

Integrating CSR and Stakeholders towards Sustainable Corporate citizenship: A case of IOCL

***Prof.Meghana Patil**

****Prof.Charu Upadhyaya**

According to the Indian Corporate, —Sustainable development implies optimizing financial position while not depleting social and environmental aspects and CSR implies supporting issues related to children, women and environment. It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large

Today businesses are very well connected to society and have become integral part of community. Corporate sectors have played the key role in socio economic development of the country. There are many examples the corporate are serving unserved governmental functions and addressing the issues like education, environment health and livelihood through their CSR activities

As per United Nations and European Commission ,CSR leads to triple bottom line ,protection of environment and fight for justice and according to the Indian corporates sustainable development implies the optimizing financial position while not depleting social ,environmental aspects.

The term CSR came into existence in 1953 with the publication of Bowen’s book “social responsibilities of businessmen “in this concept the emphasis is given on the social consciousness of business

After financial crises there is growing concern from the public to be socially responsible by the business and demanded changes in business, which will have a focus towards social responsibility. In 1970 s two other terms have used corporate social responsiveness and corporate social performance. In the first approach the CSR is linked with strategic management and in the second attempt to offer the managerial framework to deal with CSR .

In 1980 the stakeholders concept is coined .It was later found that the CSR and the concept of the stakeholder complimentary to each other .In 1963 Freeman defined it as the individual or group who can affect or get affected by the achievement of the organization’s objectives .

In 1990, the term came into picture called as Corporate citizenship the term is used to build a relationship between the business activity and its social accountability and services for the mutual benefit.

The definition of CC is not clear in the literature. The research paper Matten and Colleagues (40) identified that there are three visions underlined the label

1. Limited view relates it with philanthropy
2. The equivalent view relates it with CSR
3. The extended view equates it with reconceptualization of business and society relationship

The main criticism of CSR applies to CC also that is ambiguity of concept but some practitioners regard it more positive than CSR (36) .The CC advocates also believed that it overcomes the difficulties of operationalisation and implementation that are found in CSR. It serves to integrate CSR and stakeholders management within a corporate social performance framework. In this

concept treat the corporate as a citizen and expect to share duties of being Responsible citizen .But since these rights and duties are not like individual citizen some of them argue and treat it as fictional term (42)

Yet ,the CC highlights the firm as “Public Powerful Actors “ which are responsible to respect the rights of real citizen which will eventually take over the unserved governmental functions

But once again it is difficult to find any evidences supporting to change in the corporate behaviour because of this new theoretical concept. It also creates a confusion between NGO ,CSO and BINGOS on the ground that they are also citizen companies and attempt to take a part in regulation

According to Ritzer while stating the risk of this approach says that “the corporates are not citizen but the legal entities entitled to carry out profit making activities as they fulfil the social obligations . corporate rights are not contractual agreement with the society that can be taken away if the corporates do not behave responsibly

Finally some scholars defined it as “Understanding and managing company’s wider influences on the society for the benefit of the company and the society for the benefit of the company and the society as a whole.this made the concept as virtue of necessity and then this necessity turned into strategic advantage .thus this concept has not been rejected by two reasons first , it already encapsulated the requirements of CSR and second, in 1990 ‘s manager have already understood the importance of social embeddedness.

The difference between CSR and CC has four aspects

CSR	CC
Economic responsibility	To be profitable
Legal responsibility	Respect laws
Ethical responsibility	Do what is right
Philanthropic responsibility	Contribute to various kinds of social ,educational, recreational and cultural purpose

The figure below is a proposed model for the case which demonstrate the collaboration of CSR with Stake holders which lead towards the sustainability and hence corporate citizenship.

