



## Motivations behind Corporate Social Responsibility - a case study of Bharat Heavy Electricals Limited (BHEL), India

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**Abstract:** The term Corporate Social Responsibility (CSR) has gained momentum recently. Many researchers throughout the world have been engaged in doing research upon CSR activities. The present study is aimed at studying the CSR initiatives undertaken by one of the leading Indian firms Bharat Heavy Electricals Limited (BHEL), India, in order to investigate motivations behind a company's practiced CSR activities.

**Keywords:** CSR (Corporate Social Responsibility), motivations, BHEL.

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### I. Introduction:

We all know it well that during the recent years, Corporate Social Responsibility (CSR) issues, have gained worldwide attention. CSR and its motivations have been researched both practically and in an academic manner for a long time. In order to contribute to this field of study, a case study of BHEL was conducted to investigate motivation behind CSR activities in the company. The author selected the company as of its high commitment towards CSR activities and access to firsthand data.

**Background:** Corporate social responsibility (CSR) has become a growing trend in the recent years. Many incidents such as Nike's forced child labors and other violating human right incidents in Southeast Asian factories in 1990s (DeTienne and Lewis, 2005)<sup>1</sup>, encouraged the world to think of social problems or other ethical issues and increased the need for CSR. Once society realizes these facts, the importance of CSR fastly spreads out in the business world. The big question is: What is corporate social responsibility? The notion of CSR has been studied for a long time. Carroll (1999)<sup>2</sup> states that it first began being formally discussed in the 1950s, and experienced a significant growth of its concept both academically and practically in the 60s and the 70s as people began to aware of the social power. In the long-term history, CSR has been defined in various ways and, however, there is no one single definition of CSR that everyone is unanimous for. It is now, for example, defined as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society as large" (World Business Council for Sustainable Development, 2000, p8)<sup>3</sup>, and as "an integral component of the operations of a company whereby it voluntarily contributes to society" (Kanji and Chopra, 2010, p120)<sup>4</sup>. Not only its definition but also the area of CSR is viewed and examined from multiple

<sup>1</sup> DeTienne, K, and Lewis, L, 2005. The Pragmatic and Ethical Barriers to Corporate Social Responsibility Disclosure: The Nike Case, Journal of Business Ethics, 60, 4, pp. 359-376

<sup>2</sup> Carroll, Archie B, 1999. Corporate Social Responsibility: Evolution of a Definitional Construct, Business & Society, 38 (3), pp268-295

<sup>3</sup> World Business Council for Sustainable Development, 2000. Corporate Social Responsibility: Making Good Business Sense. World Business Council for Sustainable Development: Geneva

<sup>4</sup> Kanji, G, and Chopra, P, 2010. Corporate social responsibility in a global economy, Total Quality Management & Business Excellence, 21, 2, pp. 119-143

perspectives. Dahlsrud (2006)<sup>5</sup> found the five most commonly used dimensions in CSR definitions; stakeholder, social, economic, voluntariness and environmental, through examining a number of existing CSRs. Within these dimensions, a company has a wide range of CSR activities to take. Philanthropic charity, responding to social disclosure, concerning environmental issues, workforce diversity, healthy finance and involvement in local community are given as typical examples (Brønn and Vrioni, 2001)<sup>6</sup>.

