

Corporate social responsibility Practices of Bharat Petroleum Corporation Limited -A Case study

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Abstract

Bharat Petroleum Corporation Limited, being an Indian Public sector undertaking is striving hard to perform their ESG (Environmental, Social and Governance) responsibilities to achieve the Sustainable Development Goals (SDGs) through their effective business strategies and policies. Researcher made an attempt in this study to explore CSR practices in various development areas like healthcare, training and education, environment sustainability, rural and community development in recent years by the Bharat Petroleum Corporation Limited. Data was collected from company's Annual reports as well as from CSR portal spanning the years 2014-15 to 2019-20. Apart from that Company's prominent thrust areas were explored and recognized. Bharat Petroleum Corporation Limited is among top 50 companies as per the Futurescape responsible business ranking 2020. So it is essential to study the CSR model of this particular company for its commendable work in the realm of sustainability, development and inclusive growth. For the present study researcher select Bharat Petroleum Corporation Limited for its commendable work in the area of CSR and their impacts on different sections of the society.

Keywords- CSR, CSR strategies, Bharat Petroleum Corporation Limited, CSR expenditure, Thrust areas, Impacts.

Introduction

The corporate social responsibility is that strategy of businesses that reflects an impact of business units on sustainable development. Sustainable development is a concept popularly conceived as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” – **BRUNDTLAND REPORT (1987)**. According to a considerable range of research evidence, not only does CSR benefit society, but it also offer a broad range of potential benefits to businesses that engage in meaningful CSR operations. (Amba & Rao 1993; Sen and Bhattacharya 2001; Lichtenstein et al. 2004; Fombrun 2005; Sen et al. 2006; Du et al. 2007; Uddin et al. 2008; Arevalo & Aravind 2011; Baumgartner 2014; Fatima R.2016).

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United Nations Industrial Development organization (UNIDO) defines CSR as “CSR is management concept where by companies integrate social & environmental concerns in their business operations & interactions with their stakeholders”. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental & social imperatives (Tripe-Bottom-line-Approach) while at the same time addressing the expectation of Shareholders & stakeholders.

In India, Prior to 2013, CSR was completely voluntary, but after the changes in the Companies Act 2013, which went into effect in 2014, the government made Corporate Social Responsibility (CSR) a mandate. Organizations or enterprises having a net worth more than 500 crores, a turnover more than 1000 crores, or a net profit more than 5 crores must spend 2% of their average annual income to CSR programs. Since then, companies have been deeply concerned about CSR and reporting in compliance with applicable laws. The entire objective of making CSR mandatory was that it would result in long-term, equal growth in all regions. Companies must develop a CSR Sustainability plan, establish a CSR committee, and disclose CSR actions in their financial statements and annual reports.

BPCL is indeed an Indian oil and gas company regulated by the government. Oil and Gas Ministry of the Indian government manage its operations and has its headquarter in Mumbai, Maharashtra. In Kochi and Mumbai, it runs two major refineries. India's 2nd largest oil company was rated 309th in the 2020 Fortune list of the largest companies worldwide.

BPCL was initiated as Rangoon Oil and Exploration Ltd., at the time of British rule. In 1976, the business was nationalized in accordance with the ESSO (1974), Burma Shell (1976) and Caltex Acts on the nationalization of foreign oil corporations (1977). The Indian government has acquired the Burma Shell on 24 January 1976 to create Bharat Refineries Limited. Bharat Petroleum Corporation Limited has been renamed on 1 August 1977. In 2017 Bharat Petroleum Limited (BPCL) was awarded the designation of Maharatna, which ranks it as one of India's biggest publicly held businesses with remarkably consistent earnings and a significant enterprise value.

Existing Literature review

The concept of corporate social responsibility has been in force for many decades. CSR was initially explored in the 1930s, when a Harvard Review Paper advocated in support of management's social responsibilities (Dodd 1932). Corporate social responsibility (CSR) retains a prominent position on the world economic platform in today's socially progressive society. It contributes to society through philanthropic business practices and corporate donations (Kotler and Lee, 2005; Ali Rehman et. al. 2010; Porter and Kramer, 2006). Despite a lot of disagreement in the literature on firms' socially responsible actions, experts are having a hard time identifying the core concept of corporate responsibility (Ilinitch et al. 1998; Werther & Chandler 2005; McWilliams et al. 2006; Barnett 2007; Jamali et al. 2009).

In 1979, Carroll produced the initial four-part CSR pyramid, which was followed by a graphical representation of the CSR pyramid in 1991. All of the levels of CSR indicated in Carroll's pyramid apply in Europe, but they have different meanings and are interrelated in a different way (Crane and Matten 2007). Marsden (2001) is of the opinion that "Corporate social responsibility (CSR) is associated with a company's basic conduct and its accountability for its complete influence on the society in which it operates. CSR is neither an afterthought nor a philanthropic gesture. A socially responsible firm is one that "runs a profitable business while considering all of its favorable and unfavorable ecological, societal, and economical repercussions on society."

Visser have examined the Carroll's pyramid in developing countries/continents, specifically in Africa and claimed that the sequence of the CSR levels differed from the original pyramid (Visser 2011).

