Triple Bottom Line & Corporate Social Responsibility
- A Study at NALCO***

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Abstract:

The importance of CSR (Corporate Social Responsibility) emerged significantly in the last decade. Over the time, CSR expanded to include economic, social and ecological interests translated to Profit, People and Planet as the components of the Triple Bottom Line (TBL). CSR has been interwoven with Corporate Governance (CG) and has become a yard stick for good governance practices. Now-a-days, businesses operate in an environment in which societal concerns have been given top priority. An attempt has been made, in this paper to highlight some of the valuable initiatives with respect to the components of Triple Bottom Line undertaken by the NALCO***

KEY WORDS: Corporate Social Responsibility (CSR), Triple Bottom Line (TPP), Corporate Governance(CG), Corporate Social Brand Image(CSBI), Strategic Corporate Responsibility(SCR)

INTRODUCTION:

The evolution of corporate social responsibility in India refers to changes taken place over the time in the cultural norms of corporations engaging corporate social responsibility (CSR) which has been referred to the way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporate should be responsible enough to address social issues. Thus companies should deal with the challenges and issues looked after to a certain extent by the states. Among other countries, India has one of the richest traditions of CSR. Much has been done in recent years to make Indian Entrepreneurs aware of social responsibility as an important segment of their business activity. But CSR in India is yet to receive widespread recognition. If this goal has to be realised, then the CSR approach of corporates has to be in line with their attitudes towards mainstream business-companies setting clear objectives, undertaking potential investments, measuring and reporting performance publicly.

CSR POLICY OF NALCO:

At NALCO, “सर्वे भवर्न्तु सुखिनः” (Sanskrit Slogan: Sarve Bhavantu Sukhinah meaning “Let All Be Happy”) is the guiding spirit, which is embedded in the company’s CSR logo. Along with its business, NALCO lays special emphasis on its Corporate Social Responsibility (CSR) activities. The company has come to represent a better quality of life for communities residing in the vicinity of its

*** NALCO: National Aluminium Company Limited is a Govt of India Enterprise established in the year 1981 with its Registered & Corporate Office in Bhubaneswar, Capital City of the State of Odisha. Visit: www.NALCOindia.com
plants and facilities. The company has comprehensively addressed the problems of rehabilitation of displaced families with adequate compensation, housing and employment to the extent feasible. Besides these, the company assigns high importance to promotion and maintenance of a pollution-free environment in all its activities.

In Odisha, NALCO had acquired 7263 acres of land at Damanjodi in Koraput district for its Mines & Refinery Complex and 4103 acres at Angul for Smelter & Power Complex. A total of 635 families from 53 villages of Damanjodi and Angul were displaced during the inception of Company from these 635 displaced families, employment has been provided to 630 nominees. Nominations from balance 5 families had been taken up at appropriate level. Besides, 1528 families were substantially affected (i.e., parting with one third or more land) in Angul sector. Even from these, jobs have been provided to 1212 persons so far and 68 have opted for cash assistance. The company has been sponsoring programmes at ITI (Industrial Training Institutes) and Skill Upgradation Training to youngsters, with minimum matriculation qualification (an examination in India at the end of 10 years of formal school education completed during one’s childhood), from such affected families, enhancing their employability.

Besides employment, the company undertook one of the major rehabilitation drives for 600 families who were displaced by Mines and Alumina Refinery projects in Damanjodi sector. These displaced families were settled in two rehabilitation colonies. These colonies have been provided with all basic amenities like roads, drinking water and electricity. The initiatives taken by the NALCO for the society at large without compromising their profit and efficiency. On the other hand, it has grown up with a positive image in the eye of local people. Through such efforts thousands of people are benefited locally and nationally. The social and environmental initiatives have been widely acknowledged globally.

In recognition of its CSR initiatives, NALCO received the PSE (Public Sector Enterprise) Excellence Award 2011, in the Maharatna and Navratna category, instituted by the Department of Public Enterprises (DPE), Govt. of India and Indian Chamber of Commerce. Shri B.L. Bagra, CMD, received the award from Shri Bhaskar Chatterjee, IAS, Secretary, Department of Public Enterprises, in New Delhi on 19.09.2011.

