



LEGAL ASPECTS OF CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF HINDUSTAN PETROLEUM CORPORATION LIMITED, VISAKHAPATNAM, ANDHRA PRADESH

‘Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large’.

- Lord

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ABSTRACT

The notion of Corporate Social Responsibility (CSR) encapsulates a comprehensive array of concerns, encompassing sustainable social and environmental interests and welfare, in addition to the financial gains for its shareholders. In the seminal work by Dr. Muhammad Tariq Khan, Dr. Naseer Ahmed Khan, Sheraz Ahmed, and Mehfooz Ali, the authors delve into a comprehensive examination of their chosen subject matter. The enumeration of Indian corporations that have diligently strived to enhance the standard of living within their operational domains and have actively pursued their social obligations encompasses esteemed entities such as HPCL, NTPC, STEEL PLANT, Shell, Price, Water House Cooper, SAIL, TATA Steel Ltd., Coca-Cola India, Arcelor Mittal, and BHEL etc. Corporate Social Responsibility, in contrast, embodies a meticulously orchestrated, strategically devised, and meticulously executed framework that endeavors to foster a more standardized and dedicated socio-economic well-being. The term Corporate Social Responsibility, encompasses the amalgamation of the term 'Corporate', which denotes business entities or organized companies, 'Social', which encompasses all aspects pertaining to the broader society, and 'Responsibility', signifying the reciprocal obligation between these two entities, namely the companies and the society. Corporate Social Responsibility encompasses a set of open and transparent business practices that are grounded in principles of accountability and reverence for employees, communities, and the environment.

Key Words: Corporate Social Responsibility; Shareholders; Comprehensive; Meticulously; Amalgamation; Pertaining; Reciprocal; Transparent; Accountability; Environment.

Introduction:

The word 'Corporate Social Responsibility' is not a new concept. It has its existence in ancient times too in the form of charity and philanthropy. Earlier States were mostly governed by laissez faire policy which means that state had least intervention in the business activities of the companies. Companies are free to do business in whatever manner they want and were regulated by the rule of 'survival of the fittest'. State was considered as a police state and its main function was to maintain law and order in the society. With new developments and to control the exploitative activities of the businesses and other organisations of the State, State adopted new character, a character of welfare State. State started supervising the working of the business organisations of the society and made them responsible for their activities. The business organisations are asked to impart a sense of responsibility, accountability and transparency in their business operations. Through voluntary guidelines, companies are directed to invest some portion of their profit for the welfare and developmental work of the society from where they draw resources for their business operations.

Meaning of Corporate Social Responsibility:

The concept of Corporate Social Responsibility has perpetually eluded a definitive and immutable definition or explication. The phenomenon in question has undergone a gradual process of evolution over a considerable span of time. The local interpretation of this concept may exhibit variations, yet its essence is encapsulated by a shared denominator, namely, the pursuit of effectuating a constructive transformation in the human experience (Desai, 2015)¹. The conflation of CSR and philanthropy is a common occurrence in discourse. Philanthropy, as a pivotal mechanism for advancing societal well-being, has been characterized by a lack of consensus regarding its conceptualization within the realm of social sector endeavors. Corporate Social Responsibility, in contrast, embodies a meticulously orchestrated, strategically devised, and meticulously executed framework that endeavors to foster a more standardized and dedicated socio-economic well-being. In the seminal work by Baxi and Prasad (2005)², the authors delve into the intricacies of their research topic.

The term Corporate Social Responsibility, encompasses the amalgamation of the term 'Corporate', which denotes business entities or organized companies, 'Social', which encompasses all aspects pertaining to the broader society, and 'Responsibility', signifying the reciprocal obligation between these two entities, namely the companies and the society Corporate Social Responsibility encompasses a set of open and transparent business practices that are grounded in principles of accountability and reverence for employees, communities, and the environment. In the scholarly work authored by Dr. Sunitha Kanipakam in the year 2013³, it is posited that.... This concept can also be denoted as corporate conscience, corporate citizenship, social performance, or sustainable responsible business, as discussed by Dr. L. Usha in her notable work published in 2012⁴. Corporate Social Responsibility encompasses a comprehensive framework of policies, programs, and procedures that companies adhere to during their business activities, supply chains, and decision-making processes.

The concept of Corporate Social Responsibility has frequently been misconstrued as synonymous with acts of charity or philanthropy, yet it encompasses a broader scope than mere philanthropic endeavors. In the seminal work by Crane, Mattern, and Spence (2008)⁵, the authors delve into a comprehensive analysis of the subject matter at hand. Their scholarly contribution is characterized by a meticulous examination of the relevant literature, coupled with a rigorous theoretical framework. Philanthropy serves as a mechanism for promoting the well-being of individuals yet lacks a consistent approach. In contrast, Corporate Social Responsibility embodies an organized, strategic, and meticulously devised concept with the objective of fostering a more uniform and dedicated socio-economic welfare for the populace (Baxi & Prasad, 2005)⁶. CSR activities are primarily undertaken by corporations with the primary objective of mitigating actions that may be detrimental to the welfare of their stakeholders. Additionally, if such actions are indeed executed, corporations engage in these activities to promptly identify and rectify them in a timely manner

¹ Desai (2015): Aligning CSR activities of health care sector to developmental needs of India, research gate.net

² C.V. Baxi and Ajit Prasad, Corporate Social Responsibility: Concepts and Cases: The Indian experience (Excel books, India, 2005)

³ Dr. Sunitha Kanipakam, "Reflections of Indian Judiciary on Corporate Social Responsibility".

⁴ Dr. L. Usha, "Corporate Social Responsibility in India- A way to Socio Economic Development" 2 Indian Journal of Applied Research 41 (2012).

⁵ Crane, Mattern and Spence, Corporate Social Responsibility: Readings and cases in Global Context, (Routledge, London 2008).

⁶ C.V. Baxi and Ajit Prasad, Corporate Social Responsibility: Concepts and Cases: The Indian experience (Excel books, India, 2005)

(Aihammadi, 2018)⁷. Companies are inherently driven by the pursuit of financial gains; however, they are also imbued with a set of responsibilities that extend beyond mere profitability.

Definitions of Corporate Social Responsibility

The extant definitions, albeit limited in number, appear to exhibit a level of generality that may be deemed insufficient in terms of their theoretical underpinnings (Beltratti, 2005)⁸. The definitions provided by a select group of esteemed researchers in the subsequent paragraphs are of particular significance (Sharma, 2016)⁹. The concept of Corporate Social Responsibility lacks a universally acknowledged and standardized definition within the academic discourse. However, it is important to note that several prominent definitions proposed by esteemed academics and renowned international organizations have gained significant traction in scholarly discourse.

The Hindustan Petroleum Corporation Limited (HPCL), is a notable public sector corporation under India's Ministry of Petroleum and Natural Gas. HPCL's 'Maharatna' accreditation enhances its industry standing. As of March 31, 2021, Hindustan Petroleum Corporation Limited (HPCL) ranks 111th and 109th on the BSE and NSE, respectively, in market capitalization. As of March 31, 2021, this company has a significant market share of 21% among Indian public sector oil marketing corporations (OMCs) in petroleum refining and marketing. HPCL's refineries in Mumbai and Visakhapatnam complexly convert crude oil into a variety of value-added products.

Evolution of HPCL

After independence, several major changes have occurred across numerous fields. India was experiencing high levels of optimism and rapid economic growth during the period under study. Petroleum products drive economic growth. In the beginning, these commodities were mostly imported, depleting foreign exchange reserves. A strong petroleum sector was needed, thus three coastal refineries were built between 1954 and 1957. Stanvac, or Standard Vacuum & Refining Co., built a refinery to meet rising demand. On the western shore, a 1.25-million-tonne refinery opened in 1954. Caltex Oil Refining India Limited, a major petroleum company, built its modern refinery near Visakhapatnam on India's eastern coast. Construction on the Caltex Refinery began in 1955, an important milestone. After opening in 1957, the Refinery had a 0.675 million metric tonnes per annum capacity.

Corporate Social Responsibility: Supporting The Local Society

Through its Corporate Social Responsibility, HPCL has sought to reduce social, economic, and gender inequality. CSR by HPCL aims to enhance poor communities' lives. To meet changing expectations, we have worked with partners to move beyond donation to proactive and participatory beneficiary engagement. We recommend interventions that last and modify social determinants. HPCL's CSR model is "Creating Shared Value". Shared value assumes that business success and social well-being are interdependent and reinforce one another. Corporate Social Responsibility Method.

Focus Areas

CSR actions show HPCL's dedication to societal advancement. Our corporate social responsibility programmes mirror our mission. The above initiatives support global development goals and domestic policies and legislation on Child Rights, Child Development, Education, National Health Policy and National Health Missions, Health Care in India-Vision 2020, National Skill Development Mission, and community or rural development. The Corporation's CSR policy requires projects to increase marginalised populations' well-being. Community welfare issues in NITI Aayog's Aspirational regions have been addressed.

Corporate Social Responsibility Impact:

HPCL helped the poor and vulnerable during the COVID-19 pandemic, demonstrating corporate social responsibility. The organisation also improved healthcare infrastructure. We have increased our corporate social responsibility and collaborated with several stakeholders to help COVID-19 relief. In keeping with its objective of "Delivering Happiness," Hindustan Petroleum Corporation Limited (HPCL) aligns strategic efforts with government and stakeholders to generate cumulative influence. The year saw 172 Education, Health Care, Skill Development, Child Care, Sports, Environment, and Community Development projects

⁷ Abdulaziz Aihammadi, "Corporate Social Responsibility: Concepts, Perspectives And Link With Corporate Performance: Literature Review" 6 International Journal of Business and management Review 1 (2018).

