

## CSR as a tool of sales promotion

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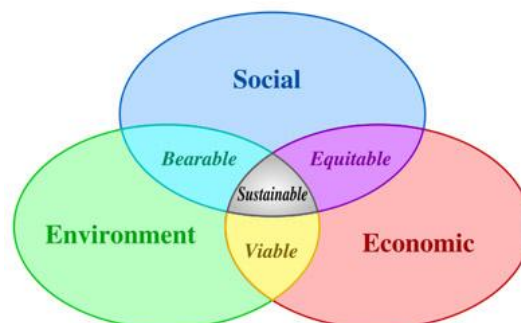
**ABSTRACT:** Corporate Social Responsibility (CSR) is not a new concept it has been in practice in India since long but the approach was voluntary in nature until the government rules made it mandatory. The corporate (both public and private) of India have taken up CSR activities in several areas like education, environment, health but the result is not satisfactory. As there still lies a vast scope for development in each and every sector of the country. The corporate are investing in the designated areas but the effect is not visible, thus there lies a gap in the implementation, the promises made in papers and the rules applied. The scenario in North-East is not different as here only a few public and private players are operating. The absence of corporates along with the stringent Government rules makes it an hindering point in the growth of CSR activities in Assam. Of late, the CSR activities has been taken as an promotion tool by the corporate. There is a gradual transformation of the concept of CSR which is also helping in the marketing area. Thus, the aim of CSR activities was lonely to serve the society but now it is accompanied by the bizarre of marketing. This study will aim to give a noteworthy contribution so as to know whether the change of mindset has led to the change of priorities of the companies towards the society.

**Keywords:** Advertisement, Company, Corporate Social Responsibility, Promotion, Perception.

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### I. INTRODUCTION:

Corporate Social Responsibility (CSR) refers to the obligations of businessmen or a business house to pursue those policies to make those decisions or to follow those lines of action which are desirable in terms of the organisational and societal objectives and add value to our society. CSR is considered as an essential part of business language and practice because it is vital to many of the theorists and is continually consistent with what the public expects of the business community today. The businessmen's decisions and actions shows a direct economic or technical impact in the society. CSR began as a philanthropic activity where organizations contributed to social causes; but it was gaining importance and becoming an essential activity for business. Gradually, CSR become an important feature in business philosophy. The subject of CSR gained importance ever since the government rules made it mandatory. The society reacts to a company's CSR activities in multiple ways, by not just buying more products, but by enacting other stakeholder behaviours, such as seeking employment with the company and investing in the company. The CSR activities are to be selected in such a manner that the benefits reach the smallest unit i.e., village, panchayat, block or district depending upon the operations and resource capability of the company.



**Fig 1:** Corporate Social Responsibility

The term CSR was first coined by Howard Bowen in the early nineties. Bowen is called the father of CSR. The term consists of three words corporate, social, responsibility. According to Oxford Dictionary (The little Oxford Dictionary, 7<sup>th</sup> edition, Oxford University Press, Delhi) the word corporate means belonging to a corporation,

social means of the society and responsibility means being responsible to. This term is not new to the business world but the idea related to it had been changing and now it occupies a very important position in every corporate house and is considered as one of the utmost important area.

## **II. BENEFITS OF CSR**

The crucial benefits attached to CSR apart from the Philanthropic part:

**Strengthened Brand Positioning** – Brand positioning is the prime focus of most of the companies. CSR helps in strengthening that image in the eyes of the consumers as well as the suppliers.

**Increase Sales and Market share** – Consumers like to be associated with a company, which is ethical and has a positive image. Many companies have become innovative and started contributing a certain portion of their sales to certain cause. This has 2 fold benefits; it increases the brand image as well as helps in differentiating the product from their direct competitors and therefore higher sales.

**Enhanced Corporate Image and Clout** – CSR helps in enhancing the image of a company, which helps in Long Term strategy. It allows the company to have certain Clout in different power circles and also the positive image of the Top Management.

