

ISSN 2063-5346



## A VALIDITY OF CORPORATE SOCIAL RESPONSIBILITY IN TEXTILE INDUSTRY - A STUDY WITH REFERENCE TO CHENNAI DISTRICT

K.P. Indhuja<sup>1</sup>, Dr.M. Chandran<sup>2</sup>

---

Article History: Received: 19.04.2023

Revised: 02.05.2023

Accepted: 10.06.2023

---

### Abstract

*The study aims to make the organisation aware of CSR initiatives. Corporate social responsibility is a much-heard-about topic these days. People who deal with business should be aware of the obligations it has towards society and nature. Even though CSR is gaining importance these days, a lot of times people turn a blind eye towards it. They do so because of the additional cost it has to incur and also due to the fact that there are many loopholes available in the market to evade it. The primary data is collected from 100 employees of five popular manufacturing companies in Chennai through simple random sampling. A descriptive approach is taken in conducting the research. ANOVA test were used to analyse the data. There is no discernible connection between CSR initiatives and annual turnover. The rise in turnover may be caused by a number of different variables besides CSR initiatives. Particularly with connection to the textile sector, the study was carried out in the Chennai district. Out of all the manufacturing sectors available in the area, the textile industry was picked because it is one of India's most successful industries ever.*

**Keywords:** *Corporate Social Responsibility, Textile Industry, Manufacturing Industry, Chennai District.*

---

<sup>1</sup> Ph. D Research Scholar, Department of Commerce, Vels Institute of Science, Technology and Advanced Studies (VISTAS), Pallavaram, Chennai, Tamil Nadu, India.

<sup>2</sup> Head and Research Supervisor, Department of Commerce, Vels Institute of Science, Technology and Advanced Studies (VISTAS), Pallavaram, Chennai, Tamil Nadu, India.

<sup>1</sup> induprasad12@gmail.com, <https://orcid.org/0000-0001-8834-9941>

<sup>2</sup> drmckv@gmail.com, <https://orcid.org/0000-0001-8675-9947>

**DOI: 10.48047/ecb/2023.12.si12.053**

## 1. Introduction

The phrase "The term "corporate social responsibility" (CSR) refers to a company's obligations to society as a whole, the environment, and its stakeholders (Blowfield, 2005). It can act as a theory, a strategy for conducting research, a business plan, or even as an ideal (Bice, 2011). It is an open idea that has changed and evolved in response to evolving societal expectations and varying environmental conditions (Lee, 2008). The notion first surfaced in the 1950s as a means for a business to advance ideals of corporate philanthropy while simultaneously assisting society (Bowen, 1953). Then, in the 1960s, it expanded to include greater responsibility for businesses in terms of broader societal problems (such as the environment and human rights) as a result of social rights agendas and legislative change (Carroll and Shabana, 2010). The emphasis on accounting for and fulfilling stakeholder requirements in business practice during the 1990s and 2000s led to its eventual full adoption as a business discourse and managerial strategy (Bice, 2015; Lee, 2008). In the 2000s, it was believed that corporate social responsibility was the essential link between corporate strategy and environmental protection (Steurer et al., 2005). Companies that used CSR to comply with relevant international and industry requirements (for example, the United Nations Global Compact, the United Nations Development Goals, and International Financing Standards) were among them. Broad-based multinational corporations with significant public figures that understood the need to improve their reputation through CSR were most relevant for such a connection between local and global CSR. Additionally, this occurred at a time when social media was improving communication, firms were being scrutinised more, and expertise and information were being shared (Allen and Craig, 2016; McDonald, 2011). Additionally, this occurred at a time when social media was improving communication, firms were being scrutinised more, and expertise and information were being shared (McDonald, 2011); Allen and Craig, 2016)). In the last 10 years, as a result of the growth of serious global concerns like climate change, scholars have argued that CSR needs to transition from a discretionary or voluntary activity to an immediate

and integrated reaction, acknowledging the significant role and power of business (Allen and Craig, 2016). Thus, CSR today involves a diverse agenda that includes controlling regional effects, such as those on water and biodiversity, as well as assisting in the resolution of issues on a larger scale, such as national prosperity and global issues like climate change.

The goal of the paper is to help organizations recognise the value of CSR initiatives. Organizations are not always valued in terms of financial performance and product values. There are some additional parameters, such as the organization's welfare measures for society. It transforms the corporate enterprise into a social enterprise. CSR activities increase the brand's societal value.

