



A Comparative Study of Corporate Social Responsibility in NTPC and Reliance Industry Ltd.

¹Deepmala Pal, ²Dr. Prabhakar Singh, ³Dr. M.U. Siddiqui

¹Research Scholar, ²Professor/HOD, ³Principal/HOD

^{1,3}Commerce Department, Govt Rajnarayan Smriti College, Waidham, Singrouli, M.P.

²Commerce Department, SGS Government PG Autonomous College, Sidhi, M.P.

Abstract: CSR is government-implemented program which must be followed by both private as well as public sector companies. It has been shown in various researches that CSR activities in different in both types of companies. For understanding these differences, this study has selected Reliance industries (Private sector) and NTPC (Public sector). Their CSR activities and practices has been studied and analysed and further, their relation with profitability is observed. A combination of primary data as well as secondary data is used in this investigation. A survey is used to gather the most important information. The answers of 68 people have been received, according to the results. After then, the data was analysed and a conclusion was drawn. The secondary data was gathered from the official websites of the firms that had been chosen for the study. This study comprises of 4 hypotheses which are designed to attain all the objectives of the research. The finding of study suggests exhibits that NTPC are not doing better CSR practices than Reliance industry. According to this research, there is no substantial difference in the CSR practises of chosen enterprises in both the public and private sectors. Many stakeholders are aware of the importance of CSR initiatives in certain organisations. There was no correlation between the firms' CSR policies and their profitability. Based on the study's results, the researchers issued several important recommendations.

Index Terms - NTPC, Reliance, CSR, Company, Organization.

I. INTRODUCTION

Effectively applied CSR concepts can bring a variety of competitive benefits like enhanced capital and market accessibility, steadily increasing sales and profits, operations and maintenance cost drops, improved efficiency and quality assurance and a more efficient human resource base, as well as better brand image and reputation, increased customer satisfaction as well as improved decision-making & risk management processes. (S. B. Kim & Kim, 2016)

Many researchers and institutions in recent times have defined corporate Social Responsibility. (Bowman, 1975)

At the global level, William J. Bowen firstly mentioned the concept of CSR in 1953 in the publication "Social Responsibilities of Businessman".

"Bowen" has suggested that the "social responsibility of businessman refers to the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society."

"Philip Kotler and Nancy Lee" define CSR as "a commitment to improve community well-being through discretionary business practice and contributions of corporate resources".

Principle of CSR

It is hard to define CSR and to be definite about any kind of activities because of the ambiguity surrounding the nature of CSR activity. Because of this, we believe there are three fundamental concepts that form the basis of any CSR action, which we believe are:

- Sustainability;
- Accountability;
- Transparency.

When it comes to "corporate social responsibility", there is no particular answer. Through "corporate social responsibility (CSR) programmes", charitable giving, and employee involvement, businesses may benefit both the community and their own brand. (Fatma et al., 2016)

CSR is just as vital for a business as it is for the community. Individuals and organizations may benefit from CSR initiatives that strengthen the relationship, improve morale, and link both parties to the world around them. (Martínez et al., 2014)

Prior to becoming socially responsible, a business must be held accountable to its customers, employees, and investors. Many businesses are able to contribute back to the community because they have implemented CSR initiatives. As a result, major firms are often the ones that employ CSR as a strategy. After all, the more a company's public profile and success, the greater its duty it has to provide an example of ethical conduct for the industry at large.

Implementation of CSR

Companies may better understand their influence on the economy, society, and environment by developing a CSR strategy. Paying back to the community, becoming involved in charitable endeavours, and making a beneficial impact on society are all part of “corporate social responsibility (CSR)”.