According to numerous studies, corporate social responsibility (CSR) is a consequence of a company's behaviour toward the diverse stakeholders, including customers, sellers, legislators, employees, shareholders, and societies (Campbell, 2012). Corporate social responsibility (CSR) refers to a firm's voluntary multifaceted operations that include societal, political, environmental, economic, and ethical actions (Carroll, 1999; Lee et. al. 2013; Sen and Bhattacharya 2006; Shuili & Sen 2009).

Methodology

The current study employs a content analysis and exploratory research approach. A thorough review of the literature was conducted, with an emphasis on subject and basic problems. Secondary data is gathered in the form of quantitative data from a variety of sources, including books, academic research, journals, magazines, and websites. A case study technique was adopted to bring Bharat Petroleum Corporation Limited's CSR initiatives to spotlight.

Objectives

The following specific objectives are necessary or appropriate for the current paper:

1. To look at the current state of CSR spending and the company's CSR profile.
2. To understand how Bharat Petroleum Corporation Limited has fulfilled its responsibilities to all of its stakeholders, as well as the particular initiatives, programmes, and policies that have been developed, structured, and executed.

CSR Profile of the Company

BPCL CSR initiatives have collaborated in the pursuit of economic growth with several governmental departments, charitable groups and other implementation organizations. The Bharat Petroleum Social Responsibility Division registered during the previous year 90 lakhs of new LPG users under the state 'Pradhan Mantri Ujjwala Yojana' (PMUY). This takes to a total of two crores the amount of LPG connections through PMUY. The workers of the firm donate to the battle against COVID-19 Rs. 4.27 crores from their own wages. With the World's first, Seven Coach Healthcare Train, BPCL CSR just marked its presence on the global map.

The "Lifeline Express" medical center is equipped with operating theatres. It provides free medical care and is extremely attentive to People with disability (PwD). In the key domains of learning, skills acquisition, individual with disabilities, rainwater harvesting, cleanliness and wellness, BPCL Corporate Social Responsibility (CSR) operates. Responsible, synergistic effects collaborations (SDG 17) are important to initiatives in areas where it works to upgrade the most disadvantaged parts. A CSR Division and CSR Council are committed to the supervision and execution, and effect of plan, financing and openness in the employment of associates.

CSR Projects of the Company

Computer Assisted Learning (CAL) – CAL is BPCL's leading CSR project on digital proficiency to well-deserved school children. Since the inception of CAL, 1 lakh youngsters have been educated in Lucknow, Jaipur and Mumbai. In the wake of COVID-19, online learning became even more essential. It has got to the realization that youngsters are unable to complete their education without computer knowledge. Another element of CAL is the fact that the turnover rates for government-school children have been reduced, who are sometimes readily distracted by learning material.

Saksham- Saksham initiative is just another key project that seeks to inspire the heads and instructors of schools. Professors at government schools particularly require assistance because they cannot frequently improve existing knowledge and competencies. In cooperation with the Pratham Infotech Foundation, Saksham operated between 2012 and 2019. The goal was to make the whole campus a fundamental transformation by educating instructors to manage, who in most instances are honestly overburdened. In 305 govt, private and municipality schools, Saksham has developed over 700 leaders-teachers. 162 educators and headmasters were taught in Mumbai last year by Saksham.

BOOND -In 2010 the BPCL launched the BOOND project to transform water-scarce communities into water-positive locations. Over the course of the past 10 years, BOOND has taken water-positive steps to protect this valued natural capital including collecting and watering, and retaining water for 280 communities. This program has received “The Asian CSR Award” and “The SKOCH Silver Award”. Project BOOND has now become a CSR initiative driving Atmanirbhar Bharat Abhiyan.

Healthcare - The healthcare CSR activities are connected with SDG 3: Excellent health and overall wellness through quality oriented operations of the healthcare industry. The most essential pieces of CSR in the context of health coverage are affordable healthcare and rehabilitation, upgrading current health facilities and addressing cancer sufferers and PwDs who need it.

Development & training – The govt's initiative 'Skill India' has been emphasized by BPCL CSR. It is putting up additional skill development institutes (SDIs) to encourage young people in the direction of Atmanirbhar Bharat.

Bandicoot robotic scavenger- The practice of manual scavenging is among the most dangerous to man's life. Bandicoot robotic scavengers are innovative step in this regards where, Health workers are employed to use a robotic device for scavenging. BPCL collaborates with local municipal companies to supply a robotic manhole cleaner named Bandicoot to eliminate this practice of manual scavenging. BPCL CSR also develops healthcare personnel' ability so that they can use Bandicoot and maintain a healthy lifestyle independently.

Rural Development – The large rural developmental and infrastructural construction initiatives are supporting CSR activities from the BPCL. At first, needs evaluation study identifies the specific requirements of every remote region, including supplying drinkable water completely for free, creating new livelihoods for locals, putting up libraries for children and young adults to read at liberty, and centralized kitchen wherein meals is accessible for everybody.