**Increased ability to attract, motivate and retain employees** – Companies need to do internal CSR for its employees as well as the way it conducts its activities, motivates an employee. Research has shown that a company heavily involved in CSR has better ability to retain their employees even if they are not the highest paying employer in their competitive environment.

**Increased appeal to investors and financial analysts** – There are many financial institutions globally, which have made it part of their policy to check the CSR activities of the company before deciding to invest in it.

**Risk Management** – This is one of the most important reasons for Corporate to be pursuing CSR. To withhold itself from any future backlash from any quarter, companies carry out CSR activity to maintain a positive image in the market and win the confidence of the people it is doing business in or planning to do. Also the expectations of nearby villagers are always high because of the large social divide existing in India.

Although the corporate in India is involved in CSR activities, the central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. According to Minister for Corporate Affairs, Mr. Salman Khurshid, government is developing a system of CSR credits, similar to the system of carbon credits which are given to companies for green initiatives.

### **Promotional tool**

Promotion is used by companies to communicate the benefits of their products to their target markets. Promotional tools include advertising, personal selling, public relations, sales promotion, sponsorships and increasingly direct marketing methods. Just s product ranges need to be responsive to changes in a firm's operating environment. Promotion decisions to be taken include: what message to use? Which media? What timing for an advertising campaign? How much to spend? How to evaluate this expenditure?

The CSR activities which are being done by the companies include activities like medical camps, donating ambulance vans, giving free some items of necessity like blankets, rice, school kits etc. Some companies even adopt the whole village and work for its upliftment. Like IOCL adopts villages and work for its around development, ONGC has built up a crematorium in Sibsagar (a district in Assam), building up a sports stadium etc. Through these activities the companies are working for the welfare of the society as well as trying to make the society loyal towards their products. In this process they use their signboards, hoardings, bill boards, glow signs, banners, company logo stickers in the vehicles donated or the items donated or in the camps organised so that the people can see the tangible sign and recognise the company, remember it and in the next purchase possibly own a product of this company. The main motto is increasing the company sales and profit. If there is profit then only a part of it will go to welfare activities of the society .Thus the things are interlinked the products are manufactured by taking the resources of the society, items are produced and sold back to the society, the money earned by the company a part of which again goes back to the society. This cycle is continuous and unending. The companies use the tools of promotion very strategically when they pursue their CSR activities in various areas.

### **Objective:**

1. To know the CSR schemes and policies in India.
2. To know the various CSR activities done in Assam by selected companies

3. To know the company's approach towards CSR in the changed scenario with the use of it as a promotional tool.

**Research Methodology:** Descriptive research design is applied in the study. Keeping in view the set objective, this research design is adopted so as to have greater accuracy and in depth analysis of the research study. Secondary data is collected from different news articles, books and websites etc. Primary data has been collected from the selected company's officials through interview method.

### **III. LITERATURE REVIEW:**

The researcher has reviewed books, reports doctoral theses, articles, journals, and newspapers at local, national and international levels. The period of study is from 2008-09 to 2011-12. Several other studies have been conducted on the topic of CSR but none with a focus on the issues and challenges of public sector oil giants in Assam. There remains ample scope for the present study to explore the area in regards to the CSR activities of the oil sector PSE's.

The Government of India has framed new guidelines in this area of CSR for the companies to abide by, which has specified the percentage of net profit that must be contributed towards the CSR activities.

The researcher has come across the various thoughts, arguments and comments of various theorists where some supported the concept of CSR while some rejected it. Although the modern thought suggests the acceptance of the concept of CSR not only theoretically but also practically. The practical implications can be better assessed if the matters relating to the CSR issues and challenges of oil sector giants are explored.

#### **CSR in public sector:**

The Department of Public Enterprise rules relating to the oil sector companies in India is very stringent. The amount set aside for the CSR activities if not utilised by the particular company it goes to the fund formed by TISS and is utilised centrally by them. Apart from this other rules like doing proper base line survey before implementation, proper evaluation in every step is essential to keep one apart from any fraudulent activity being committed in the name of CSR by any company. Post audit helps to find any loopholes which exist in the company's implementation process. Loss-making companies are however not mandated to earmark any specific funding for CSR activities.