TRIPLE BOTTOM LINE & CSR:

Companies can no longer survive if their prime focus is confined to earning profit by improving the bottom line. Over a period of time they have realised that in addition to profit efforts also need to be concentrated on wealth maximisation of not only the shareholders but also maintain cordial relations with the other members of the stake holders. Environmental considerations and concern for the people have gained momentum. In addition to profit, companies seeking sustainability need to address issues concerning people and planet. Alignment of CSR with Triple Bottom Line have been proved to play a remarkable role in the sustainability of the Companies and NALCO is of no exception. The researcher has made an effort to find various initiatives taken by the NALCO, for the consideration to the society at large giving due importance to their profit and efficiency. Here, effort has been made to find out specific benefit offered to the people of Odisha through triple bottom line viz., Profit, People & Planet (PPP) by NALCO and its impact at large.

REVIEW OF LITERATURE:

Many researchers have studied corporate social responsibility from different views and in different contexts. Some of the noteworthy studies include; Melnyte and Ruzevicius (2008), in a study have examined the relationship between CSR and HRM and the situation in Lithuanian companies—how employees are willing to engage in the CSR activities. They observed that CSR provides HR with opportunities. It provides a further opportunity to contribute to business success and employee
satisfaction and performance. It also provides additional opportunities to contribute to community wellbeing.

Pradhan (2008) opined that CSR is a buzzword in the corporate world today; more and more companies are waking up to the concept of social accountability rather than just overall financial success. Now, the importance of CSR has grown to such an extent that even before the land is acquired and foundation stone is laid for a project, the Company launches its CSR activities in that area. Thus, it is assumed by the companies that a solid foundation of CSR is a precondition of building a strong business empire.

Konana (2006) stated that many corporations in the US allow employees to write about their community service as part of their annual evaluation report. Most corporations in the US expect potential employees to be active in the community and to show leadership. Interviewing processes emphasize community work. The benefits are in terms of building a positive image, encouraging social involvement of employees, which in turn develops a sense of loyalty to the organization. It helps to bond employees as a term and with the organization, which, in turn, helps in creating a dedicated workforce who are proud of their employer.

Elkington (1998) opined that a corporate organization must address, what calls the triple bottom line—companies being responsive not just to financial /economic interests, but to society, and the environment. CSR need to focus on the social, environmental, and financial success of a company—the triple bottom line.

Frederick (1998) divided the first fifty or so years of CSR into four phases: CSR-1 (1960s – 1970s) as “doing the right things”; CSR –2 (1980s), according to Frederick, is marked by more responsive corporate behavior toward social responsibilities, i.e., “corporate social responsiveness”; CSR -3 (1990s) is marked by compliance and Frederick imagines that CSR- 4 (Since then) will bring more on cosmological and spiritual aspects. It remains to be seen whether or not CSR will indeed become more holistic in nature. As it stands, it is a stretched out construct – may be not a “tortured” one, but certainly hard to pinpoint. It took Archie Carroll (1999) e.g., almost thirty pages to revisit 50 years of CSR and provide an evolutionary perspective of a “definitional construct.”

By “Strategic Corporate Responsibility” (Maak, 2008) connote the increasingly instrumental use of CSR as a strategic positioning device in the post-Enron environment. In order to succeed in an environment of contested values (Diermeier, 2006) CSR is “used” for reputational gains; CSR strategy in and of corporations is seen as a means to gain competitive advantage on “the market for virtue” (Vogel, 2006). Not surprisingly, the number of CSR reports has risen exponentially in recent years, demonstrating just how responsible corporations behave and that they should be trusted as good citizens around the world. Yet, the way CSR has been transformed into “Strategic Corporate Responsibility” since the beginning of the millennium leaves the door wide open for moral hypocrisy (Bateson et al., 2006), i.e., it may motivate corporations to appear moral without bearing the costs and consequences of actually being moral.

A study by Professor Stephen Erfle and Michel Frantantuono found that firms that were ranked highest in terms of their record on a variety of social issues had greater financial performance because such practices are capable of enhancing brand value of positive publicity.