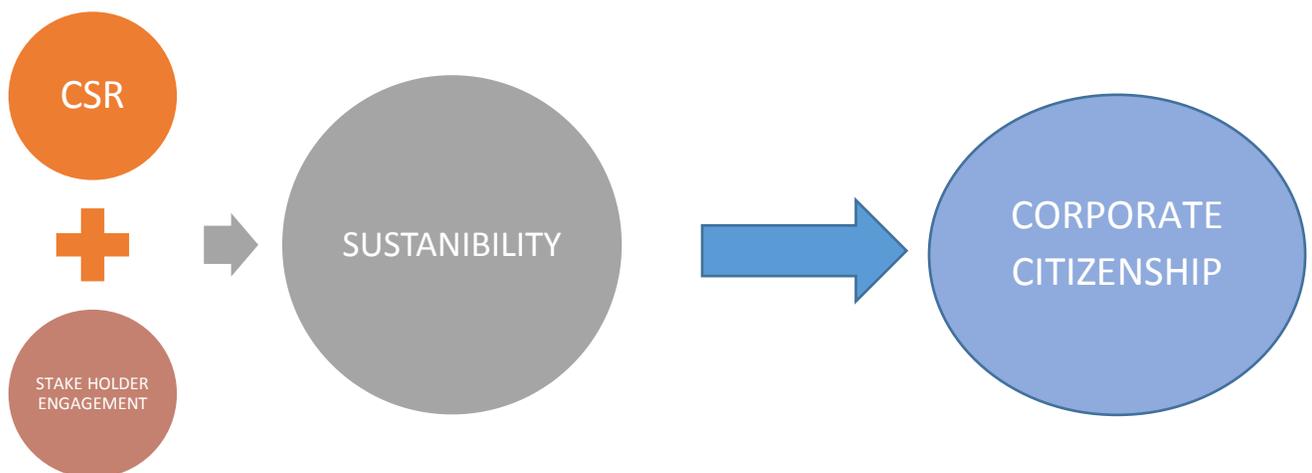
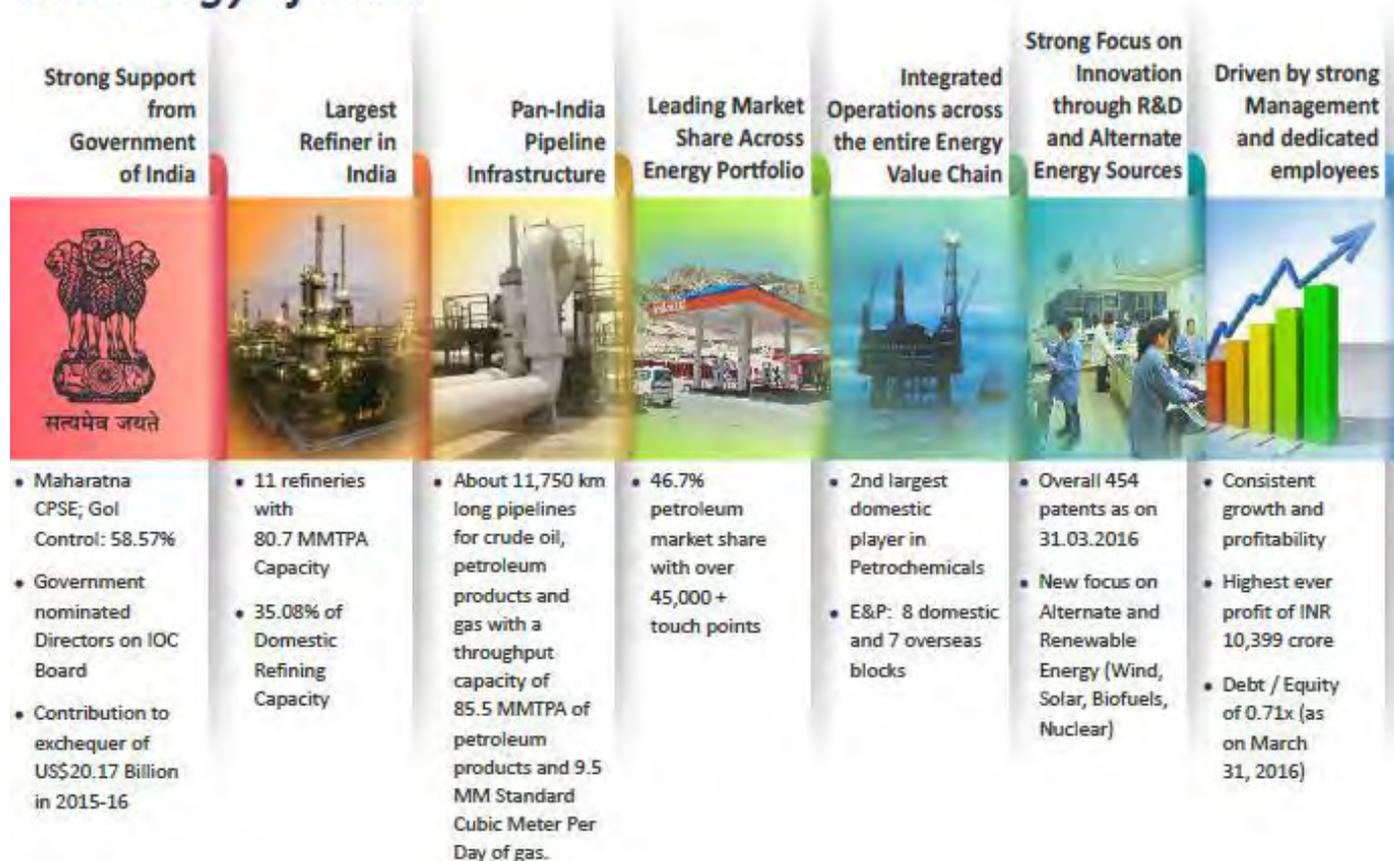


Figure1: Proposed framework for corporate citizenship

Case of Indian Oil

Indian Oil is the country's largest commercial enterprise, with a sales turnover of INR 3,99,601 crore (US\$ 61 billion) and profit after tax of INR 10,399 crore (US\$ 1,589 million) for the financial st year 2015-16. Indian Oil is ranked 161 among the world's largest corporates and first among Indian enterprises in the prestigious Fortune 'Global 500' listing for the year 2016. Renewing its commitment to the Corporate Vision of being 'The Energy of India,' Indian Oil maintained its sustained growth and market leadership in 2015-16.

The Energy of India



Indian Oil's Sustainability & CSR vision is to operate its activities in providing energy solutions to its customers in a manner that is efficient, safe & ethical, which minimizes negative impact on environment and enhances quality of life of the community, towards sustaining a holistic business. For IOCL two performance factors i.e. Environmental and Social are leading towards deployment of effective CSR. Following figure shows the CSR framework for Indian Oil.



Figure2: Model framework for CSR

Indian Oil is committed to minimize and mitigate the environmental impacts wherever it operates, and ensure responsible utilization of natural resources. As per Global Risks Report 2016 by World Economic Forum, the risk of the failure of climate change mitigation and adaptation is perceived as the most impactful risk for the years to come, followed by weapons of mass destruction and water crises. With due concern towards environment, Indian Oil is committed to address the risk posed by climate change through various mitigation and adaptation measures. Some of the initiatives are energy efficiency, energy conservation, renewable energy generation, waste & water management, rainwater harvesting, tree plantation, etc.