The CSR budget will be mandatorily created through a Board Resolution as a percentage of net profit in the following manner:-

<b>Type of CPSEs Expenditure range for CSR Net Profit (Previous Year)</b>	<b>Expenditure range for CSR in a financial year (% of Profit)</b>
(i) Less than Rs. 100 crores	3%-5%
(ii) 100 crores to Rs. 500 crores	2%-3% ( Subject to a Minimum of 3 crores)
(iii) 500 crores and above	0.5%-2%

**Table 1:** Department of Public Enterprise rules

In Assam, the oil companies are holding a dominant position apart from tea sector and plywood (which is in the verge of extinction now). Of late few companies like DS Group, Coca cola, Pepsi, cement companies, few satellite channels and small scale production units of various sectors has been established but their contribution is marginal. There lies a huge potential in the oil sector companies to undertake developmental activities relating the society. They have a huge capital outlay and accordingly earn a huge amount of profit which they can use in the CSR activities. Moreover in the process of their development they harm the society and in turn bear the responsibility to do something for it. They not only can help the stakeholders by giving them employment, etc but can also help the government and support them in their efforts. This would also initiate a step forward in the development of the society. The oil companies mainly take up CSR activities in the health, education, environment sector. The CSR activities mainly include opening school, giving computers in schools, providing mobile medical van, health check up camps etc.

#### **Findings:**

The study gave the following findings:

1. The selected companies are engaging in CSR activities as per the government norms.
2. The contribution of the companies in various areas-

<b>Company name</b>	<b>List of activities</b>
1. D.S Group	a. Distribution of free school kits b. Organising health check up camps c. Providing safe drinking water d. Encouraged the tribes of Northeast to become self reliant through various livelihood options e. Preserving historical sites, etc.
2. IOCL	a. Adopting SOS village b. Donating computers, desks, benches to the students of Shishu Sarothi (a centre for specially abled children) c. Donation to local bodies for organising functions d. Organising competitions for students of various levels e. Building road in Tinsukia (at Sripuria), etc.
3. NRL	a. Renovated and built the infrastructure of Basistha blind school b. Arranged proper sanitation, provided chairs, tables, etc., to the school c. Donating PCs to Asom Jatiya Bidyalaya, an Assamese medium private school in Guwahati. d. Encouraging girl child education, Distributing books, helping to build college and school infrastructure, felicitating the meritorious students, etc. e. Funded 12 lakhs to C-NES (Centre for North- East Studies and Policy Research) to support the idea of launching boat clinic in Assam.
6. Star Cement	a. Project employability- training the local youths to gain employability skill in the cement manufacturing unit itself. b. Project housing- promote and enhance the use of cement in building the houses in rural areas to ensure better safety and protection. c. Project education-It has opened up a school in the plant campus itself to promote education. d. Project hospital- It has built a hospital in the campus itself well supported with doctors and modern equipments for the people of the adjoining areas of the plant campus.
7. Aircel	a. Educating the underprivileged children b. Donating computers to schools c. Donating a mobile library d. Took initiative to save tigers e. Sponsoring events in colleges and institutions.