“Corporate social responsibility (CSR)” measures should be integrated into all aspects of a company's operations, from its customers to its shareholders to its employees to the environment. (Aras & Crowther, 2008)

There are six basic categories of corporate social initiatives in CSR policies which are as follows (Cheon, 2016):

- Corporate philanthropy: Cash, commodities, and services from corporations are often given to charitable causes, often through organization works.
- “Community volunteering”: Volunteer activities conducted by the company, for which employees may or may not be compensated
- Socially responsible business practices: Produced in an ethical way that is both environmentally and socially responsible
- Reason promotions & activism: Campaigns for social change backed by corporations
- Cause-related marketing: On the basis of sales, charitable donations are made.
- Corporate social marketing: Behaviour change programmes financed by corporations

Reason for CSR implementation

CSR is critical for both the company and the community it serves. To improve morale and link workers and employers to the world around them, companies may implement CSR programmes that strengthen the relationship between employees and organisations. CSR has a big influence on a company's brand image, since younger consumers prefer to do business with firms that are seen as ethical. (Dimitrova & Li, 2016)

They are rewarding companies who take good action with loyalty as millennials become more involved in the workforce, purchasing decisions, and investments. 60 percent of global millennials are eager to spend extra on companies that are sustainable, according to a survey by BoF and McKinsey. (Naderian & Baharun, 2015)

Public relations and marketing activities for a corporation may benefit greatly from CSR initiatives. Because of rising global competition, clogged media, and a lack of brand distinction, companies are turning to CSR tactics to raise the value of intangible assets.

As a result, businesses must be both inspiring to their target audiences and socially responsible in order to be successful. CSR not only increases consumer awareness of a company, but it also helps potential consumers form a positive impression of the brand. (S.-B. Kim & Kim, 2016)

Profile of Reliance industries limited

The phrase "Growth is Life" perfectly encapsulates the ever-evolving attitude of Reliance Industries Limited. As a textiles and polyester corporation, the firm has transformed itself into a multi-industry operator with a presence in energy, commodities, retailing, entertainment, as well as the digital sector. In addition to oil and gas development and production, Reliance also makes petroleum products, polyester intermediates & plastics, chemicals and synthetic materials, and textiles. Reliance's extensive variety of products and services touches every Indian on a daily basis. About 300 million people rely on the firm's services, making it India's biggest private sector enterprise.

In 2021, the Fortune Global 500 rated the firm as the 155th largest in the world. India's top exporter, Reliance, still accounts for 8% of the country's overall goods exports and has access to over 100 nations' marketplaces. The government of India receives around 5% of its income through customs and excise tax from Reliance. It is also the highest-paying private sector company in India in terms of income taxes. Free cash flow is negative for the firm.



Figure 1: Reliance industries earning since 2008-2017

Profile of NTPC

NTPC, India's biggest energy company, was founded in 1975 as a strategy to speed up the country's power generation. Since then, it has grown into a significant power player with a foothold across the whole value chain of the power production industry. It has progressed from fossil fuels to hydropower, nuclear, and renewable energy resources. The reduction of greenhouse gas emissions that will result from this venture is critical in minimising the company's carbon footprint. For this reason, the company has also expanded into consulting, power trading, training of power specialists, rural electrification, using ash, and mining activities in order to improve its main business.

In May of 2010, NTPC was elevated to the status of Maharatna enterprise. There will be ten Maharatna CPSEs in India by the beginning of 2020. Platts rank NTPC as the second-largest “independent power producer (IPP)” in the world.