⁸ Andrea Beltratti, "The Complementarity between Corporate Governance and Corporate Social Responsibility" 30(3) Palgrave Macmillan Journals 384 (2005)

⁹ J.P. Sharma., Corporate Governance Business Ethics and CSR With Case Study and Major Corporate Scandals 882 (Ane Books Pvt. Ltd, New Delhi, 2nd edn., 2016).

approved.

Review of Literature

Achala Gupta (2011)¹⁰, The present study, titled "Corporate Social Responsibility Potentialities towards Sustainable Development," has undertaken an exploratory approach to comprehensively investigate the conceptualization of Corporate Social Responsibility and endeavor to construct a comprehensive model delineating the CSR practices adopted by companies operating within the Indian milieu. The author's observation pertains to the noteworthy phenomenon wherein certain multinational corporations, of considerable magnitude, exhibit an annual revenue surpassing the gross domestic product (GDP) of a substantial majority of underdeveloped nations.

Agarwal (2014)¹¹, In her scholarly article entitled "The Novel Spectrum of Corporate Social Responsibility in Emerging Economies," the esteemed author delves into the intricate realm of corporate social responsibility within the context of burgeoning economies. Through a comprehensive examination of the Corporate Social Responsibility reports pertaining to the top 20 companies in India, the author arrives at the deduction that CSR has emerged as a pivotal determinant and an efficacious instrument in the triumph narratives of numerous corporations.

Akansha Jain (2014)¹², In her scholarly article entitled "The Mandatory Corporate Social Responsibility in India: A Blessing or Curse," the author advocates for the obligatory requirement imposed on corporations to allocate a minimum of 2% of their profits as a vital intervention by the government to foster economic equity within the Indian context. The proposed solution exhibits a commendable level of ingenuity, particularly considering the multifaceted social challenges that afflict the nation.

Ali M. Quazi and Dennis O'Brien (2000)¹³, The prevailing paradigms concerning corporate social responsibility primarily revolve around the contentious debate regarding the ontological nature of business, namely whether it is a unidimensional construct solely focused on profit maximization or a multidimensional construct that also serves broader societal interests. The prevailing models predominantly exhibit a descriptive orientation, primarily drawing upon the empirical observations and contextual circumstances of Western nations.

Alka Agrawal and Sanjeev K. Sharma (2008)¹⁴, In this scholarly research paper, entitled "A Comparative Study of Corporate Social Responsibility in Selected Public and Private Sector Banks," we aim to meticulously examine and scrutinize the various corporate social responsibility endeavors undertaken by a carefully chosen set of public and private banks operating within the Indian context. The empirical analysis reveals that banking institutions are indeed exerting diligent endeavours towards the execution of Corporate Social Responsibility initiatives.

Research Methodology

This chapter pacts with the methodology castoff for the research study, the methodology of the study is the agenda that governs the course of the research and its directors the researcher with the tools and techniques obligatory to carry out the study. Research methodology is a methodical way to resolve a problem as it is a science of studying how research is to be approved out. In essence, the methods by which researchers go about their work of describing, elucidation and envisaging phenomena is called research methodology. It is also demarcated as the study of procedures by which acquaintance is expanded as its aim is to give the work strategy of research. For any research study, the edifice of the research instrument is very imperative and it is the real-world move to carry out the study.

Significance of the Study

Corporate Social Responsibility is when a company operates in an ethical and sustainable way and deals with its environmental and social impacts. This means a careful consideration of human rights, the community, environment, and society in which it operates. Corporate social responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with the stakeholders on a voluntary basis. Corporate Social responsibility of companies was defined as responsibility to consumers, workers, stakeholders, and the community.

¹⁰ Achala Gupta. [2011]. Corporate Social Responsibility - Potentialities towards Sustainable Development, 191-201, Corporate Social Responsibility: Issues and Challenges. Allied Publishers Pvt. Ltd., New Delhi.

¹¹ Agarwal, A. (2014). The new spectrum of corporate social responsibility in emerging economies. International Journal of Engineering and Management Research, 4(1), 32-36.

¹² Akansha Jain (2014) The Mandatory CSR in India: A Boon or Bane Indian Journal of Applied Research volume IV Issue I.

¹³ Ali M. Quazi and Dennis O'Brien (2000); An Empirical Test of a Cross-national Model of Corporate Social Responsibility; Journal of Business Ethics, vol. 25, issue 1, pp. 33-51.

¹⁴ Agarwal, Sanjay K., (2008) Corporate Social Responsibility in India, 1st ed., New Delhi. Response books.

Need for the study

With the start of the 21st century, businesses have shifted towards globalization. Companies operating in global markets are increasingly required to balance the social, economic, and environmental components of their businesses, while building the shareholders' value. The concepts of Corporate Social Responsibility (CSR) emerged from this line of thought. For CSR to take root in a sustainable way, it is extremely important for executives of business corporations to realize that they are simultaneously playing two roles an executive of a company and a member of society.

Statement of the Problem

As CSR tend to play an important role in the 21st century to ensure social justice and ethical practices, it has been a subject of considerable debate world over, particularly in West for several decades and it is becoming increasingly common practice for corporate sector to have established guidelines on ethical and socially responsible issues such as environmental protection, support for the community, human rights and reducing social and financial exclusion. The past three decades have witnessed the emergence of CSR as a field of study and a framework for the role of business corporations and financial institutions in society. It outlines the standard of behavior to which a firm must subscribe to impact society in a positive and a productive manner at the same time as abiding by values which exclude profit seeking at any cost.

Objectives of the Study

The objectives of a study provide the aim of the study and proper track for any research activity. For the present study on Corporate Social Responsibility in HPCL, Visakhapatnam, there are two main objectives.

The Objectives are:

1. To gain deeper insights into the concept of CSR its evolution or development and the judicial response to the CSR.
2. To analyze the Corporate Social Responsibility practices and the perceptions of the HPCL employees.
3. To analyze into the reflections and the expectations of the public in the environs of the HPCL on the Corporate Social Responsibility.
4. To access the awareness, attitude, and perceptions of employees on corporate social responsibility.
5. To study the stakeholders' perceptions towards CSR practices in HPCL

Hypotheses of the Study

The present study is formulated upon the following set of null hypotheses. They include:

1. CSR has emerged as a legal delegation of the corporation/companies
2. HPCL has cultivated positive attitude towards CSR
3. HPCL has adopted health and useful CSR practices
4. Employees of HPCL have a positive mindset towards CSR
5. Benefits of CSR activities of HPCL percolate to the stakeholders
6. Beneficiaries are satisfied with the CSR initiatives of HPCL

Scope of the Study

A company's responsibilities extend beyond the periphery of its owners/ stakeholders such as government, employees, customers, suppliers, communities, and the environment. Various functions of business corporations have effects on these stakeholders. There are clear linkages between a company and its stakeholders and thus business cannot be considered in isolation from any one of these. In view of the above, the scope of this study is determined to identify CSR status in HPCL, by surveying employees working in HPCL, Visakhapatnam and the public of surrounding villages of HPCL, Visakhapatnam. In this regard the data was collected from at least 300 employees in various positions from clerical to management and 200 public respondents of all categories.

Methodology

The data used in this study is the primary data, which are of qualitative in nature. The survey method is adopted to collect data from the randomly selected respondents among the population comprising employees in managerial, supervisor and clerical position in HPCL, and the public living in surrounding villages of the study company. In this purpose a questionnaire instrument is used in the survey to collect the data from the employees of study organization and a schedule also used in the survey to collect data from the public of surrounding villages. Various statements measuring existing status of CSR, HPCLs performance concerning social issues and protecting the interest of stakeholders in addition to statement measuring CSR activities in HPCL with 5-point scale ranging from "strongly disagree" to "strongly agree" have been included in the questionnaire.

Population and Sampling

The present study was conducted with a view to enquire into the Corporate Social Responsibility and sustainability practices, intricacies, and imperatives with reference to HPCL, Visakhapatnam. It has adopted

healthy CSR practices and delivered corporate sustainability communication services to the people living around the company. Therefore, the data was collected from two types of samples, one is from the employees of HPCL, Visakhapatnam and the other one is people of surrounding organizations of HPCL, in the city. According to the official records of HPCL, (2022), the total employees of 1233 working in the study unit, about 300 respondents were selected based on incidental and stratified sampling techniques for the purpose of primary data collection. While the HPCL, Visakhapatnam is in Gajuwaka mandal of Visakhapatnam district, it is surrounded by many Visakha Zones are mainly attached with the HPCL. Hence, the respondents from public are considered from these organizations for their reflections. From each organization one hundred sample respondents were chosen making it a total of 250 male and 50 female are included. In other words, from the public a total sample of 200 respondents were selected on convenience basis sampling method where a sample of 50 each was considered from each CSR sector beneficiaries. The questionnaire covered four areas comprising of demographic information, awareness of the concept and practices of CSR; organizational five, with one being the lowest and five being the highest.

Primary Data Collection

The primary data was gathered by administering the Questionnaire to the employees who worked in different areas such as human resources management, finance management, production management and corporate communication in the four leading corporate houses. The respondents were directly associated with the management of corporate houses and implementation of CSR activities. Incidental and stratified sampling techniques were used to select the subjects. Further, the study was conducted in two phases. In the first phase, general information regarding the profile and performance of corporate houses were collected from human resources management department. In the second phase of the study, the standardized Questionnaire were administered to the respondents to understand the environmental concerns and corporate sustainability communication of select HPCL in Visakhapatnam, Andhra Pradesh state. Thus, primary data was collected from 300 employee respondents working in HPCL, Visakhapatnam and 300 public respondents living in surrounding organizations of the HPCL company.