**Table 2- CSR activities of Companies**

- The companies make it a point to highlight the company logo and tag line in bold clear letters. As said by the company officials this is done so as to make the vehicle or village or any other place where the printed logo is embossed distinct from others. They also put up hoardings citing their list of CSR activities. The main aim behind this is to make the beneficiaries, localites, competitors feel their uniqueness and responsiveness towards society.
- DS Group-** has started a campaign in North-East which pledges to encourage literacy in NE region. Through this plan they have targeted 2500 children from 24 primary schools who are underprivileged and poor to provide them support to continue their education. It is also involved in preserving the places of historical and pilgrim interest like Kamakhya temple in Guwahati. There are several other CSR activities undertaken by the company to uplift the standard of living of the people. DS group has made it appoint to strictly adhere to the rules and cater to the needs of the localites as far as possible. When asked on using CSR activities as a promotion tool they said it is required to emboss the company logo so it is deliberately done. If by doing this the company is able to market itself then it is a positive symptom for the company's growth.
- IOCL-** As **IOCL** adopts villages or schools and tries to do an around development of it they also spend a huge sum in putting up small boards, IOCL company logos in and around the place of CSR interest. This expense is added up in the marketing budget and not in the CSR budget. The promotional

advantage which the company gets by putting up boards at such places is of much more greater value than showing advertisements, or by sponsoring events. It is so because here the practical results are visible which helps to credit positive perception in the beholders mind.

6. **NRL-** is an oil company based in Assam is under public private partnership. It is actively engaged in doing CSR activities in and around Guwahati apart from the areas surrounding its refinery at Numaligarh (it is a small town under Jorhat District of Assam). The company officials strictly adhere to the CSR rules framed by the government and are keen to serve the society. As said on using CSR activities as a promotion tool, they agreed to it citing it as the need of the hour. With the changing scenario and increasing competition it becomes immensely important to make the best out of the given resources and if doing the CSR activities can act as a double edged sword both in serving the society thereby adhering to government rules and also in promoting the company then it is a good sign for the company.
7. **Star Cement-** The company focuses on developing the areas in and around its manufacturing unit apart from a few activities like giving donations or sponsoring events. It has adopted four broad schemes for its CSR activities under which the company has segregated the various activities done by it in its broad list of CSR activities. It believes in the concept of charity starts at home, thus it is focussed in developing the nearby areas and later on plan to extend its area of operation depending on its profits earned.
8. **Aircel-** The company concentrates on working purely in the lines of developing pan India. Thus the CSR activities which are adopted by the company are not focussed in any single region or area rather national issues are taken up like saving tigers, educating girl child, etc. The company plans to increase its area of operation by focussing on region specific issues in the near future where the main deciding factor will be the profit earned by the company.
9. **Other Findings:** The personal interview with the coordinator of Deepshikha Cancer Care Foundation (beneficiary of IOCL) as well as Shishu Sarathi (beneficiary of IOCL) and SOS Village (beneficiary of IOCL) revealed that the work done by the oil company as a part of its CSR activity is a good one the donations given in the form of chairs, tables, ambulance, computers etc are worthy enough but they have the capacity to do more. These societies where donations were made are in the form of non government organisations and they have to run themselves without earning any profit out of the services they provide or a very minimal charge is asked. These costs are not enough to support them thus they need more help from the companies to make themselves run efficiently.

#### **Limitations:**

1. The study covers only a few companies of Assam.
2. Inclusion of detailed interview of beneficiaries would have given a more transparent picture of the CSR activities in Assam.
3. The civil society could have been extensively surveyed.

#### **IV. CONCLUSION:**

Corporate Social Responsibility is an emerging area which has now been widely accepted as an important activity and not a philanthropic act. The increasing change in outlook is welcomed but the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies is sought which can push up the standards of other organizations at the same time. The company's can get manifold benefit from undertaking CSR activities if the approach to view the concept is deliberately changed. The corporate had received a great deal of help in regards to promoting the reputation and brand image of the individual company's. Undertaking the CSR activities systematically can also help to make it a very strong tool of promotion and help in marketing activities of the company.

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### Abbreviation

Corporate Social Responsibility	CSR
Department of Public enterprise	Dpe
Public Sector Unit	PSU
Indian Oil Corporation Limited	IOCL
Numaligarh Refinery Limited	NRL

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**PHOTOS of IOCL**



**DECLARATION**

I, hereby declare that the research paper titled “Corporate Social Responsibility in oil sector public enterprises in Assam “is an original piece of work and has not been published anywhere else before.  
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