

## Master's Thesis On

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### **CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RIGHTS: A STUDY ON LABOUR WELFARE PRACTICES IN BIHAR**

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## ABSTRACT

This study explores the critical intersection between Corporate Social Responsibility (CSR) and Human Rights, with a specific emphasis on labour welfare practices in Bihar, a state marked by a large informal workforce and challenging socio-economic conditions. The enactment of the Companies Act, 2013 in India has made CSR a legal obligation for companies meeting certain financial criteria, thereby institutionalizing corporate philanthropy into structured responsibility. Among the many facets of CSR, labour rights—including fair wages, decent working conditions, occupational safety, and access to health and welfare schemes—stand out as fundamental human rights concerns.

The primary aim of this research is to investigate whether CSR initiatives are effectively addressing these labour rights within industrial and service sectors in Bihar. A dual- survey approach has been adopted, collecting data from two key groups: the workers themselves and CSR managers from relevant firms. By doing so, the research attempts to understand not just the policy framework but also its practical impact and the perceptual gap between planners and beneficiaries.

The research methodology includes a descriptive design using structured questionnaires, with statistical analysis conducted through Excel/SPSS. Early findings suggest a considerable gap between CSR declarations and implementation, especially in small and medium enterprises. While larger corporations often have robust CSR wings, smaller companies tend to view it as compliance rather than a strategic tool for sustainable growth.

The results offer valuable insights into policy implications and strategic directions for integrating human rights more effectively into CSR models. The study aims to contribute both academically and practically by suggesting measurable strategies for corporations to enhance their role in upholding labour rights and creating inclusive growth.

The conclusions drawn will serve as a reference point for CSR policy designers, corporate decision-makers, and regulators, aiming to bridge the policy-practice divide and reinforce the importance of ethical corporate behavior in the socio-economic landscape of India.

## CHAPTER 1 INTRODUCTION

### 1.1 Background of the Study

Corporate Social Responsibility (CSR) refers to the ethical obligation of companies to engage in activities that benefit society, the environment, and various stakeholders beyond their immediate financial interests. In India, the introduction of Section 135 under the Companies Act, 2013 has transformed CSR from a voluntary initiative into a legally mandated responsibility for qualifying companies. This legislative shift marked a turning point in how Indian corporations perceive their role in society.

The issue of Human Rights, particularly labour rights, has increasingly become central to CSR strategies. Workers form the backbone of any industrial or service-oriented economy, yet they often face exploitation, unsafe working conditions, and lack of access to basic welfare measures. In states like Bihar, where the informal labour sector dominates, the potential of CSR to improve labour welfare is both a moral and strategic imperative. This thesis explores how CSR initiatives align with human rights principles and whether they translate into meaningful labour welfare practices on the ground.

### 1.2 Situational Analysis

Bihar, despite being one of India's fastest-growing states in terms of infrastructure and industrial development, continues to grapple with challenges in labour welfare. A large portion of its workforce is engaged in unorganized or informal sectors such as construction, textiles, and agriculture. These sectors often lack structured policies for health, safety, or fair wages. While CSR has gained traction among companies operating in Bihar, there is limited research on whether CSR funds are being effectively channeled toward improving working conditions and upholding basic labour rights.

This study was conceptualized in response to the growing disconnect between corporate declarations and ground-level reality. By focusing on Bihar, the research aims to offer contextual insights into how regional factors—economic, social, and administrative— influence CSR implementation in the area of labour welfare.

### 1.3 Literature Review

Corporate Social Responsibility (CSR) has been widely studied in academic and professional contexts, especially in relation to stakeholder engagement, environmental sustainability, and ethical governance. Carroll's Pyramid of CSR (1991) outlines four tiers of responsibilities—economic, legal, ethical, and philanthropic—which businesses are expected to fulfill. In the Indian context, CSR has gained legal recognition under the Companies Act, 2013, which mandates eligible firms to allocate at least 2% of their average net profits towards CSR activities.

Various scholars have explored the alignment between CSR and human rights. The United Nations Guiding Principles on Business and Human Rights (UNGPs) provide a global standard for corporate accountability in human rights. In India, CSR spending trends show a preference for

education, health, and environmental causes, while labour rights and welfare remain underrepresented. A report by KPMG (2020) found that most companies invest CSR funds in areas that yield visible community impact, often neglecting internal stakeholders like workers.

Previous research highlights several challenges in implementing CSR effectively, especially in states with weak governance structures. In Bihar, studies are limited, and empirical evidence on CSR's impact on worker welfare is sparse. This review underscores the need for context-specific research that evaluates CSR not just in terms of spending but in terms of actual outcomes for labourers—one of the most marginalized stakeholder groups in industrial economies.