Secondary Data Collection

The present study was also systematically carried out based on relevant secondary data such as annual reports, 2022, 2023 of select corporate sector unit i.e. HPCL, articles of professional journals, proceedings of national and international seminars and conferences, media reports and other publications related to the research topic. These sources naturally contained authoritative comments and criticisms on various aspects of corporate social responsibility, corporate sustainability communication management, environmental protection, and corporate sustainability communication in the organizations under study. These writings were also systematically analyzed for the purpose of gathering additional information and drafting the foundation chapters namely, introduction, review of literature and profile of HPCL.

Statistical Analysis

The collected data are subjected to various statistical techniques from descriptive to multivariate. Descriptive statistics were used to evaluate the extent of existing CSR status in HPCL. Classification, Tabulation, Percentages, and Chi-square test is applied for examining association between any two factors and one-way Analysis of Variance (ANOVA) also called 'F' test is also applied wherever it is necessary to find out the significance of the difference in group mean perception scores. To elicit the determinants of CSR activities in HPCL, multi-variate analysis is used. Thus, the study being descriptive in nature, no parametric statistical tests were involved to draw inferences based on the sample results. The interpretations of the statistical table analysis justify the assumption of independence which was primarily carried out at the 0.05% level and 0.01% level of significance.

Limitations of the Study

The present study has the following limitations

- The study is conducted only in HPCL, Visakhapatnam, a public sector petroleum corporation located in Visakhapatnam city of Andhra Pradesh state.
- This study is mainly focused on mapping the mindset of employees of HPCL
- Working in various positions and departments and the population who are living in surrounding organizations of the study unit.
- The responses of respondents could have been guided by individuals' opinion rather than company policies.
- Lack of awareness among respondents of public on CSR issues prior to the study.

Further Scope of the Study

1. The study can also be done on CSR practices of other public companies as well as on private companies.
2. The study is based on beneficiaries' perception of selected units of HPCL in the Indian states. Further, study can also be undertaken on other units of HPCL.

3. The study may also be done on beneficiaries' perception taking into a public or a private company.
4. The present study has been done after the enactment of the new Companies Act. Further study can also be done by taking the data before and after the enactment of the new Companies Act, 2013.

International Law and CSR

This chapter examines the application of international law to multinational corporations (MNCs)' corporate social responsibility efforts, including standard setting, implementation, and enforcement. International law, being 'state-centric', does not give readily available solutions to multinational enterprises' many social and environmental issues. Numerous scholars have noted the perceived discrepancy between the international legal framework, which is based on a community of 'sovereign equals' with jurisdictional authority over a demarcated geographical domain, and transnational corporate endeavors (Zerk, 2006)¹⁵.

The Concept of International Legal Personality

The extent to which an entity has legal entitlements and obligations is called "legal personality". Legal personhood extends beyond individuals to abstract entities like firms and other business entities in domestic law. Both definitions of 'legal person' refer to entities that enjoy legal entitlements, bear legal obligations, can engage in legal transactions (such as contractual agreements), and can theoretically enforce legal entitlements. Domestic legal systems may grant different rights to different legal entities. However, these individuals are legal entities for various purposes even though they lack equal legal rights or cannot enter into contractual agreements as required by law.

The International Instruments of CSR:

The International Labor Organization (ILO) Declaration, OECD guidelines, and UN Global Compact are the most important CSR principles and guidelines. The above rules were carefully drafted and adopted by governments worldwide. The International Labor Organization Declaration, OECD standards, and UN Global Compact are universally applicable and based on international normative frameworks. The respected Universal Declaration of Human Rights, International Labor Organization Conventions, 1992 Rio Declaration¹⁶, Millennium Development Goals, Johannesburg Declaration on Sustainable Development 2002, and 2003 UN Convention against Corruption comprise the comprehensive international normative framework. The International Labor Organization Declaration and OECD guidelines help firms improve their social and environmental responsibility. Meanwhile, the UN Global Compact promotes CSR as a necessary part of business operations.

Legal Framework for CSR in India:

In 1600 British East India Company came to India, company had a monopoly of trade in India. At that time no legal provision was available in India to monitor the working of the companies. Finally, in 1850, the British government enacted an act for registration of joint stock companies. This Act laid down provisions for the management of joint stock companies. Act was further amended in 1857, this amendment incorporated the concept of limited liability in the companies. Later on, this concept was extended to Banking companies by an Act of 1860. In 1913, British government came up with 'the Companies Act of 1913.' The Companies Act of 1913 was amended several times till 1947.

After independence, the Indian companies were still governed by the laws enacted under British rule. It was in 1950, the Government of India constituted a committee under the chairmanship of Sh. Bhabha to reform the existing company law. In March 1952, committee submitted 477 pages long report to the Government of India. Government accepted the majority of recommendations made by the committee and enacted the Companies Act, 1956. This Act was shareholder centric. A shift from shareholder centric to stakeholder centric business evolved a need to have more comprehensive company law in the country. Number of amendments was made to the Companies Act of 1956, to make its provisions as per the need and requirements of the businesses and their stakeholders. On other hand, Judiciary by its ruling try to fit the contours of corporate law into the socialistic pattern of governing.

India maintains a hybrid legal system in the form of a mixture of civil, common law and customary or religious law within the legal framework emanated from the colonial era and various legislation introduced by the British and they are still in existence in modified or even ditto forms today. Indian laws also are found to be in adherence to the United Nations Guidelines on human rights law and environmental law and CSR is directly or indirectly associated with the implication of such laws. Indian legal system is fairly complex in nature and more so the personal laws are. Almost each region of the country has its own set of laws and regulations.

¹⁵ Jennifer A. Zerk, *Multinationals and Corporate Social Responsibility: Limitations and Opportunities in International Law* 60 (Cambridge University Press, New York, 2006).

¹⁶ Report of the United Nations Conference on Environment and Development, A/CONF. 151/26. Vol.1

Various theories related to corporate Governance

The directors of companies being managers of other people's money than their own, it cannot well expect that they should watch over it with the same anxious vigilance with which the partners in a private company frequently watch over their own. This statement clearly describes the apprehensions of the shareholders when they select the directors and entrust upon the responsibility to ensure regular higher returns on their investment. Therefore, there are a few theories related to corporate governance that try to resolve the problem of separation of ownership and control are Agency theory, Steward theory, Shareholder versus Stake holder theory, Transaction cost theory, Sociological theory.

Agency Theory

The agency theory describes the economic relationship that arises between two individuals one being the principal and the other being the agent. In a corporate scenario, the principal stockholders/shareholders are the principal and the directors/ managers are the agents.

Steward ship theory

This theory is built on the premise that the directors will fulfil their fiduciary duties to the shareholders. It assumes that human beings by nature are good and therefore directors are basically trustworthy. Personal reputation holds a very significant place in the directors/ managers behaviour hence they would not indulge in any activity that could manage their self-respect. Their theory centres on the situations in which directors are stewards whose motives are aligned with the objectives of their principals.

Shareholder and Stake holder Theory

Shareholder approach argues that corporations have limited duties or responsibilities that is obeying the law and maximizing shareholder wealth. The stakeholder theory is grounded in many normative, theoretical perspectives including the ethics of care, the ethics of fiduciary relationships, the social contract theory, the theory of property rights, and so on. The inclusion of all constituents like shareholders employees, customers, suppliers, bankers, partners in supply chains, community, environment, government, and non-governmental organizations is demanded under this theory.

Transaction Cost Theory

Stiles and Taylor (2001)¹⁷ explained that both transaction cost economics and agency theories are concerned with managerial discretion and both assume that managers are given to opportunism and moral hazard that managers operate under bounded rationality. This theory is like the agency theory as it also discusses how managers may be selfishly driven to undertake transactions that benefit them personally, more than the company.

The Sociological theory

The theory has focused mostly on broad compositions and wealth distribution. Under this theory the composition of the board transparency of financial reporting disclosure and auditing are considered central to realising the socio-economic objectives of corporation.

CSR under the Relevant Legislations

No doubt the concept of Corporate Social Responsibility is a recent phenomenon; however, it had its base from the time immemorial. It is true that the concept has been added in the new Companies Act, 2013. But before this Act came into force, the concept of Corporate Social Responsibility has been practiced in several legislations with various names and forms. But the main aim of each of it is the societal development and development only.

An industry is concerned closely to the people and the society. There is a close link between industry as well as peoples' development. There is a people's progress only when the industries run in a proper manner. For the proper running and functioning of industries, there are certain laws and regulations which regulate the industries and it's working. Hence, all these industrial laws have close connection with the concept of Corporate Social Responsibility as the progress of the society is on the basis of industrial development. Industry helps in production and provides employment to the people of society. Different categories of human elements are involved in an industry.¹⁸

Employers pay their sole attention to the maintenance of machines and the improvement of the technical knowhow to the neglect of the human hands employed to man and the machines because they are readily available and can easily be replaced. Workers are illiterate and poor in many situations and therefore unconscious of their rights.¹⁹ Social Justice requires that the State for its own existence owes an

¹⁷ Stiles and Taylor (2001), Both transaction cost economics and agency theories assume that directors and managers are given to self-interest. www.researchgate.net.

¹⁸ S.N. Mishra, "An Introduction to Labour and Industrial Laws", (New Delhi: Central Law Publication, 2001), p.7.)