Key areas of IOCL environmental initiatives towards sustainability:



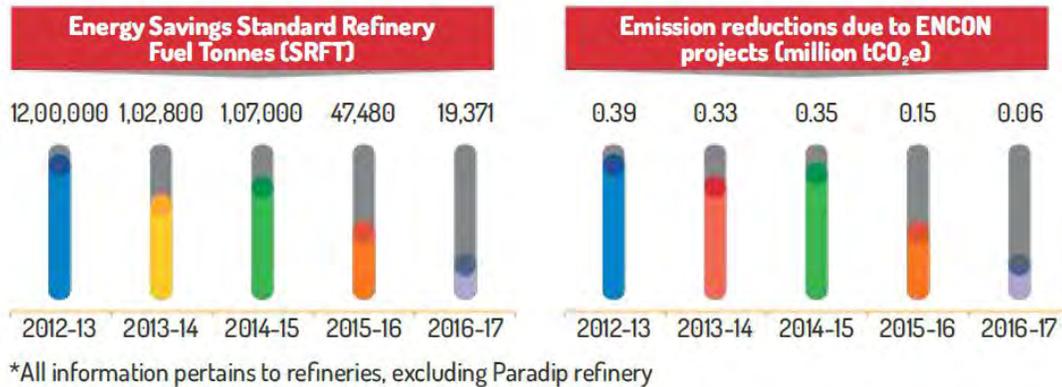
Figure:3 Impact of Environment

MATERIAL

As a responsible corporate, IndianOil utilizes the resources responsibly. It is their endeavor to reduce the impact on natural resources, make imported; nevertheless, make efforts to reduce the imports. IOCL is promoting indigenization of raw materials imported at their Petrochemicals plants. Further, the raw materials consumed across the value chain are monitored to track the total consumption, cost and material efficiency. Continuous efforts to reduce the material consumption by ensuring resource efficiency and increase the utilization of recycled materials. For Indian Oil, significant quantity of our raw materials is imported; nevertheless, we are making efforts to reduce the imports. They are promoting indigenization of raw materials imported at their Petrochemicals Plants. Further, the raw materials consumed across the value chain are monitored to track the total Consumption, cost and material efficiency.

ENERGY

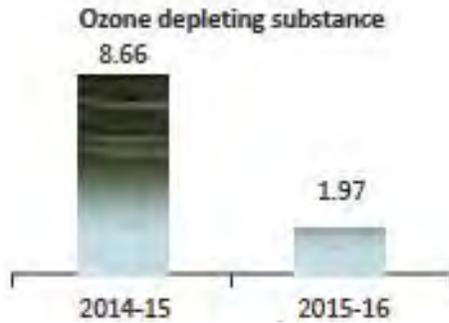
IndianOil has Bureau of Energy Efficiency (BEE) certified energy auditors across all the refineries, who also identify and implement energy efficiency measures. The energy conservation schemes implemented across the refineries resulted in an estimated fuel savings of 19,371 MT Standard Refinery Fuel (SRF), valued at about Rs.41.28 Crore during the year. In addition to various energy conservation initiatives, IndianOil has continuous focus on increasing the share of renewable energy sources in the total energy consumption.



Source: IOCL sustainability report 2016-17

Air and Noise Pollution

The company has taken various measures which resulted in reduction of emission of substance which deplete ozone.



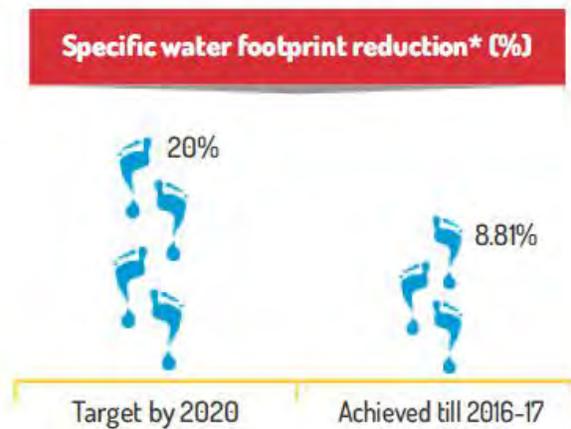
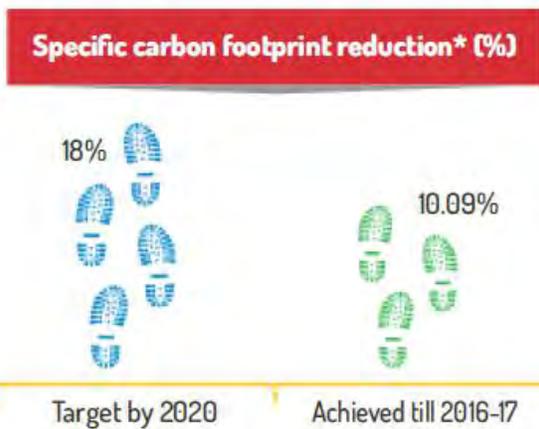
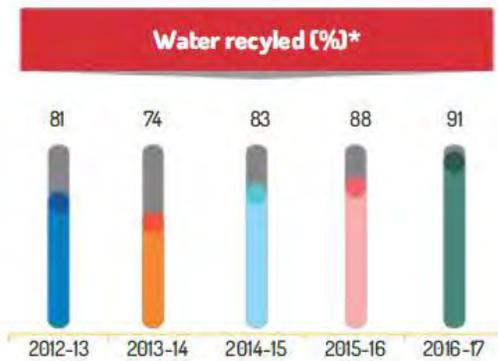
Noise pollution control

Our refineries have adopted following measures to control noise all source:

- Regular Maintenance of Machines
- Use of low Noise Machines
- Suitably Designed Enclosure for Both Source and Receiver
- Use of Sound Absorbing Material/devices

Water Pollution

India accounts for 4% of global fresh water resources despite being home to 18% of world population. IndianOil is continuously optimising water consumption in its operations through various water efficiency measures. refineries (excluding Paradip refinery) have achieved a reduction of specific water consumption by 4.6% as compared to previous year and 8.81% as compared to 2012-13 level. During the year, the total quantity of water recycled in the refineries (excluding Paradip refinery) was 37.2 million m³ i.e., 90.65% of total waste water generated.