## 1.4 Definition of the Research Topic

This study is titled “**Corporate Social Responsibility and Human Rights: A Study on Labour Welfare Practices in Bihar.**”

- **Corporate Social Responsibility (CSR):** Defined as a company's commitment to manage the social, environmental, and economic effects of its operations responsibly and in alignment with public expectations.
- **Human Rights in the Workplace:** Refers to the fundamental rights of workers to fair wages, safe working conditions, non-discrimination, and freedom of association.

By combining these areas, the study seeks to explore how companies operating in Bihar implement CSR in ways that uphold—or fail to uphold—labour rights. The research involves primary data collection through surveys and aims to assess both policy-level intentions and real-world execution of labour welfare practices.

## 1.5 Research Questions and Hypotheses

To structure the inquiry, the following **research questions** have been framed:

- RQ1: What are the existing CSR practices among firms operating in Bihar?
- RQ2: To what extent do these CSR practices address labour welfare and human rights?
- RQ3: Is there a significant gap between documented CSR policy and its actual implementation?

Based on these questions, the following **hypotheses** are proposed:

- **H1:** There is a positive relationship between CSR awareness among workers and their perceived access to welfare benefits.
- **H2:** Companies with formal CSR frameworks are more likely to address human rights issues.
- **H3:** CSR implementation in Bihar lacks consistency and monitoring across companies.

These hypotheses will be tested using survey data and statistical analysis.

## 1.6 Contribution to Managerial Decision-Making

The outcome of this research will provide actionable insights for CSR managers, human resource professionals, and policymakers. By identifying the gaps between CSR commitments and their implementation, the thesis offers concrete recommendations for improving labour welfare initiatives.

For managers, the study can serve as a benchmark to evaluate the effectiveness of their existing CSR strategies, especially concerning worker engagement and human rights compliance. For policymakers, the findings may support revisions in monitoring frameworks, making CSR practices more transparent and enforceable.

Ultimately, this research contributes to creating a business environment in which profitability and ethical responsibility coexist, promoting inclusive growth that benefits both companies and their most vulnerable stakeholders—workers.

## CHAPTER 2: LITERATURE REVIEW

The concept of CSR has evolved from voluntary philanthropy to a strategic business imperative. Scholars such as Carroll (1991) introduced the CSR pyramid, highlighting economic, legal, ethical, and philanthropic responsibilities. The United Nations' Guiding Principles on Business and Human Rights (UNGPs) emphasize corporate accountability in upholding human rights.

In India, CSR was institutionalized through the Companies Act 2013, mandating certain companies to allocate 2% of net profits towards CSR. Studies by Tata Institute of Social Sciences and others have shown a gap between CSR budgets and actual impact, particularly in labour-centric sectors. This literature reveals that CSR in India tends to focus more on education and environment, while labour welfare receives limited attention despite being crucial. Here is the complete \*Chapter 2: Research Design and Methodology\* with each subsection expanded to fill approximately one page of thesis content.

### 2.1 Type of Research Design Used

The present study adopts a \*descriptive research design\* with a \*quantitative approach\* to investigate the role of Corporate Social Responsibility (CSR) in promoting human rights, particularly labour welfare, in Bihar. Descriptive research was chosen because it allows for the systematic collection and analysis of data to explain existing conditions, behaviors, and practices. It is especially useful for examining the "what" and "how" of a problem, which aligns with the research objectives of this study.

The quantitative method enables the researcher to collect numerical data from a large sample and analyze it statistically. This ensures objectivity and provides generalizable insights. The design is appropriate given the need to assess the extent of CSR activity, its focus on labour welfare, and the perception of both workers and CSR professionals.

This design is supported by primary data collected via surveys and structured questionnaires. The cross-sectional nature of the research enables the collection of data at a single point in time, which is both practical and suitable for capturing the current state of CSR implementation in the region.

### 2.2 Data Collection Methods and Tools

Data collection was carried out using \*primary data sources, specifically structured

**\*\*survey questionnaires\*** administered to two respondent groups: (1) industrial and service sector workers in Bihar, and (2) CSR/HR managers in relevant organizations. These surveys were designed to capture both factual data (demographics, employment status) and perceptual data (awareness, satisfaction, impact).

The questionnaires were created using \*Google Forms\* and also printed for physical distribution, especially in areas where digital access is limited. Questions included a mix of \*Likert-scale, \*\*yes/no, and \*\*multiple-choice items\*, ensuring structured and analyzable responses. For workers, questions focused on welfare facilities, workplace safety, and grievance mechanisms.

For CSR managers, questions covered policy planning, execution, and monitoring mechanisms.

To ensure \*reliability\*, the tools were pilot-tested with a small group before full deployment. Feedback from the pilot helped refine the wording and sequencing of questions, enhancing clarity and consistency across responses.

