

Assessing the Role of Firms' CSR Initiative and Integration to enhance Corporate Citizenship in the Selected Multi-National Companies

Dr.Nagaraju Battu¹ & P. Ramesh²

(1)Head, Department of Human Resource Management, Acharya Nagarjuna University, Guntur, Andhra Pradesh, India. (2) Research Scholar, Department of Human Resource Management, Acharya Nagarjuna University, Guntur, Andhra Pradesh, India.

Abstract:

This research paper is intended to know the role of multi-national companies CSR initiative and integration to derive the corporate citizenship behavior in their organization. The researcher collected the required samples of 1056 from the selected MNCs from Hyderabad and Secunderabad cities. Researcher applied simple linear regression analysis technique to derive the results.

Key Words: Corporate Social Responsibility, CSR Initiative, CSR Integration, Multi-National Companies, Corporate Citizenship.

Introduction:

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. In other words corporate social responsibility (CSR) refers to practices and policies undertaken by corporations that are intended to have a positive influence on the world. The key idea behind CSR is for corporations to pursue other pro-social objectives, in addition to maximizing profits. Examples of common CSR objectives include minimizing environmental externalities, promoting volunteerism among company employees, and donating to charity (Maignan et al., 2020).

To engage in CSR means that, in the ordinary course of business, a company is operating in ways that enhances society and the environment, instead of contributing negatively to them. Corporate social responsibility is a broad concept that can take many forms depending on the company and industry. Through CSR programs, philanthropy, and volunteer efforts, businesses can benefit society while boosting their brands. As important as CSR is for the community, it is equally valuable for a company (Moon et al., 2019). CSR activities can help forge a stronger bond between employees and corporations, boost morale, and help both employees and employers feel more connected with the world around them. Many companies view CSR as an integral part of their brand image, believing that customers will be more likely to do business with brands that they perceive to be more ethical. In this sense, CSR activities can be an important component of corporate public relations. At the same time, some company founders are also motivated to engage in CSR due to their personal convictions (N Jayram Shetty et al., 2020).

Review of Literature:

Amaladoss and Manohar (2013) has suggested that Corporate Social Responsibility (CSR) is referred to the assurance or obligation made by the companies to contribute towards the growth and development of the local communities, working force, their families, societies, economy, and the country at large in a continuous manner. It was found that for legislation Section 135 was passed in August 2013 which made it

mandatory for the large Indian business companies to spend about 2% of the net profits earned by them on conducting activities and actions that are related to CSR activities (Roopa, 2014).

Arevalo and Aravind (2017) also, affirmed that it was made mandatory to make revelations of such expenses in the financial statements prepared by them and along with that maintain an individual CSR report. As per the Economic Times India report, it was found that due to the implementation of mandatory corporate social responsibility about 11% growth could be seen in India's millionaire club. This was attributed to the fact that the trickle-down effect of Indian business enterprises due to the adoption of a liberal view. This led to the development of 924 companies in the year 2016 and led to the advancements in the technological, medical, financial and retail sectors.

Babalola (2019) had hence, further cited that the implementation of the 2013 Companies Act successfully led in thrusting philanthropy rates in India and brought regional, environmental and transnational growth and development. In the current research study, the different aspects of the mandatory Corporate Social Responsibility and its impact on environmental sustainability in context to selected Indian Companies would be discussed so that better learning and understanding could be developed about the then-current research study.

McWilliams, Siegel and Wright (2016) conducted the research study that included reviews about the present status of CSR in India with respect to Companies Act 2013, environmental sustainability related CSR practices of companies before and after implementation of Companies Act 2013.

The present status of CSR in India concerning Companies Act 2013:

Singh et al., (2016) reported in their findings about, the CSR in India concerning Companies Act 2013 is found to be the new Act implemented in the Companies Act 1956. The introduction of the new Act has brought significant changes to the working and functioning of the Indian business companies and led to the deployment of Corporate Social Responsibilities into the working of the Indian organizations. As per the Companies Act 2013 those companies whose net worth was Rs 500 crores or more, had an annual turnover of about Rs 1000 crores or more and had annual net profits of at least Rs 5 crore are liable to follow the rules and regulations that are laid down regarding the conduction of CSR activities. It was liable for the companies who were falling under these parameters to mandatory make efforts and contribute 2% of their net profits towards the conduction of CSR activities.

Research Gap:

Based on the available research studies, it is observed that there are many studies over the role of corporate social responsibility of the firms and its impact over the environment. Some other studies attempted to reveal the role of corporate social responsibility over the firm's sustainability. Many other studies elicited the impact of corporate social responsibilities of the firms and its impact over the firm's brand image, reputation, employee retention etc.,. But hardly any study identified the role of multi-national company's commitment to derive the corporate citizenship through the various factors effecting the corporate social responsibility in the firms. However, the literature over the different CSR factors such as, CSR initiative of the firm and CSR integration of the firm.. Hence, this study considered these proposed variables as the independent variables and experimented to know their impact to determine the corporate citizenship.

Research Methodology:

By using the stratified random sampling technique the researcher collected the total sample of 1056 samples from different multi-national companies of various sectors. However, the samples are all drawn from Hyderabad and Secunderabad cities of Telangana state. The researcher applied simple linear regression analysis for the analysis.