Source: IOCL sustainability report 2016-17

Waste Management

Indian Oil strives to reduce the amount of waste generated during its operations and reuse/recycle the waste wherever possible. Oily sludge, slop, spent catalyst and ETP sludge are the major wastes generated at the installations. Indian Oil ensures safe disposal of the wastes as per CPCB and SPCB norms.

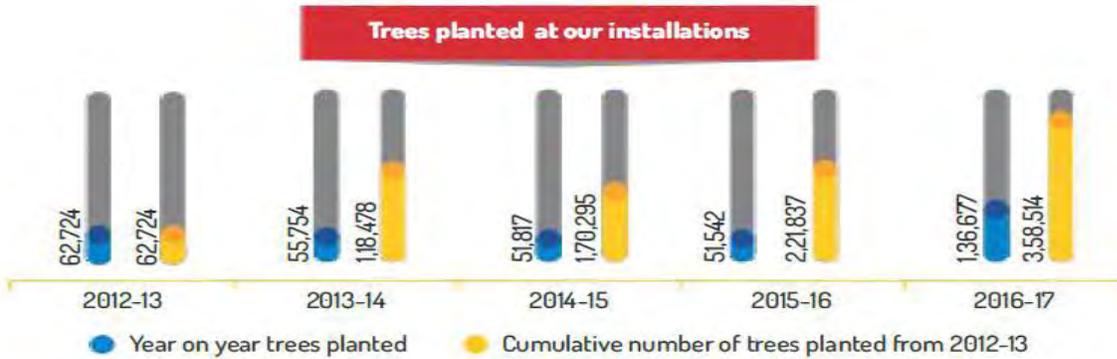
Hazardous Wastes		
Type of waste	Quantity of waste disposed (tonnes)	Disposal method
Spent Catalyst	5,923	Through e-auction, Co-Processing in cement plant, Secured Land fill disposal, through CPCB approved Recycler
Oil Sludge	19,243	Re-processing in Delayed Coker Unit and Processing at centrifuge, Bio-remediation
Oil Slop	2,84,874	Processed in Cokers/AVUs, Reprocessed along with crude oil, Blending with Visbreaker feed, Reprocessing in DCU
ETP sludge	9,958	Bioremediation, land filling, Processed in DCU & Processed in Confined Bio-reactor, disposed through CPCB approved third party agency
Bio-medical waste	10.08	Disposed through CPCB approved third party agency

Environmental Protection Expenditure

Particulars	Amount spent (Crore)
Treatment and disposal cost of waste	17.68
Expenditure on treatment of effluent / air pollution control, etc.	34.52
Expenditure on environmental monitoring - stack & ambient monitoring; effluent	15.16
Expenditure for consent / authorization/ Environmental Clearance, etc.	3.34
Other environmental cost (like external services)	7.77

Bio Diversity

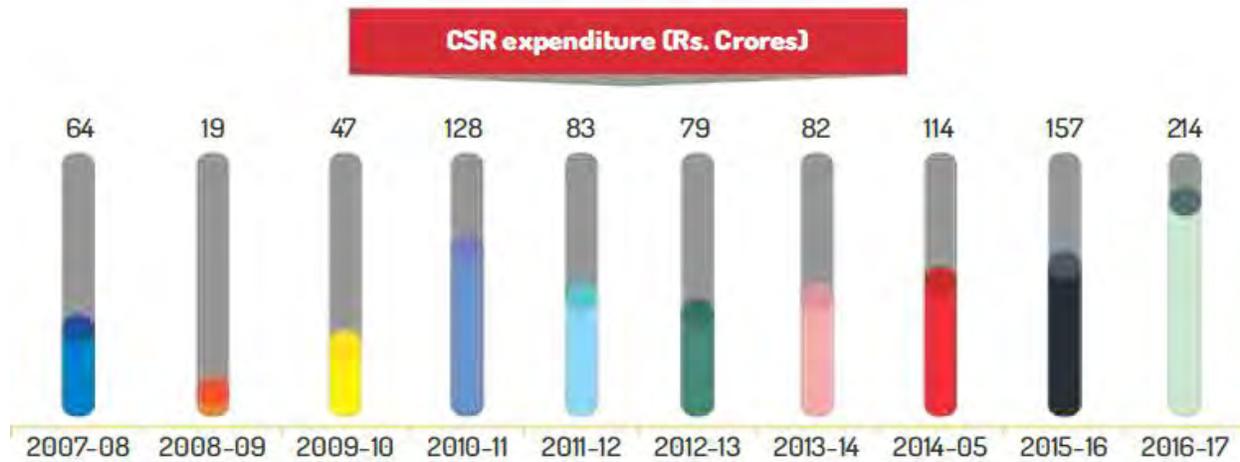
Indian Oil recognizes biodiversity as a key component of environment pillar of ESG framework. Conservation of biodiversity is seen as a crucial element for wellbeing of whole society and maintaining ecological balance. We are undertaking continuous tree plantation at our green belt areas. The saplings chosen are of native species. During the year, we have planted around 1, 36,000 trees.