¹⁹ *Ibid*

obligation to the community to bridge the gap between the two classes and evolve a healthy social order.²⁰

Table 6.1.13: Overall perceptions of employees working HPCL towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

Table 6.1.13. shows that the, employees working in HPCL expressed high perceptions with respect to the areas viz., Environment Protection Programmes in HPCL, Corporate Sustainability Communication Practices, Perceptive Score analysis of Corporate Social Responsibility Commitment at HPCL and Perceptive Score analysis of Corporate Social Responsibility Practices at HPCL. The average for all the areas were 44.33, 31.30, 25.63 and 39.49 and the mean percentages for all the areas were 86.93%, 80.26%, 85.43% and 87.76% on their total score.

Graph-1: Overall perceptions of employees working HPCL towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

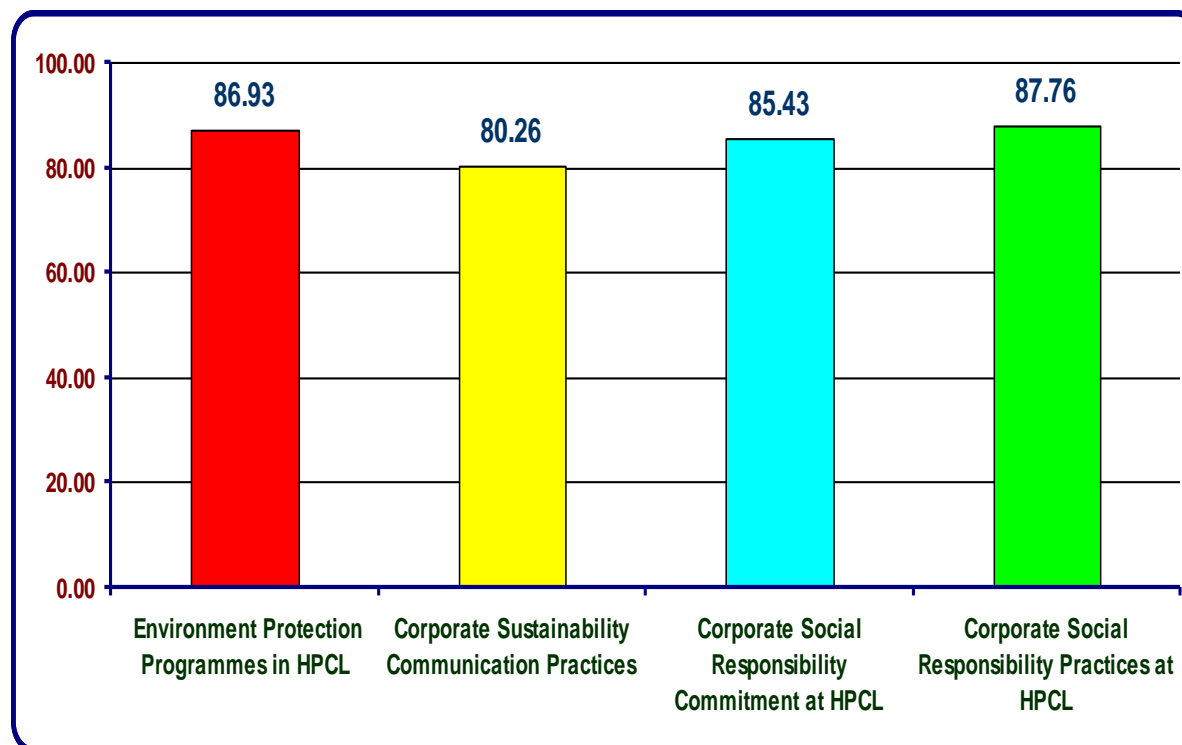


Table 6.1.14: Significant difference between the perceptions of male and female category Employees working HPCL towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

Table 6.1.14, observed that, the mean perceptual scores of employees working in HPCL based on their gender with respect to Environment Protection Programmes in HPCL, the mean perceptual scores of male category employees was 44.18, whereas it is for female category employees was 44.98 and SD values are 7.90 and 7.17 respectively. The 't'-value was 0.70 and the p-value was 0.48, which was not significant at any level. This shows that, there is no significant difference between the perceptions of male and female category employees and they perceived similar opinion towards Environment Protection Programmes in HPCL.

With respect to Corporate Sustainability Communication Practices, the mean perceptual scores of male category employees were 31.85, whereas it is for female category employees was 28.98 and SD values are 8.55 and 10.17 respectively. The 't'-value was 2.19 and the p-value was 0.03, which was significant at 0.05 level. This shows that, there is a significant difference between the perceptions of male and female category employees and male category employees perceived high towards Corporate Sustainability Communication Practices than that of female category employees.

With respect to Corporate Social Responsibility Commitment at HPCL, the mean perceptual scores of male category employees was 25.67, whereas it is for female category employees was 25.47 and SD values are 5.40 and 4.99 respectively. The 't'-value was 0.25 and the p-value was 0.81, which was not significant at any level. This shows that, there is no significant difference between the perceptions of male and female category employees and they perceived similar opinion towards Corporate Social Responsibility Commitment at HPCL.

With respect to Corporate Social Responsibility Practices at HPCL, the mean perceptual scores of male category employees were 39.38, whereas it is for female category employees was 39.98 and SD values are 7.90 and

²⁰ Dipak Das, Sanjay Kumar Singh, "Corporatization and Corporate Social Responsibility", 1st edn, (NewDelhi: SBS Publishers,2011), p.22

7.79 respectively. The 't'-value was 0.52 and the p-value was 0.60, which was not significant at any level. This shows that, there is no significant difference between the perceptions of male and female category employees and they perceived similar opinion towards Corporate Social Responsibility Practices at HPCL.

Graph-2: Mean comparison between the perceptions of male and female category Employees working HPCL towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

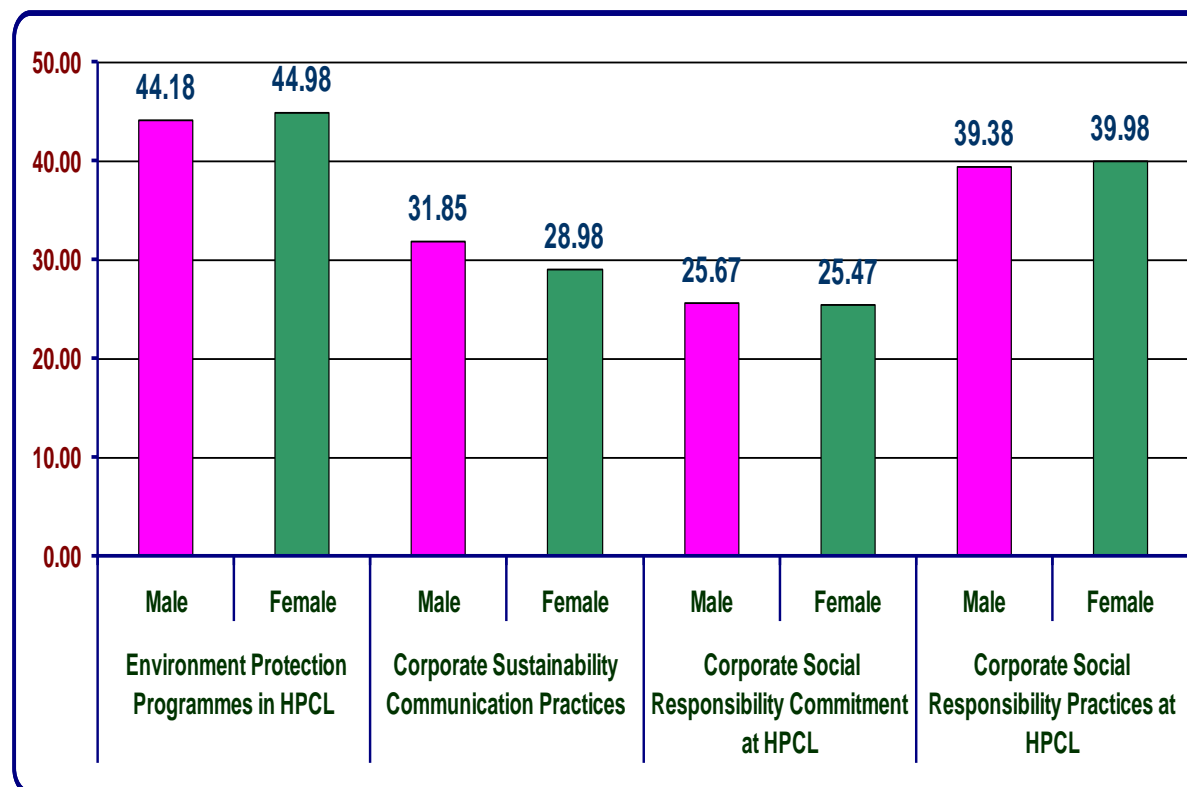


Table 6.1.15: Significant difference among the perceptions of Employees working HPCL based on their age group towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