Solid Waste Management- The self sustaining models for waste disposal which received the CSR Golden Peacock Prize in January 2019 are an additional prize-winning project. The dried debris will be recycled and the watered food scraps for decomposition will be stored away. They sell the "black gold" i.e. manure and also produce some additional money.

Sanitation Units—The Company has constructed 4,300 sanitation units in line with the Swachh Bharat Abhiyan and IEC “Information, Education and communication” for rural schools and communities, houses and small communities. In accordance with PwD, the company also instructed customized toilets for physically impaired individuals.

Butterfly Parks- The prevalence of butterflies signifies a sustainable ecology. Butterflies parks were what they seem like, a nurturing home for all these lovely animals. In order to preserve diversity, the firm established Butterfly Garden at their plants in Mumbai and Kochi. The juice for butterflies, honeybees and bugs is supplied by around 2,500 plant & trees.

Waste plastic road- The experts at CRDC (Corporate research and development centre) have invented a way of using plastic pollution in the construction of versatile flooring. Recyclables are processed using solvents and pulled into plates, which subsequently comprise the basis level of the surface.

Data Analysis and Interpretation

For the present study comparative data analysis has been done to study the actual status of CSR of Bharat Petroleum Corporation Limited. Percentage method and descriptive analysis has been done to understand the actual scenario of CSR expenditure and CSR thematic areas. Table 1 & 2 presents the CSR initiatives and their actual status.

Table-1- Actual and Prescribed CSR spend of Bharat Petroleum Corporation Limited from year 2014-15 to 2019-20

Name of company	Prescribed CSR Spend	Actual CSR Spend	% of Actual with Prescribed
2014-15	76.01	33.94	44.65
2015-16	112.6	95.58	84.88
2016-17	159.14	90.98	57.17
2017-18	183.33	166.02	90.56
2018-19	203.32	177.52	87.31
2019-20	198.98	345.57	173.67

(Source-Author compilation from Annual reports of the company from 2014-15 to 2019-20)

The Table no 1 is depicting the CSR actual and prescribed amount for the year 2014-15 to 2019-20. Company CSR spend is presented in comparison with prescribed CSR amount. It is evident from the table that company is spending rigorously on CSR on year on year basis. In the year 2019-20 company spent 345.57 crore on CSR projects which is 173.67% of the prescribed amount of 198.98 crore.

Table-2- Thematic areas of CSR of Bharat Petroleum Corporation Limited for the year 2014-15 to 2019-20
(Rupees values - in crore)

Year/ Focus Area	Health, Sanitation and poverty eradication	Education, Training and livelihood enhancement	Environment Sustainability	Development of Underprivileged section	PM cares fund and Donation	Promotion of Sports	National Heritage, art and culture	Rural Development and community development	Research and Development	Armed force veterans , war widow and dependents	others	Total
2014-15	8.1	10.33	3.3	0	0	0	0	12.06	0	0	0.15	33.94
2015-16	38.94	11.25	2.77	0	0	0	0	42.45	0	0	0.17	95.58
2016-17	0.38	10.18	0	0	0	0	0	66.88	0	0	13.54	90.98
2017-18	85.49	42.83	0.67	0	0	0	35	1.88	0	0	0.15	166.02
2018-19	59.1	91.42	6.07	7.04	12.12	0	0	1.77	0	0	0	177.52
2019-20	42.85	104.82	33.64	9.64	154.62	0	0	0	0	0	0	345.57
Total	234.86	270.83	46.45	16.68	166.74	0	35	125.04	0	0	14.01	909.61
Average	39.1433	45.1383	7.74167	2.78	27.79	0	5.8333	20.84	0	0	2.335	

(Source-Author compilation from Annual reports of the company from 2014-15 to 2019-20)

In the table-2, thrust areas of company's CSR are depicted with their total and average values are presented for the year 2014-15 to 2019-20, to understand the position of CSR initiatives of the company concerned. It is observed from the table that company is spending enormously on education, training & livelihood enhancement projects with average value of 44.13 and next area of company CSR is healthcare, sanitation & poverty eradication where average value is 39.14 and third thrust area is donation to PM Cares fund and other funds where average value is 27.79. After that company's CSR focus is on rural and community development where average value of CSR spending is 20.84. This way company is expanding its CSR budget in more thrust areas.

Conclusion

Corporate social responsibility is a catchphrase because corporate community is much more conscious about it. Each firm wishes to do everything to improve the social corner by investing some of its revenues on them. Various names have been given to CSR like corporate responsibility, corporate citizenship, corporate ethics, triple-bottom line, sustainable development and Corporate Governance etc.

Corporate social responsibility has evolved as a fundamental issue and a significant paradigm shift for corporate organizations. The evidence is growing that the CSR movement has achieved rising prevalence in the twenty-first century. While there have been major theoretical advances in the understanding of CSR, empirical study to comprehend the essence of this notion is still in its infancy. Every now and again, businesses strive to improve the deployment of CSR initiatives and policies. To summarize, Bharat Petroleum Corporation Limited consistently outperforms its peers in terms of corporate social responsibility. The company's CSR activities are making a significant contribution to the country's progress and expansion. This organization also focused on ensuring that the CSR funding was properly utilized each and every year.

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