**Problem discussion:** A company cannot implement CSR activities for nothing. It consumes time and vital resources such as human and capital resources. To practice CSR is costly and does not generate immediate profit for a company (Hopkins, 2006)<sup>7</sup>. However, now numerous companies are committed to CSR in the world even though it charges them additional costs. Many studies related to motivations behind CSR activities have also been done since the 1980s until 21st century. Some researchers suggest it is because a company believes that CSR will result in profitability in a long-term perspective and pays off the additional costs. Others argue that it is primarily for stakeholders. Due to the scandals caused by big global companies, there is growing attention among stakeholder groups towards a company's behaviors. According to Samuel and Papasolomou (2007)<sup>8</sup>, the main reasons are to appease pressure groups or to indicate their responsibility towards the society to their stakeholders. However they are not the only factor, which drives a company to be engaged in CSR. Graafland and van de Ven (2006)<sup>9</sup> argues moral is the factor which stimulates a company to do so. "Social responsibility" in CSR propounds that businesses are inspired by not only self-interest of the company but also by the public interest. The results of CSR are everyone benefits, the company is having a better brand image and the related community is more materialized. The fact that is often discussed is that sufficient studies for consistent and convincing results have not done yet in this field. Furthermore, most of the studies related to CSR had investigated companies in US or central Europe such as UK, and little is known about other countries such as India. Therefore the case study of an Indian company such as BHEL, is desired in order to fill in a gap and for progress in this field of study. In this study the author has tried to explore BHEL, India, as a case company. The reasons of choosing BHEL are their high interest in CSR activities and accessibility. This study aims to investigate motivations behind CSR and CSR practices of BHEL. BHEL shows their great interest in it through their independent CSR reports and diverse activities listed on their website. BHEL practices CSR activities in diverse ways, by which their higher interest and commitment in being socially responsible can be well observed. The author believes that BHEL's high commitment to CSR activities allows deepening and enriching understandings of the topic. The other criterion is accessibility. BHEL headquarters in New Delhi are pretty accessible to the researcher. It helped the author easily conduct the interview, and an access to first hand data is secured.

**Purpose:** The aim of this study is to investigate the motivations behind BHEL's CSR activities and to study various CSR activities of BHEL.

**Research questions:**

What motivates BHEL to practice CSR activities?

What kinds of activities are undertaken by BHEL as a part of their CSR initiative?

**Methodology:** In this study, the author examined existing theories and collected data, in order to investigate motivations behind BHEL's CSR. Primary and secondary data were collected to ensure the quality of the study. The empirical materials were collected from the publications of BHEL as well as information was collected from senior officials of BHEL through interviews. A face-to-face interview with a senior executive at BHEL, India's New Delhi office was conducted in order to gain primary data.

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<sup>5</sup> Dahlsrud, Alexander, 2006. How Corporate Social Responsibility is Defined: an Analysis of 37 Definitions, *Corporate Social Responsibility and Environmental Management*, 15, 1- 13

<sup>6</sup> Brønn, P, and Vrioni, A, 2001. Corporate social responsibility and cause-related marketing: an overview, *International Journal of Advertising*, 20, 2, pp. 207-222

<sup>7</sup> Hopkins, M, 2006. What is Corporate Social Responsibility all About?, *Journal of Public Affairs*, 6, 3/4, pp. 298-306

<sup>8</sup> Samuel O., Idowu, and Papasolomou, Ioanna, 2007. Are the corporate social responsibility matters based on good intentions or false pretences? An empirical study of the motivations behind the issuing of CSR reports by UK companies. *Corporate Governance: The International Journal of Effective Board Performance*, 7, 2, pp136-147

<sup>9</sup> Graafland, J, and van de Ven, B, 2006. Strategic and Moral Motivation for Corporate Social Responsibility, *Journal of Corporate Citizenship*, 22, pp. 111-123

**Limitations of the study:** CSR activities generally build upon the interactive relationship between a company and their stakeholders such as customers, employees, shareholders and society. In this study, however, CSR motivation will be investigated only from the company's perspective, since the relationship or CSR motivations from stakeholders' perspective are both broad research areas to investigate with in limited time and resources.

**About BHEL:**

BHEL is an integrated power plant equipment manufacturer and one of the largest engineering and manufacturing company of its kind in India engaged in the design, engineering, manufacturing, construction, testing, commissioning and servicing of a wide range of products and services for core sectors of the economy, viz. Power, Transmission, Industry, Transportation (Railways), Renewable Energy, Oil & Gas, Water and Defense with over 180 products offerings to meet the needs of these sectors. BHEL has been the bedrock of India's Heavy Electrical Equipment industry since its incorporation in 1964.