Growth of NTPC installed capacity and generation

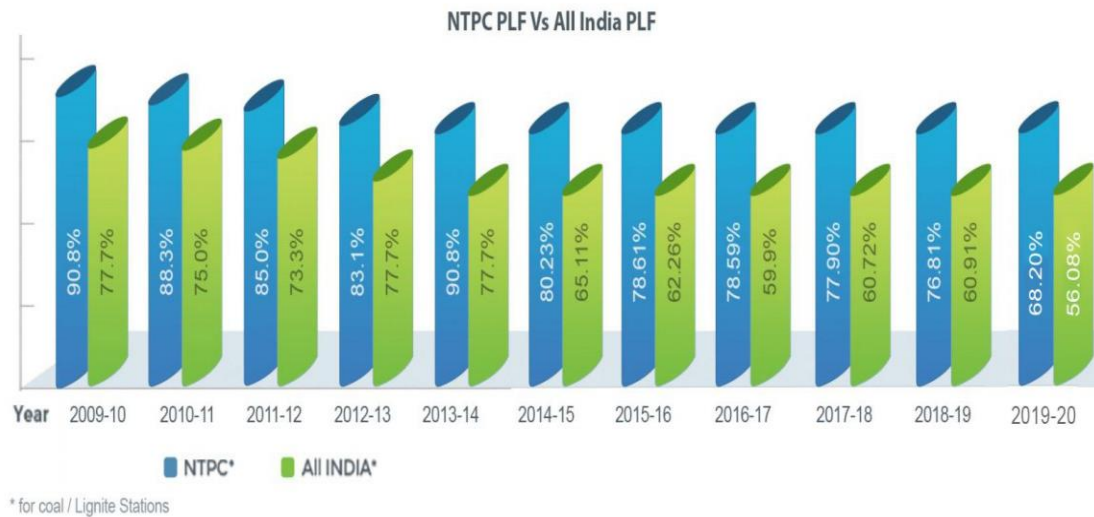


Figure 2: NTPC PLF vs All India PLF

Objectives of the Study

The aims of a study deliver a definite and proper pathway for any research activity:

1. To research the major national and international ideas and guidelines for CSR activities.
2. To study the GRI (Global Reporting Initiative)-compliant analysis of the company's corporate social responsibility procedures.
3. With the help of chosen public and private enterprises.
4. To compare the major CSR practises of selected commercial and public sector organisations.
5. To find out what the public thinks about a company's CSR efforts.
6. Analysis of how CSR activities affect the profitability of chosen organisations.
7. To provide recommendations for improved CSR practises based on the study's results.

II. METHODOLOGY

This study comprises of both secondary and primary data. The collection of secondary data is made from the available information on the websites of the respective companies. On the other hand, the collection of the primary data is made on through conducting a survey of the employees of the company and individuals associated with trade and market. With the help of the responses from 68 respondents, proper sampling was done. The responses are presented in forms of tables and graphs. Hypotheses of the study is also tested and exhibited in this study.

III. RESULTS AND DISCUSSION

As discussed above, this study involves analysis based on both primary and secondary data. The results are mentioned and discussed in this section.

Comparative study of CSR practices in NTPC and RELIANCE INDUSTRY

A comparative study has been conducted to understand the difference between the CSR activities of both the companies. Collection of the required data is made through secondary sources. A hypothesis is tested for understanding whether CSR practices of NTPC is better than that of Reliance Industries or not.

Hypothesis 1

H_{01} : NTPC are not doing better CSR practices than RELIANCE INDUSTRY.

H_{a1} : NTPC are doing better CSR practices than RELIANCE INDUSTRY.

Table 1: Hypothesis testing 1

t-Test: Two-Sample Assuming Unequal Variances		
	NTPC	Reliance
Mean	158.5329	447.4757143
Variance	20052.94	219015.0217
Observations	7	7
Hypothesized Mean Difference	0	
df	7	
t Stat	-1.56351	
P(T<=t) one-tail	0.080954	
t Critical one-tail	1.894579	
P(T<=t) two-tail	0.161908	
t Critical two-tail	2.364624	

If "t Stat > -t Critical two-tail or t Stat > t Critical two-tail, we reject the null hypothesis in a two-tail test (inequality)". The null hypothesis is accepted based on the given statement. As a result, it may be said that NTPC's CSR procedures are no better than those of Reliance Industries.

Analysis of respondents' perception

With the help of the responses from 68 respondents, proper sampling was done. The responses are presented in forms of tables and graphs. Hypotheses of the study is also tested and exhibited in this chapter.

Hypothesis 2:

H₀₂: "There is no significant difference between CSR practices of selected companies both in public sector (NTPC) and private sector (RELIANCE INDUSTRY)".