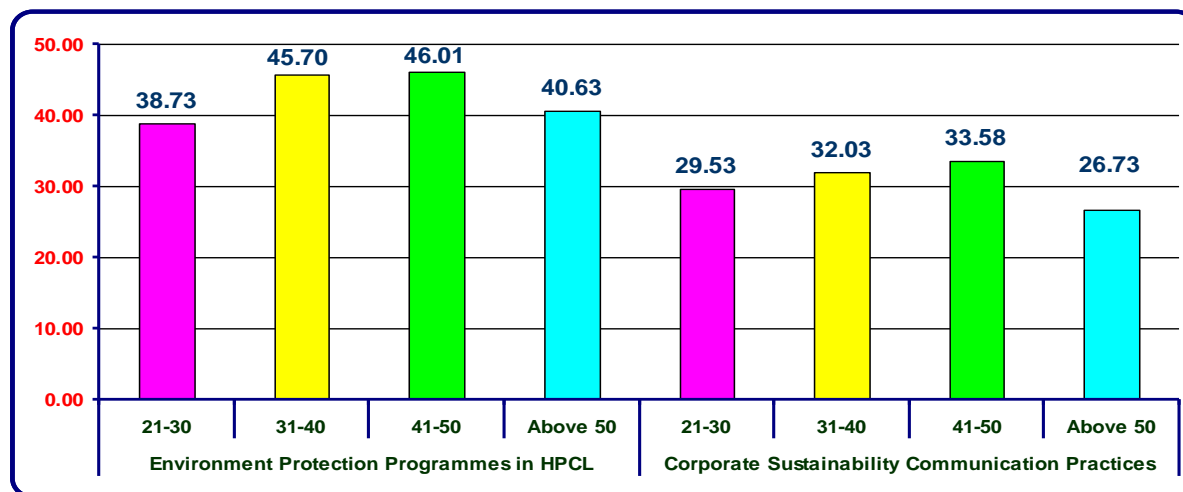
Table 6.1.15, observed that, the mean perceptual scores of employees working in HPCL based on their age group with respect to Environment Protection Programmes in HPCL, the mean perceptual scores of 21-30 age group employees was 38.73, whereas it is for 31-40 was 45.70, it was for 41-50 was 46.01 and it was for above 50 years age group employees was 40.63 and the SD values were 9.22, 6.44, 7.98 and 7.24 respectively. The 'F'-value was 11.66 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their age group and 41-50 years age group employees perceived high towards Environment Protection Programmes in HPCL than that of the rest.

With respect to Corporate Sustainability Communication Practices, the mean perceptual scores of 21-30 age group employees was 29.53, whereas it is for 31-40 was 32.03, it was for 41-50 was 33.58 and it was for above 50 years age group employees was 26.73 and the SD values were 10.11, 8.32, 8.31 and 9.07 respectively. The 'F'-value was 9.44 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their age group and 41-50 years age group employees perceived high towards Corporate Sustainability Communication Practices than that of the rest.

With respect to Corporate Social Responsibility Commitment at HPCL, the mean perceptual scores of 21-30 age group employees was 24.13, whereas it is for 31-40 was 26.37, it was for 41-50 was 26.67 and it was for above 50 years age group employees was 23.04 and the SD values were 5.95, 5.21, 4.94 and 5.13 respectively. The 'F'-value was 8.39 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their age group and 41-50 years age group employees perceived high towards Corporate Social Responsibility Commitment at HPCL than that of the rest.

With respect to Corporate Social Responsibility Practices at HPCL, the mean perceptual scores of 21-30 age group employees was 31.80, whereas it is for 31-40 was 41.30, it was for 41-50 was 41.35 and it was for above 50 years age group employees was 35.24 and the SD values were 8.32, 6.74, 7.15 and 8.03 respectively. The 'F'-value was 17.85 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their age group and 41-50 years age group employees perceived high towards Corporate Social Responsibility Practices at HPCL than that of the rest.

Graph-3: Mean comparison among the perceptions of Employees working HPCL based on their age group with respect to Environment Protection Programmes in HPCL and Corporate Sustainability Communication Practices.



Graph-4: Mean comparison among the perceptions of Employees working HPCL based on their age group with respect to Corporate Social Responsibility Commitment at HPCL and Corporate Social Responsibility Practices at HPCL.

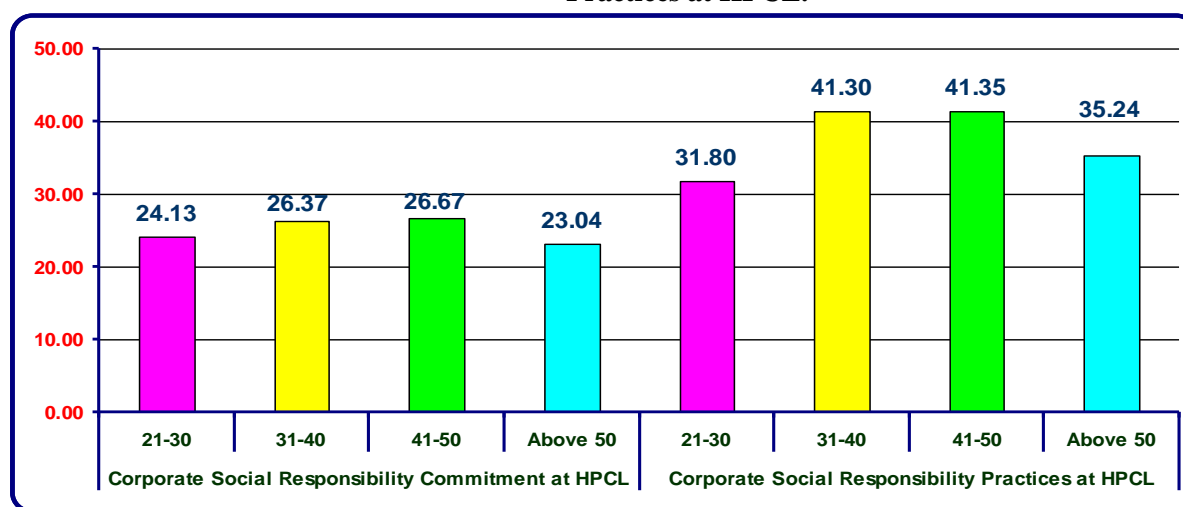


Table 6.1.16, observed that, the mean perceptual scores of employees working in HPCL based on their education with respect to Environment Protection Programmes in HPCL, the mean perceptual scores of employees who are qualified engineering degree was 42.76, whereas it is for PG qualification was 45.65, it was for UG qualification was 46.55 and it was for Other qualifications was 40.05 and the SD values were 8.87, 6.32, 7.31 and 7.65 respectively. The 'F'-value was 11.53 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their education and employees who are having UG qualification perceived high towards Environment Protection Programmes in HPCL than that of the rest.

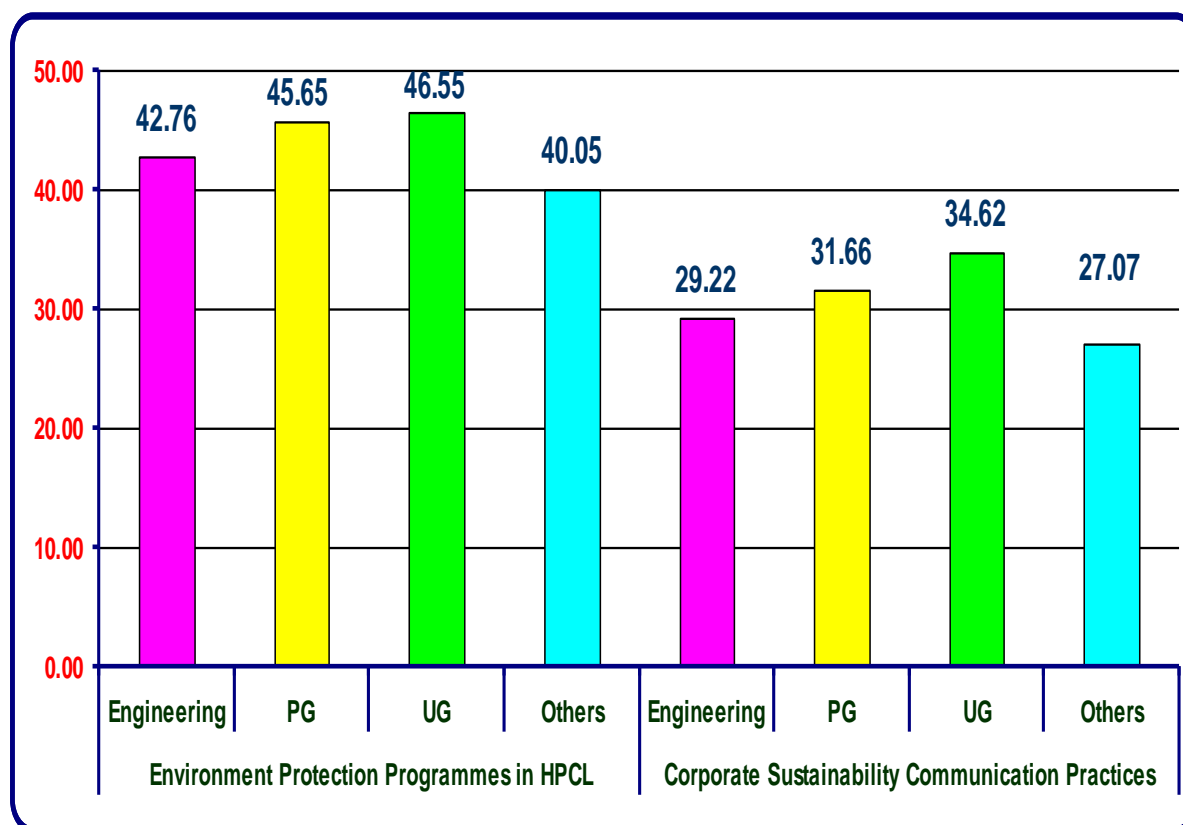
With respect to Corporate Sustainability Communication Practices, the mean perceptual scores of employees who are qualified engineering degree was 29.22, whereas it is for PG qualification was 31.66, it was for UG qualification was 34.62 and it was for Other qualifications was 27.07 and the SD values were 9.59, 8.56, 7.03 and 9.65 respectively. The 'F'-value was 11.05 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their education and employees who are having UG qualification perceived high towards Corporate Sustainability Communication Practices than that of the rest.