**BHEL's CSR:**

BHEL's Mission Statement on CSR is "Be a Committed Corporate Citizen, alive towards its Corporate Social Responsibility".

BHEL's contributions towards Corporate Social Responsibility till date include adoption of villages, organizing free medical camps/supporting charitable dispensaries, schools for the underprivileged and handicapped children, providing aid during disasters/natural calamities, providing employment to handicapped and Ex-serviceman, rainwater harvesting, plantation of millions of trees, energy saving and conservation of natural resources through environmental management. BHEL have identified eight key thrust areas under which the CSR activities are carried out at. BHEL believes that every business enterprise must take responsibility and be accountable for the social and environmental effects it has in its surroundings.

**BHEL CSR Policy Statement:**

BHEL, a global engineering enterprise providing solutions for a better tomorrow, is committed towards holistic welfare of the society by undertaking CSR activities within the ambit of Schedule-VII of the Companies Act, 2013, as amended from time to time. However, thrust areas for CSR activities are:

- **Inclusive India :** Mitigation of hunger and poverty through livelihood promotion/ augmenting income generation, Imparting vocational Skills;
- **Healthy India :** Promoting health care including preventive health care and sports;
- **Clean India :** Sanitation and making available Safe Drinking Water, Cleaning and preserving the Rivers, Clean surroundings; toilets in schools specially for girls;
- **Educated India :** Promoting education with thrust on informal education to reduce dropouts at primary school level, value education, digital education;
- **Responsible India :** Women Empowerment, Setting up old age homes, day care centre and such other facilities for senior citizens, Rural Development Projects and Slum Development Projects;
- **Green India :** Ensuring environmental sustainability with emphasis on projects based on Solar Energy;
- **Heritage India :** Protection of national heritage, art and culture;

In the above thrust areas priority is to be given to under privileged, neglected and weaker sections of the society. The company gives preference to the local areas for spending at least 75 % of the amount earmarked for CSR activities. The remaining amount is utilized beyond local areas. However, contribution made to the Central Government Schemes, where defining the area as well as the scope is not possible for the company is excluded while arriving 75:25 ratio.

**BHEL's ongoing CSR projects:**

S.No.	Project Name	BHEL's Thrust Area	State	District	Implementing Agency/NGO	BHEL's Unit Overseeing the Project	Budget Allocated(In Rs. Lakh)
1	Providing Free Anti Hemophilic Factor (AHF) to Persons & Children with Hemophilia (P&Cwh)	Healthy India	Pan India	Pan India	NGO- Hemophilia Federation India	Corporate Office, New Delhi	78.2