Source: IOCL sustainability report 2016-17

Social Performance

In our commitment to promote socially inclusive growth, we focus on various social welfare initiatives such as safe drinking water, healthcare & sanitation, education & employment enhancing vocational skills, empowering women & socially/economically backward groups, environment sustainability, protection of national heritage and promotion of art & culture, rural development, etc. We also ensure that all of our focus areas are in line with the Schedule VII under the New Companies Act 2013 and Corporate Social Responsibility Rules, 2014. During the year, we have spent around Rs. 214 Crore from our CSR fund



Source: IOCL sustainability report 2016-17

Key CSR activities in 2016-17:

**Pioneering &
Innovative
Initiatives in J&K**

- IndianOil has set up India's Highest Altitude Medical Facilitation Centre (at an altitude of 18,380 feet) at Khardungla, Leh, J & K. The centre intends to treat people suffering from High Altitude Sickness and travellers, who get stranded at the peak at the time of heavy snowfall.
- IndianOil constructed 23 unique zero-energy based Vegetable Cellars, for storing vegetables during harsh winter in Nang Village, which would significantly improve livelihood of farmers.

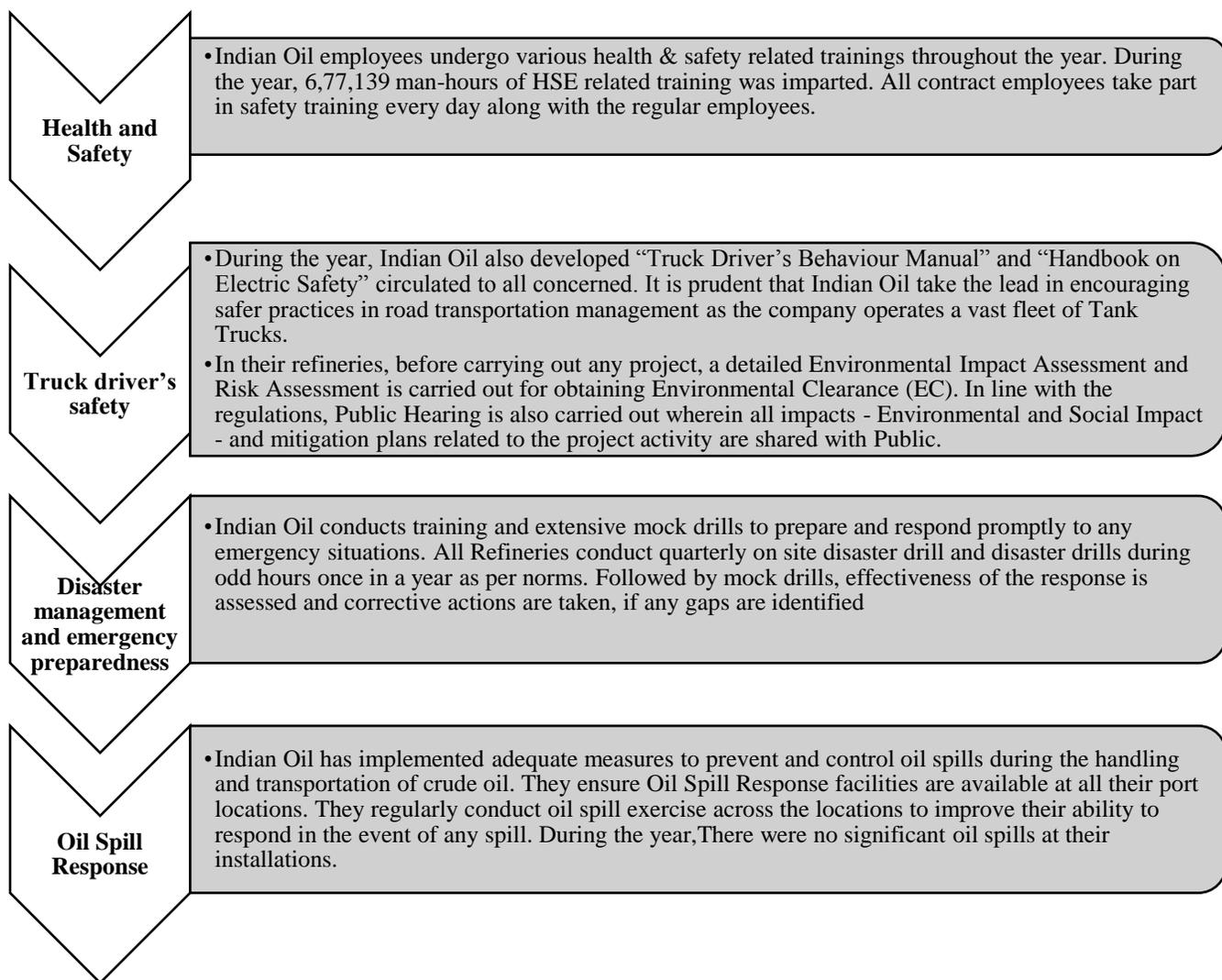
**Skill Development
Institute,
Bhubaneswar,
Odisha**

- Established in 2016, with IndianOil as the lead Investor, and financial support from PSUs under MoP&NG, the Skill Development Institute, Bhubaneswar is India's first skill academy meant for the hydrocarbon sector, which aims to skill 40,000 youth of Odisha in 10 years.
- The institute provides 6 month certified training in Industrial Electrician & Welder trades, in which, 84 unemployed youth have been trained in 2016 and placement offered to 100% students.

