the environment and local community. The scenario of implementation of CSR initiatives of Eastern Coalfields Limited in recent years is highly encouraging and the efforts and expenditures made by Eastern Coalfields Limited on account of CSR are very much significant. It is also observed that sufficient monitoring needed for mitigating social and environmental

impacts of Eastern Coalfields Limited, but sincere compliance towards strong sustainable development through CSR is the demand of time.

Recommendations

- 1) Eastern Coalfields Limited should think about eradicating child labour and hunger, poverty and malnutrition, promoting health care services and sanitation and availability of drinking water.
- 2) Eastern Coalfields Limited should take into consideration for promoting education facilities, including special education through hands on training and employment enhancing skills based especially among children, women, elderly, and differently abled and livelihood enhancement.
- 3) Eastern Coalfields Limited should take care of for promoting gender equality and women empowerment.
- 4) Eastern Coalfields Limited should take care of for ensuring environmental sustainability, ecological balance.
- 5) Eastern Coalfields Limited should take steps for protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.
- 6) Eastern Coalfields Limited should take initiative to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports through proper training.
- 7) Eastern Coalfields Limited should contributions or funds provided to technology incubators located within academic institutions which are approved BY Government.
- 8) Eastern Coalfields Limited should take initiative for development of slum area.

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Table 1
Percentage distribution of workers, trade union officials and management relating to provision of the performance of Corporate Social Responsibility by Eastern Coalfields Limited has putting positive impact on the Society.

Corporate Social Responsibility has putting positive impact on the Society	VHDA		HDA		MDA		LDA		Dis.		
		%		%		%		%		%	
Workers	112	16.0	126	18.0	133	19.0	210	30.0	119	17.0	700
Trade Union Official	18	12.0	18	12.0	36	24.0	54	36.0	24	16.0	150
Management	18	12.0	24	16.0	36	24.0	48	32.0	24	16.0	150
Total	148		168		205		312		167		1000

Source: Authors Compiled

Table 2
Percentage distribution of workers, trade union officials and management relating to Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective.

Corporate Social Responsibility Policies followed by Eastern Coalfield Limited proved to be effective	VHDA		HAD		MDA		LDA		Dis.		
		%		%		%		%		%	
Workers	105	15.0	119	17.0	147	21.0	224	32.0	105	15.0	700
Trade Union Official	24	16.0	30	20.0	33	22.0	39	26.0	24	16.0	150
Management	18	12.0	21	14.0	27	18.0	57	38.0	27	18.0	150
Total	147		170		207		320		156		1000

Source: Authors Compiled