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	across India						
2	Providing financial support for running 3 Mobile Health care Unit in Noida, Bikaner, Satpura	Healthy India	Uttar Pradesh, Rajasthan, Madhya Pradesh	Gautam Budhh Nagar, Bikaner, Satpura	NGO-HelpAge India	Corporate Office, New Delhi & HEP, Bhopal.	85.4
3	Installation of Heritage Street Lighting system in Varanasi.	Inclusive India	Uttar Pradesh	Varanasi	Municipal Commissioner Varanasi	HERP, Varanasi	100.00
4	Motivating Agrarian communities of Kandhamal (Odisha) for their economic transformation	Inclusive India	Odisha	Kandhamal	NGO-PRADAN, NOIDA	HPVP, Vishakhapatnam	131.90
5	Providing medical assistance for 200 children suffering from Cancer across India	Healthy India	Pan India	Pan India	NGO-Cankids Kidscan	PSNR, NOIDA	95.26
6	Setting up 36 Open Gyms in Suryapet, Telangana	Healthy India	Telangana	Suryapet	District Collector, Suryapet	PSSR, Chennai	360.00
7	Construction of Tin shed & Chowki at Govt. Sr. Sec., School, Janglu	Healthy India	Rajasthan	Bikaner	BDO, Panchu	ROD-Jaipur	18.90
8	Cleft surgery of Cleft patients in Haridwar through NGO- "MISSION SMILE"	Healthy India	Uttarakhand	Haridwar	NGO-Mission Smile	HEEP, Haridwar	56.00
9	Installation of Pyrolator Unit for solid waste management at Tiruvallur, Tamil Nadu	Clean & Green India	Tamil Nadu	Tiruvallur	District Collector, Tiruvallur	PSSR, Chennai	75.00
10	Construction of Boys & Girls Hostel buildings at Govt. Polytechnic, Nizamad, Telangana	Responsible India	Telangana	Nizamabad	Dist. Panchayat Raj Engineer, PIU, Nizamabad	PSSR, Chennai	300.00
11	Construction of Sarai building at Dr. RPGMC, Kangra at Tanda, H.P.	Healthy India	Himachal Pradesh	Tanda	PWD, HP and HSCC	PSNR, NOIDA	200.00
12	Installation of 25 sets of Community Bio-digester Toilets Cluster alongwith drinking water facility	Clean India	Uttarakhand	Haridwar	FICCI and DRDO	HEEP, Haridwar	565.00
13	Construction, operation and maintenance of Sulabh Toilet Complex at 12 Places in Varanasi and Chandauli	Healthy India	Uttar Pradesh	Varanasi, Chandauli	Sulabh International, Lucknow	HERP, Varanasi	315.00
14	Procurement of Medical Equipment for the Health Clinic in Village Sangail, District Nuh	Healthy India	Haryana	Nuh	Bisnouli Sarvodaya Gramodyog Sewa Sansthan (BSGSS), Haryana	PSNR, NOIDA	13.10

(Source: <https://www.bhel.com/our-projects>)

## II. Findings and conclusion:

On the basis of the interview and the secondary data gathered, it was found that, "Be a Committed Corporate Citizen, alive towards its Corporate Social Responsibility" is the motto of BHEL. The company's contributions towards Corporate Social Responsibility till date include adoption of villages, organizing free medical camps/supporting charitable dispensaries, schools for the underprivileged and handicapped children, providing aid during disasters/natural calamities, providing employment to handicapped and Ex-serviceman,

rainwater harvesting, plantation of millions of trees, energy saving and conservation of natural resources through environmental management. They aim at providing solutions for a better tomorrow, and are committed towards holistic welfare of the society by undertaking CSR activities. The thrust areas for CSR activities of BHEL are, Inclusive India, Healthy India, Clean India, Educated India, Responsible India, Green India and Heritage India.

On the basis of the interview it can be said that the first motivation is value-driven, which means that BHEL contributes CSR to express their corporate values. This motive can be observed in their various activities. During the interview, the interviewee mentioned that top officials decide a main stream and points out the direction of BHEL's CSR activities. That means their personal values are somewhat reflected to CSR. However, at the operational level, it indeed relies on employees at each department to decide which activity actually to take.

Therefore, it can be said that to some extent employees' value has also influence on BHEL's CSR. Furthermore, while examining the official publications, it was found that BHEL's CSR activities are corresponding to each provision of their Policy Statement. According to the interviewee, it is BHEL's philosophy penetrating throughout the company, and all employees are supposed to act in accordance with it when they make a decision. It is clear that their Policy Statement as a core value affect decision-making regarding CSR. The interviewee also mentioned that CSR also has a role to play in developing their business, which means that it also aims to economical development. The researcher therefore must mention it here that it is not sufficient to support the idea of values-driven to be their precise and original reason to practice CSR activities. It can also be concluded that BHEL emphasizes the importance of several key stakeholders: environment, supplier, workplace, society, consumer and customer. The interviewee also certified that during the interview. This study identifies that the company strongly pays attentions to their stakeholders. Also their great interest in creating a good workplace condition can be seen through various activities to increase employees' loyalty and efficiency. Lastly, it can be stated that BHEL believes that it will generate a good business chance through their commitment to CSR activities.

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