OBJECTIVES OF THE STUDY:

The objectives of this paper are as follows:

1. To find out the awareness level of the employees on various measures on Corporate Social Responsibility(CSR) taken by NALCO ;
2. To understand whether Corporate Social Responsibility (CSR) facilitates in building Corporate Brand Image (CBI) as perceived by the employees of NALCO;
3. To study and analyse triple bottom line practices in relation to CSR at NALCO;
4. To suggest measures for further reinforcement of CSR practices to be followed by NALCO.

HYPOTHESES:

The hypotheses of the study were designed keeping the above cited objectives which follow:

H1. NALCO commits a fixed percentage annually of net profit for CSR
H2. The Company takes stakeholders' opinion/suggestion to conduct of CSR activity
H3. The Company Policies/Practices/Operations are Eco-friendly
H4. Employees perceive that, CSR facilitates in building Corporate Brand Image (CBI)
H5. NALCO follows Triple Bottom Line practices in relation to CSR

METHODOLOGY:

The research design for the study is exploratory in nature. The data was collected through structured questionnaire and also personal interaction with employees at different cadres. The sample size of the study is 50 which consist of different grades of employees working at NALCO. Some of the noteworthy personnel like, Deputy General Manager (DGM), Corporate Communication, NALCO in charge of CSR management and planning were subjected to an in-depth qualitative interview through a structured questionnaire for gaining insight of the CSR initiatives of NALCO and to capture the policies and practices of NALCO for CSR Activities.

ANALYSIS OF EMPLOYEE RESPONSE TO CSR INITIATIVES AT NALCO

Table No-1 NALCO has a separate Cell for the function of Corporate Social Responsibility

<table>
<thead>
<tr>
<th>SL NO.</th>
<th>RESPONSES</th>
<th>NO</th>
<th>*DN/CS</th>
<th>YES, SOMETIMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>PERCENTAGE</td>
<td>74%</td>
<td>8%</td>
<td>12%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Note: *DN/CS refers to Do Not know or Can not Say

Majority of the employees (74%) is of the opinion that NALCO has a separate entity for the function CSR and commit a fixed percentage of the net profit for CSR activities.

Chart No -1. NALCO Commits A Fixed Percentage of Annually Net Profit for CSR.
Chart No- 2. The company takes stakeholders opinion into account in conduct of CSR activity.

Chart No.2 shows that 34% of the employees selected yes opinion that NALCO take stakeholders suggestion for CSR activities but 16% of the employees do not agree upon.

Table No 2. The Company Policies/ Practices / Operations are Eco-friendly.

<table>
<thead>
<tr>
<th>SL NO.</th>
<th>YES</th>
<th>NO</th>
<th>*DN/CS</th>
<th>YES, SOMETIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESPONSES</td>
<td>27</td>
<td>06</td>
<td>05</td>
<td>12</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>PERCENTAGE</td>
<td>54%</td>
<td>12%</td>
<td>10%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Table No-2. shows that 54% of the employees of NALCO agree that company policies/ practices are eco friendly and 12% of the employees oppose that subject.

Table No-3. The company invest in community welfare measures like education, health, drinking water and livelihood.

<table>
<thead>
<tr>
<th>SL NO.</th>
<th>YES</th>
<th>NO</th>
<th>**DN/CS</th>
<th>YES, SOMETIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESPONSES</td>
<td>39</td>
<td>03</td>
<td>06</td>
<td>02</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>PERCENTAGE</td>
<td>78%</td>
<td>06%</td>
<td>12%</td>
<td>04%</td>
</tr>
</tbody>
</table>

Majority of the employees i.e. 78% of the opinion that NALCO invest in community welfare like education, health, drinking water and livelihood.

Table No-4. The company’s CSR activities widely highlighted in mass media & employee circles.

<table>
<thead>
<tr>
<th>SL NO.</th>
<th>YES</th>
<th>NO</th>
<th>**DN/CS</th>
<th>YES, SOMETIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESPONSES</td>
<td>34</td>
<td>06</td>
<td>06</td>
<td>04</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>PERCENTAGE</td>
<td>68%</td>
<td>12%</td>
<td>12%</td>
<td>08%</td>
</tr>
</tbody>
</table>
Chart No-3 The company’s CSR activities widely highlighted in mass media & employee circles.