It increases trust in the company and, in parallel, in the product. Many studies have found that customers are willing to pay more for the products of socially responsible companies. They like to be a part of the company. The young adult employees feel that they are part of the social activities. The company earns from society; hence, it has to do something for society. Hence, this study attempted to register the companies to undertake CSR activities, whether they directly impact turnover or not.

Chennai is a major metropolitan city where a lot of manufacturing industries are located. The support of the government and the people has allowed the industries to grow. The study was conducted in the Chennai district, especially in relation to the textile industry. The textile industry is one of the most booming sectors of all time in India, and hence it was chosen among all the manufacturing sectors available in the region. The study is not concentrated on the industries earning above Rs 5 crore profit as mandated by CSR, but all the companies registered under the Company's Act have a moral obligation to fulfil CSR.

The organised textile industry, traditional handlooms, handicrafts, and wool and silk products in India all contribute to the industry's increased diversification. According to statistics, the domestic textile and garment sector earned \$152 billion in 2021 and \$150.5 billion in 2019–2020. Its

performance has increased to nearly \$1.5. Hence, the textile industry is always a booming sector.

People's purchasing habits change from one year to the next. The number of purchases increased compared to previous years. People began to spend more money on their dresses. This attitude change might be due to the increase in economic conditions.

## 2. Review of Literature

1. **Rong-Jia SU Xiao-Wen JIE (2015)** The commercial and academic worlds are paying increasing attention to corporate social responsibility (CSR). Businesses should prioritise earnings while still meeting their societal responsibilities, since doing so may aid in their financial success. This study's objectives include a thorough classification of CSR definitions, a division of CSR components used in empirical research, and an analysis of CSR outcome studies based on both domestic and foreign literature. The limits of the present studies are acknowledged, and suggestions for future research subjects are made.
2. **Relaiza, H. R. S. M., et al., (2022)** The study's goal was to ascertain how CSR and financial control related to one another. In order to do this, references from various writers who have reviewed the state of the art were used to gain a thorough grasp of the topic. The study used a quantitative methodology, a cross-sectional, non-experimental a sample of 60 private educational institutions, and a design. Two trustworthy and valid instruments were used to collect the data; the financial control's reliability score was 0.821, while the CSR instrument's reliability score was 0.824. It was found that 96.7% of the promoters had excellent financial management and social responsibility towards the institutions they were in charge of. Additionally, a p-value of 0.000 and a Spearman's Rho of 0.769 were attained. Given that CSR and financial control are shown to be directly, significantly, and favorably related, it was decided that educational institutions should enhance their financial control while being

supervised by the Local Educational Management Unit.

3. **Yemokhya Fakay et al..., (2015)** Businesses are now considered as an integral element of society rather than just as economic entities. The idea of corporate social responsibility (CSR) primarily refers to businesses **making** a voluntary decision to make a positive impact on society and the environment. As consumers, the general public, and investors have come to demand it, an increasing number of businesses have begun to promote their brands through CSR initiatives during the past several years. The government also advises the business units to adopt a CSR framework and include it into their strategic planning and vision statements. If all firms embrace CSR activities for rural development, the country's overall development would benefit.
4. **Yazdani, W. et al., (2022)** Research on CSR in India has received a lot of attention. By identifying key writers and journals, hot-button issues, ongoing research directions, and present and emerging problems, this study seeks to outline the conceptual framework of required CSR research. A bibliometric study of 130 publications is carried out in obligatory CSR using the RStudio package and data extracted for 10 years, from the Scopus **database** (2012–2022). Over 85% of publications have been published in the previous five years, according to the major findings, and the first article was published in 2012. 33 articles were published in 2021; 34 articles, a new high, were published in 2022.
5. **Emel Ozdora Aksak et al., (2016)** The words "corporate social responsibility" and "reputation" are both included in the title and/or abstract of the publications reviewed in this study, which is a review of the literature. According to the findings of the conceptual analysis, the majority of research on CSR and reputation **concentrate** on practical applications rather than adding to the theoretical foundation. The authors suggest using institutional theory to advance

our knowledge of the connection between CSR and public image and to encourage the growth of public relations theory.

### 3. Research Gap

Several studies that have conducted CSR research have analysed and identified the research gap. The previous studies concentrated on various other industries, and the present study concentrates on the textile industry and the geographical location of the Chennai district. Industries worth up to Rs 5 crore are considered for analysis.

### 4. The Objective of the Study

The primary goal of the research

1. To find out the views of the textile industry on corporate social responsibility.
2. To find out the initiatives and obligations undertaken by the textile industry.
3. To analyse the relationship between CSR activities and the annual turnover of the company.