**Kaushal Vikas
Kendra, Barauni,
Bihar**

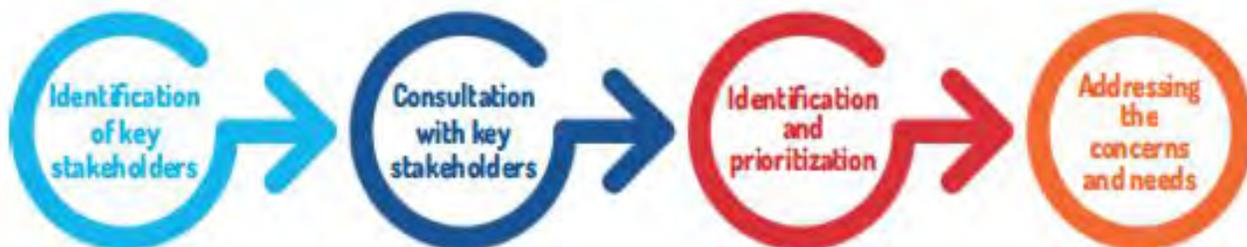
- IndianOil has started Kaushal Vikas Kendra in March 2017, in collaboration with National Skill Development Centre, Govt. of India, which aims to train 400 youth belonging to SC/ST & BPL families by December 2017.

<p>IndianOil Multi Skill Development Institute, Digboi, Assam</p>	<ul style="list-style-type: none"> • The Institute provides vocational training on skills and competencies linked to industries, in which 523 persons were enrolled during 2016-17. • The trades in which skills are currently imparted are Beauty & Wellness, Welding, Fitter and Hospitality & Tourism
<p>“Plastic Processing” related skilling program in Paradip, Odisha</p>	<ul style="list-style-type: none"> • In order to provide employment opportunity to the wards of the land loser families of Paradip Refinery, skill development course was offered. • 50 unemployed youth have been skilled, out of which 34 candidates got placement opportunity during 2016-17.
<p>Assam Oil School of Nursing & Assam Oil College of Nursing, Digboi, Assam</p>	<ul style="list-style-type: none"> • Established in 1986, the institute offers professional nursing courses viz., General Nursing & Midwifery (GNM) and B.Sc. (Nursing) course. • During 2016-17, 60 girls were enrolled for GNM (30 nos.) & BSc (30 nos.) courses and 17 students successfully completed the GNM course.
<p>Project Pink Police Patrol, Kerala</p>	<ul style="list-style-type: none"> • To provide ‘safety’ to women & children, IndianOil in collaboration with Kerala Police, has launched Project Pink Police Patrol, under which 3 Maruti Suzuki Dezire Sedans were provided. • The programme aims to strengthen the Patrolling system to immediately react to calls of distress from Women in 2 cities of Kerala: Kozhikode and Kollam.
<p>Electronic toilets for women (e-SHE) in Hyderabad, Andhra Pradesh</p>	<ul style="list-style-type: none"> • IndianOil has provided e-SHE toilets at two places in Hyderabad, which has self-cleaning and water conservation mechanisms. During the year, more than 42,000 Women commuters were benefitted from this initiative
<p>Pradhan Mantri Ujjwala Yojana</p>	<ul style="list-style-type: none"> • IndianOil contributes 20% of 2% of previous year’s profit towards release of deposit free LPG connection to women of BPL families besides Central Government’s budgetary support. During 2016-17, under PMUY, IndianOil released LPG connections to 93.25 lakh families.
<p>Flagship Hospital</p>	<ul style="list-style-type: none"> • IndianOil’s Assam Oil Division Hospital, Digboi, Assam and Swarna Jayanti Samudayik Hospital, Mathura, Uttar Pradesh has treated more than 68,000 patients during the year 2016-17.
<p>Project Bigyan, Bongaigaon, Assam</p>	<ul style="list-style-type: none"> • Project Bigyan launched during the year 2012-13, as part of “Science on heels” project, at Bongaigaon Refinery. Under this project, a science van visits 23 partner schools for hands-on Science learning and demonstration through trained facilitators and school teachers. 2070 students benefitted from the project during 2016-17.
<p>Project Snehalaya, Bangalore, Karnataka</p>	<ul style="list-style-type: none"> • IndianOil is supporting Snehalaya, since 2014-15, which aims to improve quality of life of children with disabilities (age group 5 to 25). During the year, 50 children were benefitted from the project.
<p>Improving Livelihood of Disabled Persons</p>	<ul style="list-style-type: none"> • IndianOil has provided 8 week residential training in manufacturing fancy bags to 16 differently abled persons at Guwahati, Assam. After completion of training, industrial sewing machines were provided to the beneficiaries



Stakeholder’s Engagement

Indian Oil builds trust and long-term relationships with its stakeholders through structured engagement mechanism using various platforms .Indian Oil has institutionalised the exercise for existing stakeholders’ relationship through a formal process that includes



Source: IOCL sustainability report 2016-17

The focal points of stakeholder engagement are:

- To nourish and nurture transparency and demonstrate accountability at all levels
- To frequently monitor the issues raised by our stakeholders
- To review the actions taken to reinstate the faith of our stakeholders
- To evaluate their concerns and develop appropriate measures for timely redressal
- To ensure the stakeholders are an integral part of our triple bottom line growth