H_{a2}: "There is a significant difference between CSR practices of selected companies both in public sector (NTPC) and private sector (RELIANCE INDUSTRY)".

Table 2: Hypothesis 2 (a)

Between-Subjects Factors			
		Value Label	N
Which company are you related to?	1	Reliance group	36
	2	NTPC	32

Table 3: Hypothesis 2 (b)

Descriptive Statistics			
Dependent Variable: CSR Practices			
Which company are you related to?	Mean	Std. Deviation	N
Reliance group	15.92	3.255	36
NTPC	15.31	4.276	32
Total	15.63	3.753	68

Table 4: Hypothesis 2 (c)

Levene's Test of Equality of Error Variances ^{a,b}					
		Levene Statistic	df1	df2	Sig.
CSR Practices	Mean	2.855	1	66	.096
	Median	2.394	1	66	.127
	Median and with adjusted df	2.394	1	63.632	.127
	trimmed mean	2.620	1	66	.110

Attempts to determine whether or not the dependent variable's standard error is the same for all groups.

a. Dependent variable: CSR Practices

b. Design: Intercept + RelNTPC

Table 5: Hypothesis 2 (d)

Tests of Between-Subjects Effects					
Dependent Variable: CSR Practices					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	6.184 ^a	1	6.184	.435	.512
Intercept	16522.066	1	16522.066	1162.998	.000
RelNTPC	6.184	1	6.184	.435	.512
Error	937.625	66	14.206		
Total	17561.000	68			
Corrected Total	943.809	67			

a. R Squared = .007 (Adjusted R Squared = -.009)

CSR practises of chosen enterprises in both the public (NTPC) and private sectors (RELIANCE INDUSTRY) are not significantly different, according to the above-mentioned data, since sig<0.05.

Hypothesis 3

H₀₃: "There is no significant awareness exists among stakeholders regarding CSR practices in selected companies".

H_{a3}: "There is a significant awareness exists among stakeholders regarding CSR practices in selected companies".

Table 6: Hypothesis 3 (a)

Descriptive Statistics			
	Mean	Std. Deviation	N
CSR Practices	15.63	3.753	68
Awareness	28.22	4.326	68

Table 7: Hypothesis 3 (b)

Correlations			
		CSR Practices	Awareness
CSR Practices	Pearson Correlation	1	.833**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	943.809	906.515
	Covariance	14.087	13.530
	N	68	68
Awareness	Pearson Correlation	.833**	1
	Sig. (2-tailed)	.000	
	Sum of Squares and Cross-products	906.515	1253.691
	Covariance	13.530	18.712
	N	68	68

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

According to the data in the preceding table, many people are aware of some firms' CSR efforts, since $\text{sig} > 0.05$.

Hypothesis 4

H₀₄: "There is no significant relationship between CSR practices & profitability of selected companies".

H_{a4}: "There is a significant relationship between CSR practices & profitability of selected companies".

Table 8: Hypothesis 4 (a)

Descriptive Statistics			
	Mean	Std. Deviation	N
CSR Practices	15.63	3.753	68
Profitability	12.59	2.395	68

Table 9: Hypothesis 4 (b)

Correlations			
		CSR Practices	Profitability
CSR Practices	Pearsons Correlations	1	-.062
	Sig. (2-tailed)		.616
	"Sum of Squares and Cross-products"	943.809	-37.294
	Covariance	14.087	-.557
	N	68	68
Profitability	Pearsons Correlations	-.062	1
	Sig. (2-tailed)	.616	
	"Sum of Squares and Cross-products"	-37.294	384.471
	Covariance	-.557	5.738
	N	68	68

According to the data in the table above, there is no correlation between a company's CSR policies and its profitability, since $\text{sig} < 0.05$.