With respect to Corporate Social Responsibility Commitment at HPCL, the mean perceptual scores of employees who are qualified engineering degree was 24.63, whereas it is for PG qualification was 26.62, it was for UG qualification was 26.88 and it was for Other qualifications was 22.93 and the SD values were 6.17, 4.96, 4.24 and 5.64 respectively. The 'F'-value was 9.40 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their education and employees who are having UG qualification perceived high towards Corporate Social Responsibility Commitment at HPCL than that of the rest.

With respect to Corporate Social Responsibility Practices at HPCL, the mean perceptual scores of employees who are qualified engineering degree was 39.24, whereas it is for PG qualification was 41.26, it was for UG qualification was 41.40 and it was for Other qualifications was 33.95 and the SD values were 8.56, 6.82, 6.81 and 7.89 respectively. The 'F'-value was 15.57 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their education and employees

who are having UG qualification perceived high towards Corporate Social Responsibility Practices at HPCL than that of the rest.

Graph-5: Mean comparison among the perceptions of Employees working HPCL based on their education with respect to Environment Protection Programmes in HPCL and Corporate Sustainability Communication Practices.



Graph-6: Mean comparison among the perceptions of Employees working HPCL based on their education with respect to Corporate Social Responsibility Commitment at HPCL and Corporate Social Responsibility Practices at HPCL.

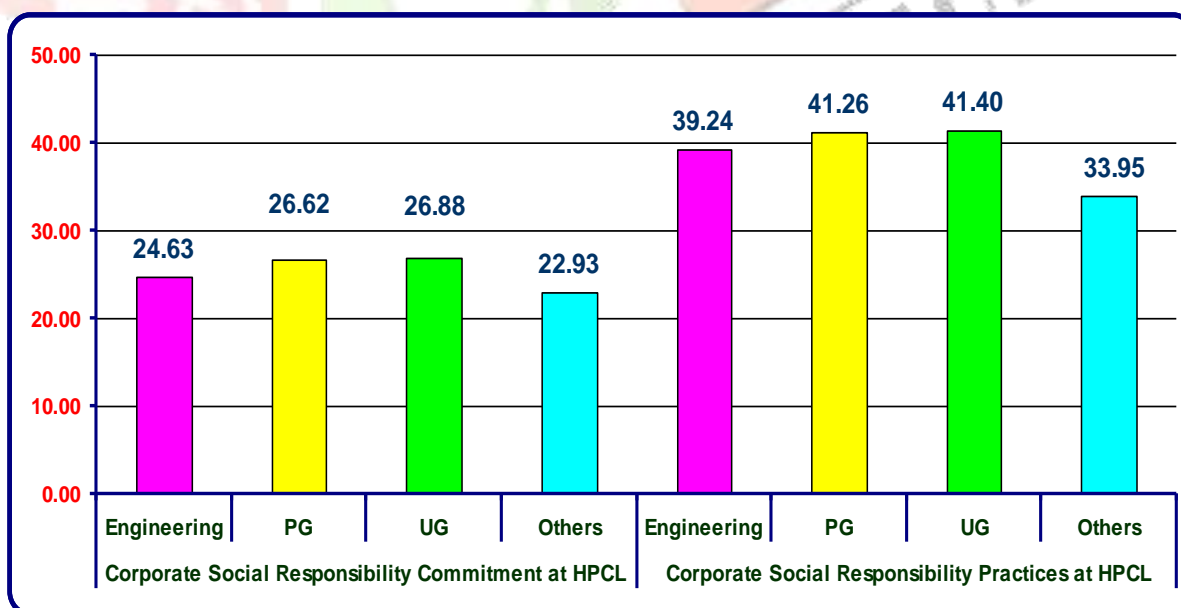


Table 6.1.17: Significant difference among the perceptions of Employees working HPCL based on their designation towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

Table 6.1.17, observed that, the mean perceptual scores of employees working in HPCL based on their designation with respect to Environment Protection Programmes in HPCL, the mean perceptual scores of Senior Managers was 45.21, whereas it is for Middle Managers was 43.59, it was for Junior Managers was 47.22 and it was for Other management employees was 38.41 and the SD values were 8.89, 7.47, 6.03 and 7.90 respectively. The 'F'-

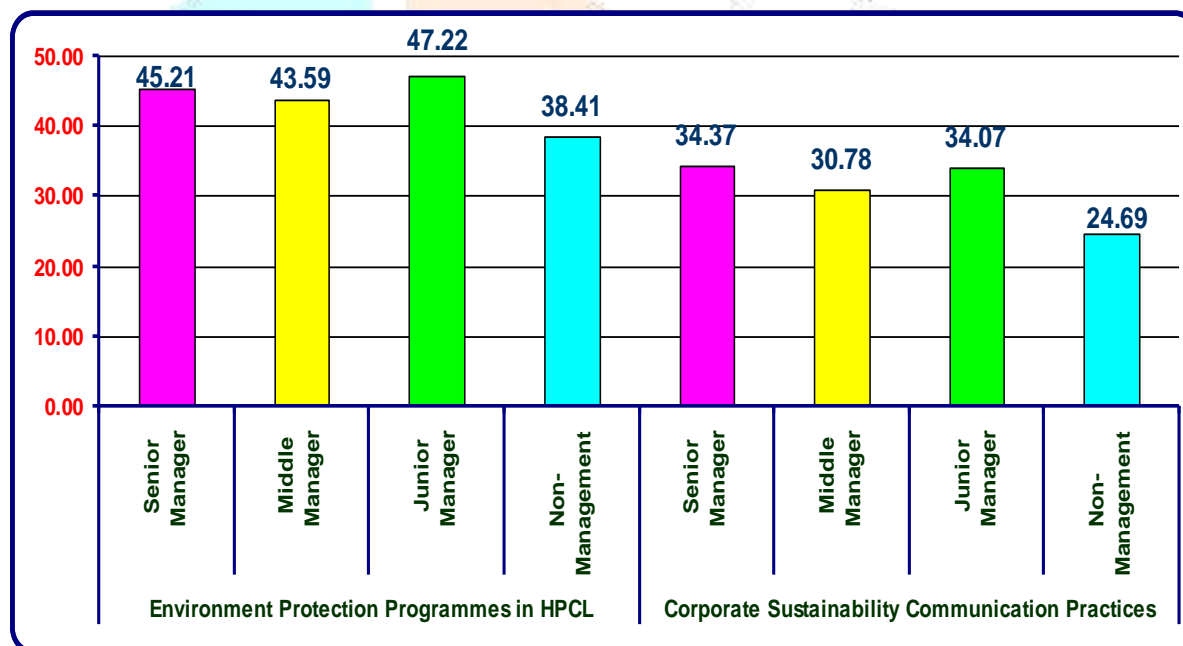
value was 22.70 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their designation and Junior Managers perceived high towards Environment Protection Programmes in HPCL than that of the rest.

With respect to Corporate Sustainability Communication Practices, the mean perceptual scores of Senior Managers was 34.37, whereas it is for Middle Managers was 30.78, it was for Junior Managers was 34.07 and it was for Other management employees was 24.69 and the SD values were 8.76, 8.38, 7.49 and 9.31 respectively. The 'F'-value was 19.51 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their designation and Senior Managers perceived high towards Corporate Sustainability Communication Practices than that of the rest.

With respect to Corporate Social Responsibility Commitment at HPCL, the mean perceptual scores of Senior Managers was 27.95, whereas it is for Middle Managers was 25.59, it was for Junior Managers was 27.26 and it was for Other management employees was 21.21 and the SD values were 5.01, 4.95, 4.17 and 5.74 respectively. The 'F'-value was 24.25 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their designation and Senior Managers perceived high towards Corporate Social Responsibility Commitment at HPCL than that of the rest.

With respect to Corporate Social Responsibility Practices at HPCL, the mean perceptual scores of Senior Managers was 40.68, whereas it is for Middle Managers was 40.45, it was for Junior Managers was 41.72 and it was for Other management employees was 32.75 and the SD values were 9.23, 7.80, 5.92 and 7.89 respectively. The 'F'-value was 23.53 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their designation and Junior Managers perceived high towards Corporate Social Responsibility Practices at HPCL than that of the rest.

Graph-7: Mean comparison among the perceptions of Employees working HPCL based on their designation with respect to Environment Protection Programmes in HPCL and Corporate Sustainability Communication Practices.



Graph-8: Mean comparison among the perceptions of Employees working HPCL based on their designation with respect to Corporate Social Responsibility Commitment at HPCL and Corporate Social Responsibility Practices at HPCL.