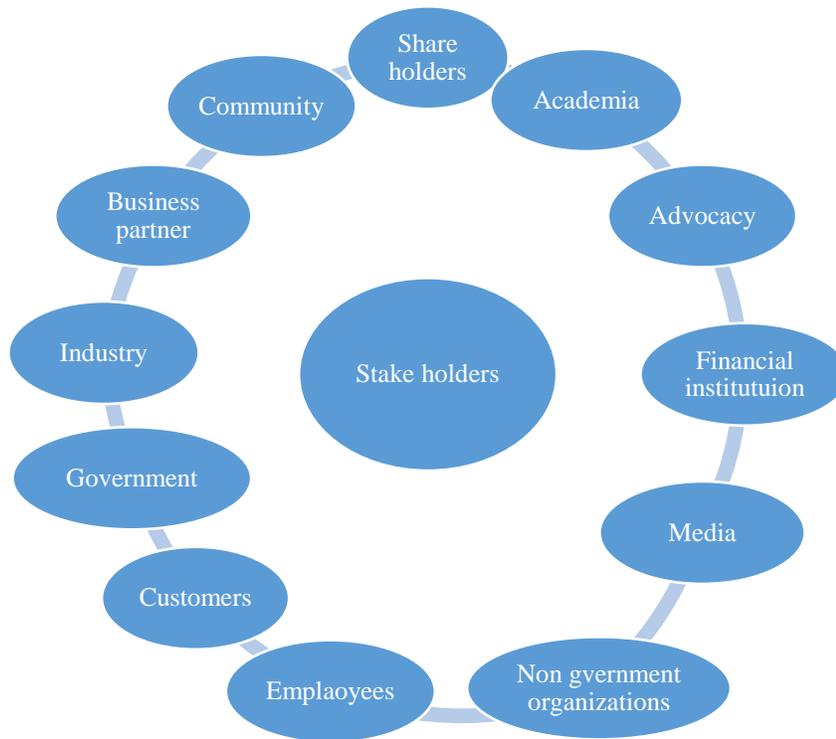


Figure4 : Types of stakeholders at IOCL



Source: IOCL sustainability report 2016-17

Economic Performance

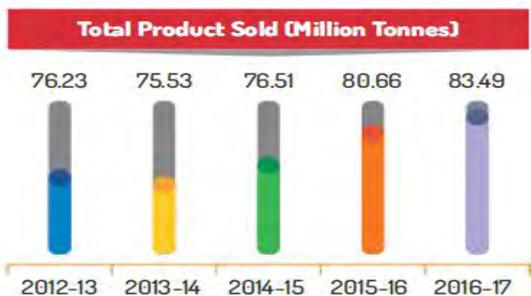
Indian Oil maintained its leadership position in “Fortune Global 500” listing among the Indian companies with a sales turnover of Rs. 4,38,710 Crore during the year 2016-17. It has registered a record net profit of Rs. 19,106 Crore, making us the country’s most profitable PSU.

Indian Oil continued to dominate the domestic petroleum market with a market share of 42.9%. During the year, the Corporation has achieved total sales of 83.49 million metric tonnes of finished products registering a growth rate of 3.5% over the previous year.



Source: IOCL sustainability report 2016-17

Indian Oil achieved highest ever sales volume of 83.49 MMT including 74.11 MMT of POL products. This has been achieved through their 46,500 plus customer touch points. Their fuel station network has been expanded to 26212 during the year, in which 7051 were in rural areas. Indian Oil have automated more than 10,000 retail outlets as on 31st March, 2017. During the year, they released about 1.53 Crore LPG connections with the total LPG sales of more than 10 million metric tonnes (MMT). Indian Oil is now operating 104 Aviation Fuel Stations and continued to maintain its leadership position with a market share of 59.3% during the year.



Source: IOCL sustainability report 2016-17

Analysis

Aligning Core Effects of Corporate Citizenship with CSR and stakeholder's engagement of Indian Oil

<p>Ethical Commitment/ behavioural approach to Business</p>	<p>Being a CPSE, under the administrative control of the MoP&NG, Government of India, Indian Oil complies with all the provisions of Corporate Law, guidelines and rules, as mandated by the ministry from time to time. A Secretarial Audit of the records and documents of the company are carried out every year as a good corporate governance practice There is a well-defined Whistle Blower Policy in place at Indian Oil All the employees have an access to the policy and can report any misconduct concerning the law, rules, regulations or code of conduct by an employee to the concerned authority or the Chairman of the Audit Committee. As per the rules of the whistle blower policy, anonymity and confidentiality of the individuals are maintained at all levels to protect any discrimination, whatsoever, at the workplace. All the employees of the organization are governed by the "Conduct, Disciplines and Appeal Rules (the CDA Rules)" which outline the approach to ascertain and assess the risks related to frauds and reporting All employees have to comply with anticorruption Being a CPSE, under the administrative control of the MoP&NG, Government of India, IndianOil complies with all the provisions of Corporate Law, guidelines and rules, as mandated by the ministry from time to time.</p> <p>A Secretarial Audit of the records and documents of the company are carried out every year as a good corporate governance practice There is a well-defined Whistle Blower Policy in place at Indian Oil All the employees have an access to the policy and can report any misconduct concerning the law, rules, regulations or code of conduct by an employee to the concerned authority or the Chairman of the Audit</p>
--	---