IV. CONCLUSION AND SUGGESTIONS

CSR is seen as distinct from charity. A company's business practises should be improved as a result of successfully implementing this strategy. CSR must be integrated into an organization's purpose, and it should also play a significant role in its marketing and advertising efforts. CSR itself is a marketing strategy and accomplishing it helps the company in many ways. If a company fake claims its CSR accomplishments, it might reduce the value of the brand.

The bottom line and the reputation of a business are at stake if it neglects its responsibilities to the community. A company's total profitability and performance may suffer greatly if it has a terrible environmental and social image; since customers nowadays prefer to spend their money on goods and services they believe in and work with organisations that adhere to ethical standards that align with their own values.

CSR is much more than a passing trend in the corporate world. CSR is a good strategy for businesses that would like to remain relevant to younger generations while also helping those in need throughout the globe.

Suggestions

Education and environmental issues are observed to be the common goals for companies' CSR activities. However, there are many other sectors which are in dire need of help. There should be government-introduced segregation of the percentage of funds which will help in benefitting all the social issues of society. CSR practices are important activity of any company but still stakeholders are not properly aware of these activities. A proper training program from the respective companies and even from the government can be introduced for awareness of the stakeholders. Even though, CSR helps in brand promotion and increasing the reputation of the company, stakeholders aren't properly informed of its benefits. Informing stakeholders with all the informations related to CSR will help the company in gaining their confidence. Specifically, it is noted that "enterprises should also provide reliable and systematic information on social effects of business activities, mainly by developing CSR sections on their websites and presenting CSR reports based on international reporting standards".

V. REFERENCES

- Aras, G. A., & Crowther, D. (2008). Corporate Sustainability Reporting: A Study in Disingenuity? In *Globalization and the Good Corporation*. https://doi.org/10.1007/978-94-007-0818-1_19
- Bowman, E. H. (1975). corporate SOCIAL responsibility 2007 corporate SOCIAL responsibility 2007: Vol. XVIII (Issue 2).
- Cheon, Y. (2016). A Study of the Relationships among Hotel Corporate Social Responsibility, Service and Price Value, Customer Satisfaction, Customer Orientation, and Reuse Intention in Busan. *International Journal of Tourism and Hospitality Research*, 30(1), 123. <https://doi.org/10.21298/ijthr.2016.01.30.1.123>
- Dimitrova, D., & Li, N. (2016). Corporate Social Responsibility in Tourism How can a CSR certificate enhance the competitive advantage of tourism SMEs in Denmark – case study of Travelife Certification. *Aalborg University*, 92. http://projekter.aau.dk/projekter/files/239521829/MASTER_OF_THESIS__Denitsa_Dimitrova__Ning_Li_.pdf
- Fatma, M., Rahman, Z., & Khan, I. (2016). Measuring consumer perception of CSR in tourism industry: Scale development and validation. *Journal of Hospitality and Tourism Management*, 27, 39–48. <https://doi.org/10.1016/j.jhtm.2016.03.002>
- Kim, S.-B., & Kim, D.-Y. (2016). The impacts of corporate social responsibility, service quality, and transparency on relationship quality and customer loyalty in the hotel industry. *Asian Journal of Sustainability and Social Responsibility*, 1(1), 39–55. <https://doi.org/10.1186/s41180-016-0004-1>
- Kim, S. B., & Kim, D. Y. (2016). The influence of corporate social responsibility, ability, reputation, and transparency on hotel customer loyalty in the U.S.: a gender-based approach. *SpringerPlus*, 5(1). <https://doi.org/10.1186/s40064-016-3220-3>
- Martínez, P., Pérez, A., & del Bosque, I. R. (2014). CSR influence on hotel brand image and loyalty. *Academia Revista Latinoamericana de Administracion*, 27(2), 267–283. <https://doi.org/10.1108/ARLA-12-2013-0190>
- Naderian, A., & Baharun, R. (2015). Corporate Social Responsibility and Consumer Behavior. *Asian Journal of Management*, 6(4), 249. <https://doi.org/10.5958/2321-5763.2015.00036.0>