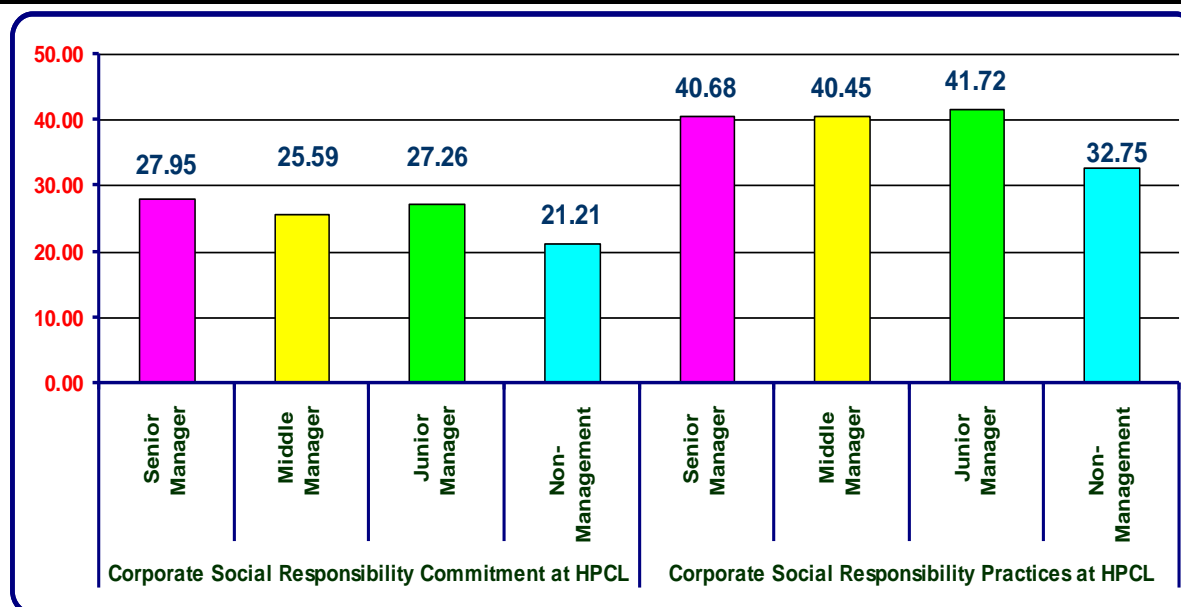


Table 6.1.18: Significant difference among the perceptions of Employees working HPCL based on their service area towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

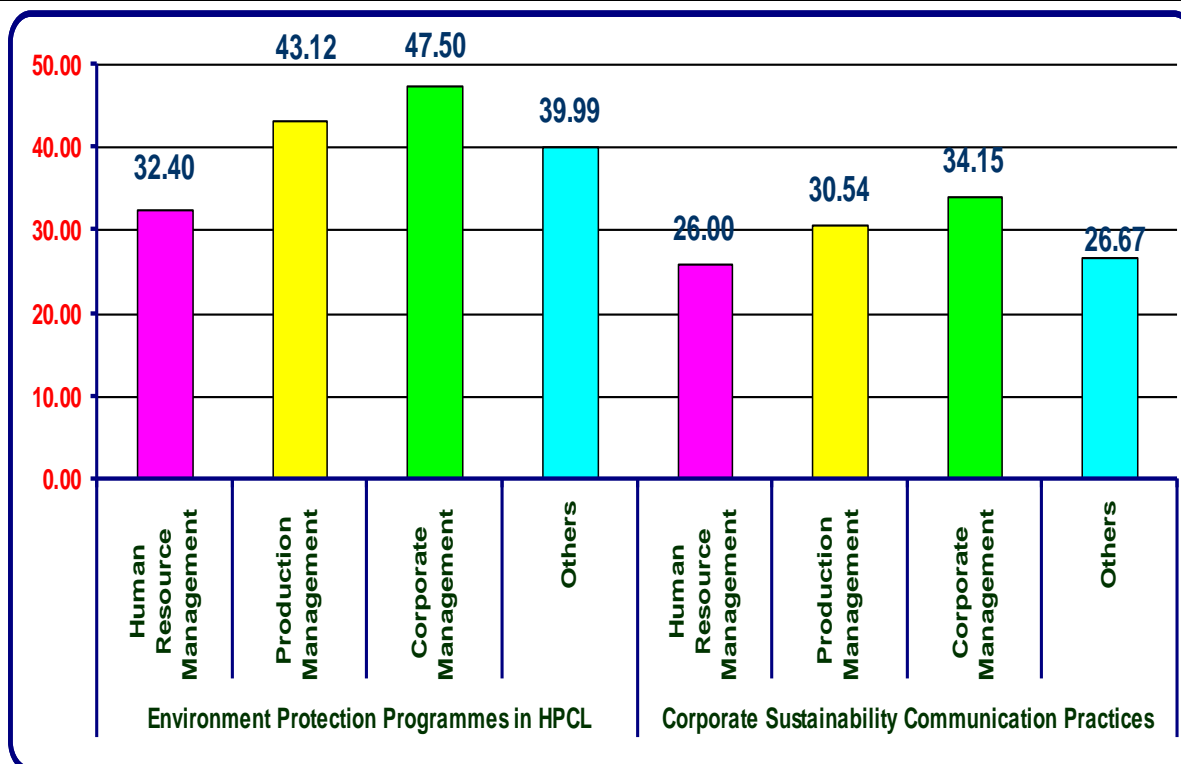
Table 6.1.18, observed that, the mean perceptual scores of employees working in HPCL based on their service area with respect to Environment Protection Programmes in HPCL, the mean perceptual scores of employees who are working under control of Human Resource Management was 32.40, whereas it is for Production Management was 43.12, it was for Corporate Management was 47.50 and it was for Other management was 39.99 and the SD values were 3.13, 7.83, 6.10 and 7.76 respectively. The 'F'-value was 25.14 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their service area and employees who are working under control of Corporate Management perceived high towards Environment Protection Programmes in HPCL than that of the rest.

With respect to Corporate Sustainability Communication Practices, the mean perceptual scores of employees who are working under control of Human Resource Management was 26.00, whereas it is for Production Management was 30.54, it was for Corporate Management was 34.15 and it was for Other management was 26.67 and the SD values were 13.00, 8.41, 7.83 and 9.21 respectively. The 'F'-value was 13.77 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their service area and employees who are working under control of Corporate Management perceived high towards Corporate Sustainability Communication Practices than that of the rest.

With respect to Corporate Social Responsibility Commitment at HPCL, the mean perceptual scores of employees who are working under control of Human Resource Management was 24.00, whereas it is for Production Management was 25.32, it was for Corporate Management was 27.61 and it was for Other management was 22.03 and the SD values were 8.22, 5.02, 3.94 and 5.92 respectively. The 'F'-value was 21.88 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their service area and employees who are working under control of Corporate Management perceived high towards Corporate Social Responsibility Commitment at HPCL than that of the rest.

With respect to Corporate Social Responsibility Practices at HPCL, the mean perceptual scores of employees who are working under control of Human Resource Management was 29.20, whereas it is for Production Management was 40.42, it was for Corporate Management was 42.27 and it was for Other management was 33.57 and the SD values were 11.86, 7.84, 6.04 and 7.27 respectively. The 'F'-value was 29.41 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their service area and employees who are working under control of Corporate Management perceived high towards Corporate Social Responsibility Practices at HPCL than that of the rest.

Graph-9: Mean comparison among the perceptions of Employees working HPCL based on their Service Area with respect to Environment Protection Programmes in HPCL and Corporate Sustainability Communication Practices.



Graph-10: Mean comparison among the perceptions of Employees working HPCL based on their Service Area with respect to Corporate Social Responsibility Commitment at HPCL and Corporate Social Responsibility Practices at HPCL.

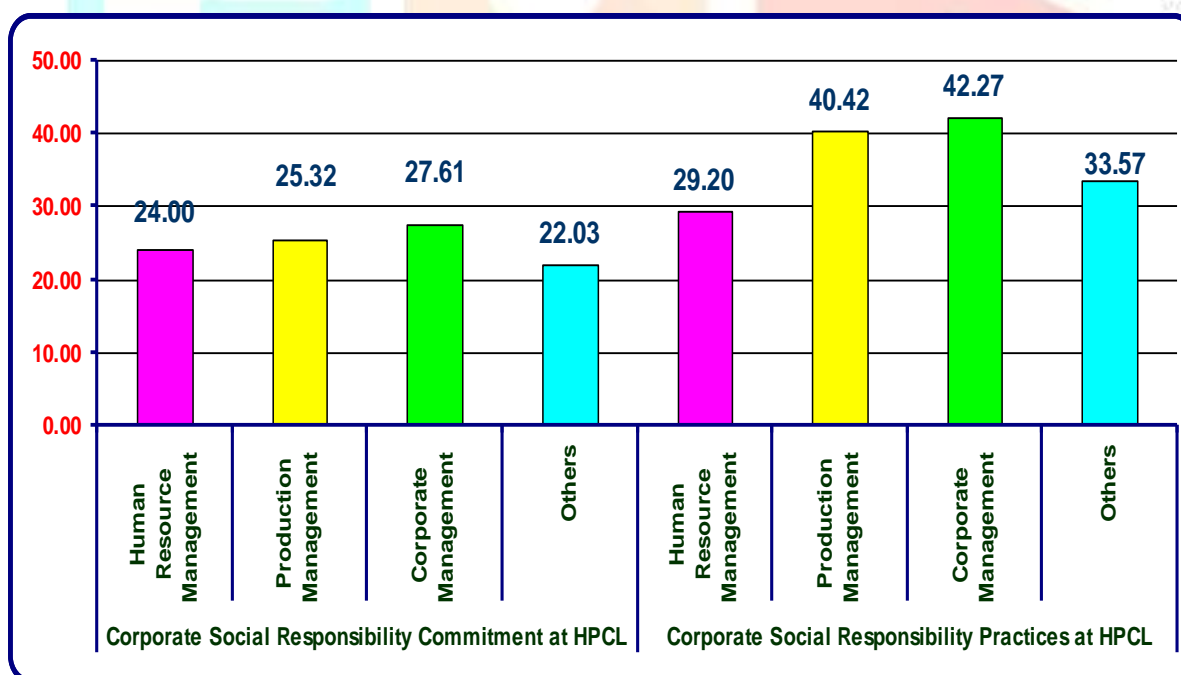


Table 6.1.19: Significant difference among the perceptions of Employees working HPCL based on their experience towards Legal Aspects of Corporate Social Responsibility: A Caste of Hindustan Petroleum Corporation Limited, Visakhapatnam.