	<p>Committee. As per the rules of the whistle blower policy, anonymity and confidentiality of the individuals are maintained at all levels to protect any discrimination, whatsoever, at the workplace. All the employees of the organization are governed by the “Conduct, Disciplines and Appeal Rules (the CDA Rules)” which outline the approach to ascertain and assess the risks related to frauds and reporting. All employees have to comply with anticorruption policies. An in-house mechanism has been developed as per the government’s guidelines to check anti-competitive behaviour. A grievance redressal mechanism is also in place to encourage disclosures related to any misconduct.</p>
Stakeholder empowerment	<p>Empowerment of women and socially/ economically backward groups, etc. We empower marginalized, vulnerable and disadvantaged stakeholders through various CSR initiatives and providing dealerships/Distributorship, petty contracts etc.</p> <p>The flagship program of Indian Oil “Smokeless Village”, which aims to provide LPG Connection to women, belonging to BPL families has Reached 24,774 families during the year</p>
Accountability	<p>Promotion of responsible business practices Conduct business with transparency, integrity and accountability. Promotion of responsible business practices such as Integrity and Accountability are the key pillars of Indian Oil which drives its performance, as they help in creating an atmosphere of trust and confidence between the employees and the workplace.</p>
Transparency	<p>At Indian Oil, they deal with customers and suppliers for an array of goods and services and hence, it is inevitable that they maintain our relationships with utmost transparency and diligence besides maintaining highest levels of ethical standards. Indian Oil signed a MoU with Transparency International India (TII) in 2008 to implement Integrity Pact (IP) which governs all the major procurement and work contract activities, since then. The pact ensures that transparency, probity, equity and competitiveness is maintained in all our procurement processes.</p>
Sustainable capitalism	<p>Indian Oil is fully committed to the objectives of sustainability and their approach to Sustainability is in sync with the national goal of reducing energy poverty and preparing for a low-carbon</p>
Sharing responsibility	<p>India has also ratified the Paris Agreement on 2nd October 2016, which means that they will have to reduce emission intensity by 33-35% by the year 2030. Indian Oil is evolving into an integrated energy and petrochemicals group that is in a state of readiness to take the optimal route to a low-carbon, high-efficiency sustainable future. Its most pressing challenge, therefore, is to meet the growing energy demand of the nation with least impact on environment</p>
Long Term oriented	<p>At this juncture, they have to approach this judiciously, by using all forms of energy sources so that they can fulfil their short-term and mid-term commitments.</p>

	However, their long-term strategy should be to progressively introduce cleaner and greener sources in the energy mix
Dialogue	In accordance with the Right to Information Act (RTI) which came into force in 2005, a feedback mechanism has been implemented whereby various stakeholders and shareholders can seek information from the organization Indian Oil, being one of the top 100 companies listed in NSE and BSE, prepares the BRR and publishes it in line with the requirements laid down by SEBI. The first BRR was published in 2012-13 and is a regular section in the Annual Report since then. They are following the Global Reporting Initiative (GRI) Sustainability Reporting G4 Guidelines in accordance with 'comprehensive' reporting option. The most widely adopted nonfinancial reporting framework in the world, the GRI Guidelines are used to help communicate sustainability performance and encourage transparency & accountability. It is also an international reference for all those interested in the disclosure of our approach towards environmental, social and economic performance. The Report of sustainability is aligned with the nine principles of United Nations Global Compact (UNGC) on social, environmental and economic responsibilities of business.
Stakeholders Inclusion	The key stakeholders are identified and are engaged regularly in order to maintain a symbiotic relationship. We remain engaged with a wide array of stakeholders on a daily basis through our pan- India presence and business activities.
Engagement	Indian Oil works with professional bodies, both national and international, and participates in various policy formation and other industry related issues. Indian Oil is also a member of different committees of the Government of India and contributes to advancement and improvement of public good by actively participating in discussions related to Energy Security, Sustainable Business Principles, Sustainable Business Principles

Conclusion

Corporate Citizenship, is another phrase normally used by business executives to describe different rights and responsibility of business activities in the society where they operate or intend to, and with the growing concern of concept of sustainability a lot of companies are aware of the major challenges before them as corporation to carryout business activities and responsibility.

The long run achievement would be to make the world a better place for us and the incoming generations.

Indian Oil has grown over the past nearly six decades, from humble beginnings to its present status as India's largest commercial enterprise and a respected Maharatna PSU. From the above case of we can conclude that IOCL covered all the important indicators concerning social performance such as healthcare and education, empowering women, socially and economically backward groups, protecting art and culture and contributing towards rural development

On environmental front also it is creating a balanced eco system by using clean and green technology, renewable energy, reducing air and water pollution, effective waste management and maintaining bio diversity

The social and environmental contribution by IOCL has let it to effectively manage its CSR activities .this is also reflected by the awards and recognition it has received in the past .Also recently Indian Oil's Pipelines Division was felicitated with CSR Excellence Award–2017 under the category 'Clean Water and Sanitation' at the Rajasthan CSR Summit-2017 organised by the Department of Industries, Government of Rajasthan. Indian Oil also received Governance Now PSU Award 2016 (Jury's Choice) for its overall CSR activities. It also shows its responsibility towards stakeholders by effectively engaging them and addressing the various issues.

Thus by effectively managing CSR and stakeholder's activities IOCL has emerged as a leading Corporate citizenship .This emergence has resulted in improved economic performance which is essential for any corporate's sustainability .

From the above study we can say that, IOCL is practicing the model proposed in the study, where it is said that effective CSR and stake holder's engagement leads to efficient corporate citizenship which is a pathway to sustainability.

References

1. Carroll & Buchholtz (2006) *Business & Society: Ethics and Stakeholder Management*, Thomson, Australia
2. Matten et al., "Behind the Mask," p. 113.
3. Wood and Logsdon, "Theorizing Business Citizenship", p. 8
4. J. G. de Madariaga and C. Valor. 2004. "Analysis of Implementation of the Socioeconomic Model of Business Among Spanish MNCs," *Proceedings of the Academy of Marketing Conference Virtue in Marketing*, Cheltenham (CD-ROM), p. 2.
5. Windsor, "Corporate Citizenship," p. 46.
6. J. Richter, *Holding Corporations Accountable: Corporate Conduct, International Codes and Citizen Action* (New York: Zed Books, 2001).
7. Matten et al., "Behind the Mask," p. 115.
8. Thorne *et al*(2003) *Business and Society : A Strategic Approach to Corporate Citizenship*, Houghtom Mifflin, Boston
9. Thorne *et al*(2003) *Business and Society : A Strategic Approach to Corporate Social Responsibility*, 3rd Ed ,Houghtom Mifflin, Boston
10. <https://www.iocl.com/AboutUs/sustainability.aspx>