

# Chapter SEVEN

## Measuring the Impact of CSR

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*Let the wastes of the sick not contaminate the lives of the healthy.*

— K Park

### 7.1 Introduction

The CSR initiatives should yield visible, reliable and sustainable results. They should be visible because the communities and other stakeholders will hardly be satisfied with the achievements of CSR inputs and outputs claimed by the company in its annual reports. They are bound to question about the outcomes and impact of the CSR initiatives. Further, if the company has to retain its existing image, if not achieve positive image, the positive impact of the CSR initiatives should compensate the negative impact caused by the industrial activities. Hence, the impact levels of CSR initiatives need to be measured occasionally so as to take steps for maintenance of the satisfaction levels of displaced and neighbourhood communities. Otherwise, those communities would develop dissatisfaction causing irreparable damage to the company in the long run, which in the final analysis, would harm the very existence of the industrial unit.

While spending a significant percentage of shareholders money on displaced and neighbourhood communities, it is essential for the company to achieve effective and visible outcomes. The impact of CSR initiatives could be on environment, displacement, livelihood, employment, income, morbidity and other social and cultural profiles of those communities. Each rupee spent under CSR, in fact, should reflect the positive impact on the displaced and neighbourhood communities. Only then, the industrial units can coexist with them. Otherwise, the displeasure of the

communities draw the attention of the environmentalists, political parties, NGOs and like-minded people who may side with the communities in protesting against the industrial unit and demand for its closure. Hence, impact of the CSR initiatives needs to be scientifically assessed, gaps, if any, need to be identified and plugged to optimise the impact.

Based on the initiatives undertaken impact assessment can be restricted to changes in economic and social sectors in which CSR had a stake. Apart from impact assessment of CSR initiatives, another important area needing assessment is knowledge levels of the displaced and neighbourhood communities about CSR initiatives, especially financial, physical and activity location aspects. This is important because those communities should know the concerns of the company about them and initiatives undertaken by the industrial unit and usefulness of such initiatives on the communities. Otherwise, the industrial unit is bound to face isolation from the communities considering it as a unit meant for profit making alone and people are immaterial to it. Such a situation, many a time, harms the very existence of the industrial unit, to say the least. Impact assessment need to cover starting from relocation of displaced communities to different initiatives undertaken by the unit and their impacts. In a nutshell, the company should undertake such CSR initiatives that will instil confidence among the people to indicate that the company is not only a profit-making enterprise but also profit sharing with the community through CSR initiatives for their welfare. To know the outcomes, there is no other short cut method better suited as compared to the impact assessment exercise. Further, it is essential to assess the impact periodically, covering the gaps in implementation, gaps in outputs and outcomes and gaps in propaganda about the CSR initiatives. So it is essential to understand the steps involved in the preparation of tools, techniques and methods necessary in conducting the impact assessment.

## **7.2 Role of CSR in Relocation**

Appropriate relocation of displaced communities by the industrial unit is minimum condition insisted by the State as well as by such communities themselves. Relocation does not simply imply provision of housing facility but creating similar social, economic, political and cultural fabric in which the displaced lived earlier. As such, the impact assessment should provide a detailed account of construction of houses in new location, occupancy, vacancy and shortage in housing, water supply, road laying and road connectivity, vegetation, sanitation and other community infrastructure like schools, hospitals, temples, grocery shops and community halls. In addition, the assessment should also prepare plans for bridging the gaps, if any, in the relocation initiatives.

## **7.3 Impact on Livelihood Enhancement**

A large majority of people sell their lands to the industrial units either due to

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