### 5. Materials and Methodology

The investigation is being conducted in a descriptive manner. The key sources for the study are primary and secondary data. The primary data is obtained from the employees of five popular manufacturing companies in Chennai through simple random sampling. A well-structured and well-designed questionnaire has been used to collect the samples. Respondents who are aware of corporate social responsibility comprise the target samples.

### 6. Analysis and Discussion

To analyse the relationship between CSR activities and the increase in turnover, an ANOVA test was applied.

ANOVA: For testing the significant relationship between CSR undertaken and turnover.

There is no significant relationship between CSR activities undertaken and turnover in a year.

H1: There is a significant relationship between CSR activities undertaken and turnover in a year.

CSR Undertaken	Net turnover	Mean	S. D	F-value	P-value
	Less than 5 crores	2.7143	.75593	1.386	.255

Charity and other social benefit programs	5-10 crore	2.1250	.78769		
	Above 10 crores	2.1081	1.10010		
	Total	2.1600	.91806		
Usage of natural dyes	Less than 5 crores	2.5714	.97590	.155	.856
	5-10 crore	2.3571	.92301		
	Above 10 crores	2.3784	1.00971		
	Total	2.3800	.95113		
Treating wastes before discharging	Less than 5 crores	2.5714	1.27242	.975	.381
	5-10 crore	2.7321	1.01786		
	Above 10 crores	3.0000	1.00000		
	Total	2.8200	1.02868		

Source: Primary Data (2022)

The table above presents the results of a one-way ANOVA analysis conducted to examine the relationship between CSR undertakings (specifically, Charity and other social benefit programs, Usage of natural dyes, and Treating wastes before discharging) and net turnover in different categories (Less than 5 crores, 5-10 crores, and Above 10 crores). The F-value for each CSR undertaking represents the significance of the difference in means among the net turnover categories. The p-value indicates the level of statistical significance. Based on the F-values and p-values, there is no significant difference in net turnover among the different net turnover categories for each CSR undertaking. The p-values for all the F-tests are greater than the typical alpha level of .05 (e.g., .255, .856, .381), indicating that the differences observed in net turnover among the categories are not statistically significant. In summary, the analysis suggests that there is no significant relationship between the CSR undertakings (Charity and other social benefit programs, Usage of natural dyes, and Treating wastes before discharging) and net turnover in different categories (Less than 5 crores, 5-10 crores, and Above 10 crores) based on the provided data.

### 7. Conclusion

A company has a moral obligation to society, whether it is manufacturing or trading. Because the business survives due to society It has a moral obligation to society because it pays societal dues. It uses the resources of society for its day-to-day activities. It has an obligation to fulfil, whether mandatorily imposed by the government or not. CSR activities should not violate the rules imposed by the law or government. Whether the companies are large or small, they should possess the morality to do some

service to society. The employees of the organisation will feel that they are all recognized by the management.

According to the findings of the study, there is no significant relationship between CSR activities and annual turnover. Aside from CSR activities, the increase in turnover could be due to a variety of other factors. But in the long run, the company will earn a good brand name and have a good place in the minds of society due to its welfare activities.

In the future, studies can be conducted by adding more CSR variables like educational services, employability training, and so on.

Every study has limitations, and this was no exception. Finding the industries located in Chennai was much easier than expected. But getting people involved was a task. The people were initially quite reluctant to talk. It was due to a lack of patience and research inhibition.

## Reference

- [1] Rong-Jia S U., Xiao-Wen Jie (2015), International Conference on Management Engineering and Management Innovation (ICMEMI 2015).
- [2] Relaiza, H. R. S. M., Núñez, L. A. L., Temple, M. M. S., Miranda, P. S. Y., & Bellido, I. E. A. (2022). Corporate Social Responsibility and Financial Control. *International Journal of Professional Business Review*, 8(1), e936.
- [3] Yemokhya Fakay et al..., Corporate Social Responsibility: A Review of Literature, 4(2), 2015.
- [4] Yazdani, W., Ansari, M. S., & Sami, L. (2022). A Bibliometric Analysis of Mandatory Corporate Social Responsibility using RStudio: Based on Scopus Database. *International Journal of Professional Business Review*, 7(6).
- [5] Emel Ozdora Aksak et al., (2016) Corporate social responsibility and CSR fit as predictors of corporate reputation: A global perspective, 42(1), 2016, 79-81.