Table 6.1.19, observed that, the mean perceptual scores of employees working in HPCL based on their experience area with respect to Environment Protection Programmes in HPCL, the mean perceptual scores of below 5 years experienced employees was 48.47, whereas it is for 5-10 years was 44.43, it was for 10-15 years was 44.45, it was for 15-20 years was 45.16, it was for 20-25 years was 39.15 and it was for above 25 years was 45.33 and the SD values were 4.79, 6.45, 8.70, 8.05, 7.07 and 7.25 respectively. The ‘F’-value was 6.41 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their experience and below 5 years experienced employees perceived high towards Environment Protection Programmes in HPCL than that of the rest.

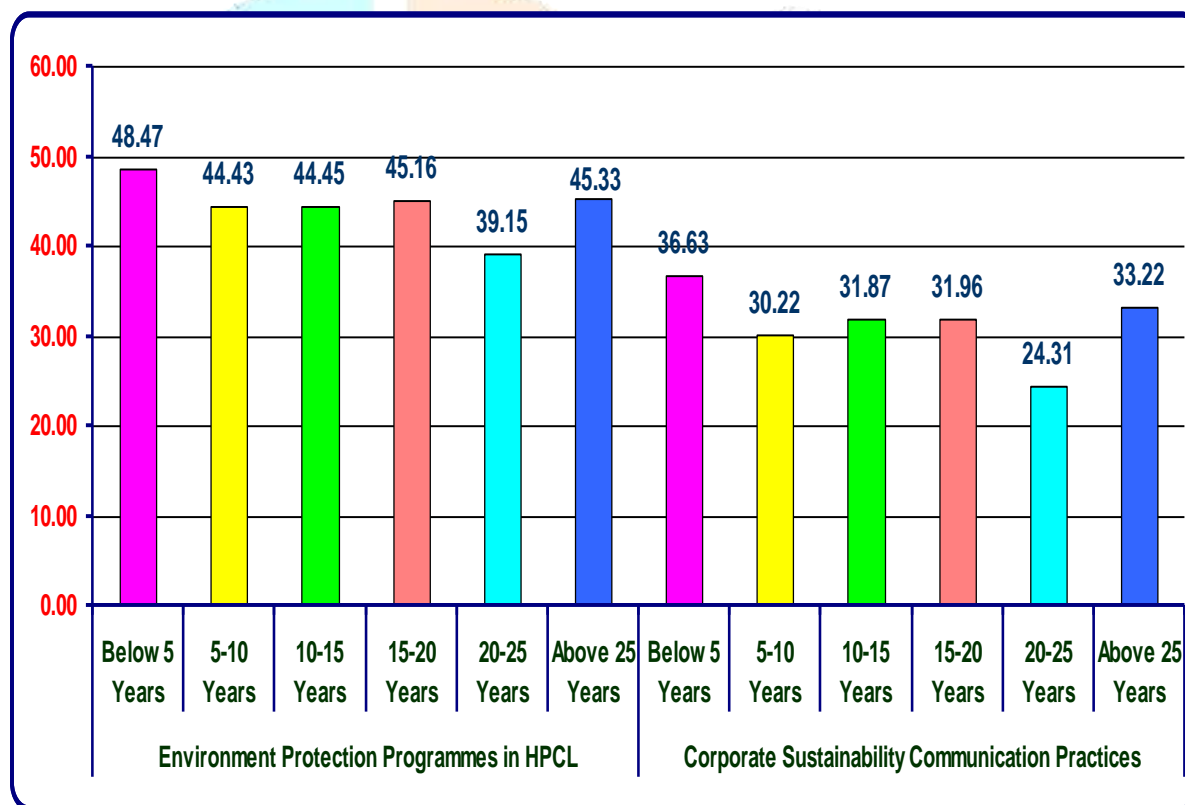
With respect to Corporate Sustainability Communication Practices, the mean perceptual scores of below 5

years experienced employees was 36.63, whereas it is for 5-10 years was 30.22, it was for 10-15 years was 31.87, it was for 15-20 years was 31.96, it was for 20-25 years was 24.31 and it was for above 25 years was 33.22 and the SD values were 4.34, 10.22, 9.24, 8.01, 9.26 and 8.00 respectively. The 'F'-value was 9.49 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their experience and below 5 years experienced employees perceived high towards Environment Protection Programmes in HPCL than that of the rest.

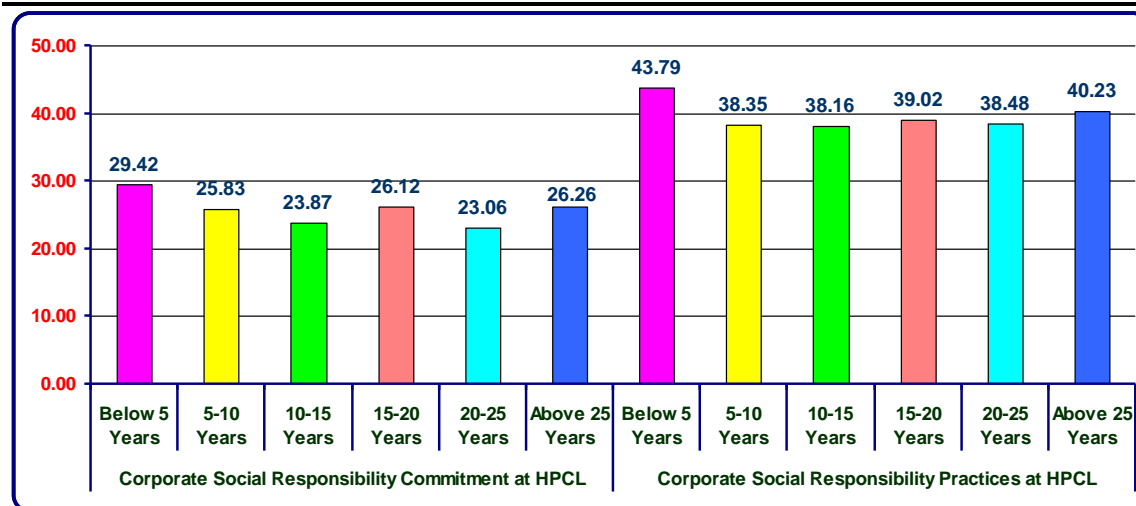
With respect to Corporate Social Responsibility Commitment at HPCL, the mean perceptual scores of below 5 years experienced employees was 29.42, whereas it is for 5-10 years was 25.83, it was for 10-15 years was 23.87, it was for 15-20 years was 26.12, it was for 20-25 years was 23.06 and it was for above 25 years was 26.26 and the SD values were 1.92, 4.27, 5.72, 5.34, 5.40 and 5.18 respectively. The 'F'-value was 5.68 and the p-value was 0.00, which was significant at 0.01 level. This shows that, there is a significant difference among the perceptions of employees based on their experience and below 5 years experienced employees perceived high towards Environment Protection Programmes in HPCL than that of the rest.

With respect to Corporate Social Responsibility Practices at HPCL, the mean perceptual scores of below 5 years experienced employees was 43.79, whereas it is for 5-10 years was 38.35, it was for 10-15 years was 38.16, it was for 15-20 years was 39.02, it was for 20-25 years was 38.48 and it was for above 25 years was 40.23 and the SD values were 3.81, 7.04, 8.85, 9.04, 8.06 and 6.93 respectively. The 'F'-value was 1.82 and the p-value was 0.11, which was not significant at any level. This shows that, there is no significant difference among the perceptions of employees based on their experience and they perceived similar towards Environment Protection Programmes in HPCL.

Graph-11: Mean comparison among the perceptions of Employees working HPCL based on their Experience with respect to Environment Protection Programmes in HPCL and Corporate Sustainability Communication Practices.



Graph-12: Mean comparison among the perceptions of Employees working HPCL based on their Experience with respect to Corporate Social Responsibility Commitment at HPCL and Corporate Social Responsibility Practices at HPCL.



Conclusion

The word 'Corporate Social Responsibility' is not a new concept. It has its existence in ancient times too in the form of charity and philanthropy. Earlier States were mostly governed by laissez faire policy which means that state had least intervention in the business activities of the companies. Companies are free to do business in whatever manner they want and were regulated by the rule of 'survival of the fittest'. State was considered as a police state and its main function was to maintain law and order in the society. With new developments and to control the exploitative activities of the businesses and other organisations of the State, State adopted new character, a character of welfare State. State started supervising the working of the business organisations of the society and made them responsible for their activities. The business organisations are asked to impart a sense of responsibility, accountability and transparency in their business operations. Through voluntary guidelines, companies are directed to invest some portion of their profit for the welfare and developmental work of the society from where they draw resources for their business operations.

There are number of national and international guidelines, principles and framework for the implementation of corporate social responsibility in the working of the companies. Among all, the most important and primary guidelines are International Labour Organisation Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, OECD Guidelines for Multinational Enterprises and United Nations Global Compact. These guidelines have been developed and accepted by the different nations of the world. These guidelines have been derived from the normative frameworks such as the Universal Declaration of Human Rights, the International Labour Organisation Conventions, the 1992 Rio Declaration, the Millennium Development Goals and the 2003 United Nations Convention Against Corruption.

Ministry of Corporate Affairs of India has also initiated the process of formulation of National Action Plan on Business and Human Rights 2018 on the lines of United Nations Guiding Principles on Business and Human Rights. MCA went through number of consultations, meetings and deliberations with stakeholders, other Indian government ministries, National Human Rights Commission, SEBI and other industrial organisations for formulating the Nation Action Plan. It has drafted a zero draft which has started the process of formulation of the National action Plan.