Hypotheses of the Study:

The researcher proposed two hypotheses to conduct the data analysis. They are as follows:

Hypothesis – 1: H_{10} : Firm's CSR Initiative will not effect the Corporate citizenship

Hypothesis – 2: H_{20} : Firm's CSR Integration will not effect the Corporate citizenship

Data Analysis:**Data Analysis for Hypothesis – 1:**

The relationship between the firm's CSR Initiative and the corporate citizenship is measured in this section. To perform this action, the researcher considered the firm's CSR Initiative as the independent variable and the corporate citizenship is the dependent variable. The mean scores of firm's CSR Initiative is regressed over the mean scores of corporate citizenship. Simple linear regression analysis technique is adopted by the researcher to examine the relationship between the concerned variables. The derived results are discussed in the below paragraphs.

Table –1: Model summary table of the analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.371 ^a	0.138	0.137	0.97933
a. Predictors: (Constant), Firm's CSR Initiative				

With reference to the above table –1, the statistic results revealed that the R-Square value is found to be 13.8. The adjusted R-Square is denoted as 13.7. The standard error of the model is 0.97933. With these results the researcher may conclude that the predictor variable i.e firm's CSR Initiative have moderate impact over the corporate citizenship.

Table – 2: ANOVA table of the model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	167.594	1	167.594	174.743	0.000 ^b
	Residual	1049.243	1094	0.959	--	--
	Total	1216.836	1095	--	--	--
a. Dependent Variable: Corporate Citizenship						
b. Predictors: (Constant), Firm's CSR Initiative						

The analysis of variance (ANOVA) table –2 elicited that the F-value of the model is 174.743 and the p-value is found to be 0.000. This phenomenon indicates that the relationship between the firm's CSR Initiative and the corporate citizenship is found to be highly significant.

Table –3: Coefficients of the model

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	2.933	0.201	--	14.585	0.000
	Firm's CSR Initiative	0.440	0.033	0.371	13.219	0.000
a. Dependent Variable: Corporate citizenship						

The coefficient of the regression model is presented in table –3. The results disclosed that the constant i.e β_0 is found to be 2.933 and β_1 of the model is estimated as 0.440. Further the results of the analysis elicited that the standard error of the model is 0.033; t – value of the model is 13.219 and the p-value of the model is 0.000. Based on these results the researcher concluded that the relationship between the firm's CSR Initiative and the corporate citizenship is strongly significant. The regression of the concerned model can be presented as mentioned below:

$$\text{Corporate citizenship (Y)} = 2.933 + 0.440 (\text{Firm's CSR Initiative})$$

Analysis for Hypothesis - 2

The relationship between the firm's CSR integration and the corporate citizenship is measured in this section. To perform this action, the researcher considered the firm's CSR integration as the independent variable and the corporate citizenship is the dependent variable. The mean scores of firm's CSR integration is regressed over the mean scores of corporate citizenship. Simple linear regression analysis technique is adopted by the researcher to examine the relationship between the concerned variables. The derived results are discussed in the below paragraphs.

Table – 4: Model summary table of the analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.371 ^a	0.138	0.137	0.97933
a. Predictors: (Constant), Firm's CSR integration				

With reference to the above table – 4 the statistic results revealed that the R-Square value is found to be 13.8. The adjusted R-Square is denoted as 13.7. The standard error of the model is 0.97933. With these results the researcher may conclude that the predictor variable i.e firm's CSR integration have moderate impact over the corporate citizenship.

Table – 5: ANOVA table of the model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	167.594	1	167.594	174.743	0.000 ^b
	Residual	1049.243	1094	0.959	--	--
	Total	1216.836	1095	--	--	--
a. Dependent Variable: Corporate Citizenship						
b. Predictors: (Constant), Firm's CSR integration						

The analysis of variance (ANOVA) table –5elicited that the F-value of the model is 174.743 and the p-value is found to be 0.000. This phenomenon indicates that the relationship between the firm's CSR integration and the corporate citizenship is found to be highly significant.

Table – 6: Coefficients of the model

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.933	0.201	--	14.585	0.000
	Firm's CSR integration	0.440	0.033	0.371	13.219	0.000
a. Dependent Variable: Corporate citizenship						

The coefficient of the regression model is presented in table –6. The results disclosed that the constant i.e β_0 is found to be 2.933 and β_1 of the model is estimated as 0.440. Further the results of the analysis elicited that the standard error of the model is 0.033; t – value of the model is 13.219 and the p-value of the model is 0.000. Based on these results the researcher concluded that the relationship between the firm's CSR integration and the corporate citizenship is strongly significant. The regression of the concerned model can be presented as mentioned below:

$$\text{Corporate citizenship (Y)} = 2.933 + 0.440 (\text{Firm's CSR integration})$$

Conclusion:

Based on the derived results, the researcher concluded that, the firm's CSR Initiative have moderate impact over the corporate citizenship levels in the organisations. Further it is also noted that the concerned independent and dependent variables highly significant. The statistic results proved that the null hypothesis H_{10c} is disproved and the alternative hypothesis H_1 is proved. Hence, it is required frame certain firm's CSR Initiative which may deliberate corporate citizenship. Further it is also noted that the firms' integration and corporate citizenship are highly significant and the alternative hypothesis H_2 is proved. Hence, it is required frame certain firm's CSR integration which may deliberate corporate citizenship.

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