Chart No-3 reveals that 68% of employees of NALCO agree upon the fact that management train its employees on CSR issues and 12% of the employees don’t agree to that.

**Chart No-4 NALCO management trains its employees on CSR issues.**

Chart No-4 reveals that 42% of employees of NALCO agree upon the fact that management trains its employees on CSR issues and 28% of the employees don’t agree to that. While 14% of the employees have no opinion on the subject and rest 6% of the employees say that NACO management might be training its employees.

**Chart No-5. The company carry out impact assessment of its CSR initiatives.**

More than half numbers (56%) of employees agree that NALCO carry out impact assessment of its CSR initiatives.
Table No-5. CSR initiatives influence the Corporate Social Brand Image of Company

<table>
<thead>
<tr>
<th>SLNO</th>
<th>YES</th>
<th>NO</th>
<th>*DN/CS</th>
<th>YES,SOMETIMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>PERCENTAGE</td>
<td>70%</td>
<td>10%</td>
<td>16%</td>
<td>04%</td>
</tr>
</tbody>
</table>

Chart No-6. CSR initiatives influence the brand image of a company to a great extent

Chart No-6 shows that 70% of employees agree that CSR initiatives influence the brand image of a company and 10% of the employees say that NALCO do not agree that CSR initiatives influence image. While 16% of the employees remain salient to this question and 4% of employees selected might not be option.

Table No-6. CSR initiatives of a company take care of its business interest.

<table>
<thead>
<tr>
<th>SLNO</th>
<th>YES</th>
<th>NO</th>
<th>*DN/CS</th>
<th>YES, SOMETIMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>PERCENTAGE</td>
<td>54%</td>
<td>10%</td>
<td>20%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Chart No-7. CSR initiatives of a company take care of its business interest.

Chart No-7 reveals that 54% of employees of NALCO agree upon the fact that NALCO CSR initiatives take care of its business interest and 10% of the employees don’t agree to that. While 20% of the employees have no opinion on the subject, rest 6% of the employees say that might be CSR initiatives take care of business interest. Majority of employees agree that CSR initiatives of a company take care of its business interest.
LIMITATIONS OF THE STUDY:

While conducting the study, the researcher had come across the following limitations. It was not possible on the part of researcher to conduct the study intensively on the topic “CSR in an Indian organisation” and it was confined to NALCO due to time constraint and also being self financing in nature.

1. The non disclosure of information under the pretext of confidentiality made the researcher to be deprived of certain information.
2. A Holistic Approach encompassing the myriads of dimensions of CSR could not be done and it might be taken as scope for further study related to CSR.
3. There could be implicit respondent biasness that, the employees might not have given honest opinion as an element of proudness to be associated with NALCO.
4. Some responses could be victim of recency effect rather than primacy effect at the time of gathering the first hand information.
5. The study could also be longitudinal nature and as such it can guide further research.

SUGGESTIONS OF THE STUDY :

Based on the analysis, the researcher put forth the following suggestions considering the limitations encountered during the study.

1. NALCO is required to involve and coordinate their stakeholders in a greater role and hence to build meaningful and long term partnerships which would lead to creating a strong image and brand identity.
2. It is also suggested to review existing policies in order to develop more meaningful visions for the companies and broaden their contributions to reach to local communities.
3. More emphasis can be given in training, conferences and seminars could be organised by the CSR department to disseminate and generate new knowledge and information in this sector. A strong budgetary support would definitely help to grow this sector and research related to respective industry would enhance their organisation’s contribution further.
4. Like NALCO, there could be other companies practising CSR activities and it is recommended that an accreditation mechanism should be put in place for companies through an independent agency for mainstreaming and institutionalising CSR in the main business framework of the companies.

CONCLUSIONS:

Corporate social responsibility has become an increasingly significant phenomena in today’s business world. Public sector corporate houses are interested for social capacity building, through providing training and educational facilities to the weaker section of the society, developing entrepreneurial skill among the youth, and trying to make people self-employed by providing facilities to the needy. The CSR activities of the NALCO have put the organisation in the heart of the people who are residing near the NALCO project areas. Companies should take as NALCO- A Role Model Company as Benchmark and Best practices and should share shoulders with the government of India and also state government in these novel activities.

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