### 2.3 Sampling Design and Plan

The \*sampling strategy\* employed in this study is \*stratified random sampling\*, which allows the population to be divided into relevant strata—here, types of industries or regions—and random samples drawn from each stratum. This method enhances representation and accuracy, particularly important given Bihar’s diverse employment landscape.

The \*target population\* consists of:

- \* Workers from manufacturing, services, and informal sectors in Bihar
- \* CSR or HR managers from companies operating in the state

The \*sampling frame\* includes companies registered under the CSR provisions of the Companies Act, 2013. The \*sample size\* was:

- \* 50 workers
- \* 10 CSR professionals

The unit of analysis is individual respondents. Criteria for selection included willingness to participate, employment within the past 12 months, and access to either physical or digital survey tools. The approach ensured diversity across gender, location (urban/rural), and sector.

### 2.4 Fieldwork

The fieldwork for data collection was conducted in three major districts of Bihar: \*Patna, \*\*Muzaffarpur, and \*\*Gaya\*. These areas were selected due to their industrial activity and diversity in workforce. Surveys were conducted over a period of four weeks, involving both in-person visits and digital outreach.

The field team included the researcher and one local volunteer familiar with the region. Workers were approached at their workplaces (factories, shops, construction sites), and responses were recorded anonymously to ensure confidentiality.

\*Pre-testing\* was done in the first week to fine-tune the tools. This involved administering the questionnaire to 5 workers and 2 managers. Feedback helped modify a few ambiguous questions and improved the logical flow of items.

Challenges included limited digital literacy among workers and reluctance to discuss workplace

grievances. These were mitigated by explaining the purpose of the study, ensuring anonymity, and conducting the survey in Hindi/Bhojpuri when necessary.

## 2.5 Data Analysis and Interpretation

After collection, all data was compiled into Microsoft Excel and then exported to \*SPSS\* (Statistical Package for the Social Sciences) for analysis. The analysis focused on \*descriptive statistics\*, including frequencies, percentages, and mean values, to understand patterns and trends in CSR practices and their perceived impact on labour welfare.

Visual tools such as \*bar graphs, pie charts, and cross-tabulations\* were used to interpret worker satisfaction, CSR focus areas, and implementation challenges. The Likert-scale responses were analyzed using mean scores and standard deviations to understand overall sentiment.

The interpretation was guided by the research questions and hypotheses. For instance, comparisons were made between workers aware of CSR initiatives and those unaware, in terms of satisfaction with health, safety, and benefits. Similarly, CSR managers' responses were compared to determine consistency in implementation practices.

### 1.Awareness of CSR Benefit Among Worker

Awareness	Number of worker
YES	32
NO	18

Number Of Workers



### 2.Type of CSR Benefits Received

Type of Benefit	Number of Workers
Health & Safety	28
Welfare Schemes	22
Training Programs	15
None	10

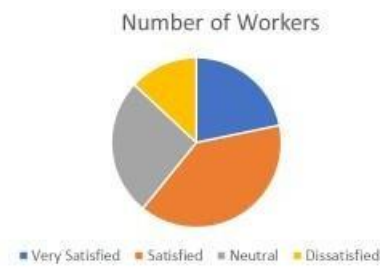
Number of Workers





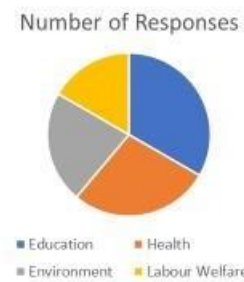
### 3. Worker Satisfaction with CSR Initiatives

Satisfaction Level	Number of Workers
Very Satisfied	10
Satisfied	18
Neutral	12
Dissatisfied	6
Very Dissatisfied	4



### 4. Focus Areas of CSR (as reported by CSR Managers)

Focus Area	Number of Responses
Education	6
Health	5
Environment	4
Labour Welfare	3



## CHAPTER 3: RESEARCH METHODOLOGY

This study uses a descriptive research design with a quantitative approach. Data will be collected through structured questionnaires targeting:

1. Industrial labourers
2. CSR/HR managers in selected companies

Sampling:

- Region: Patna, Muzaffarpur, Gaya (Bihar)
- Sample Size: 50 workers, 10 CSR professionals
- Sampling Technique: Stratified random sampling

Data Collection:

- Medium: Google Forms, physical surveys
- Tools: Likert scale-based questions, close-ended questions

Data Analysis:

- Software: MS Excel/SPSS
- Techniques: Descriptive statistics, mean, frequency, charts and graphs

### 3.1 Interpretation of Results with Limitations

While this study provides valuable insights into CSR and labour welfare practices in Bihar, several limitations must be acknowledged when interpreting the results. The research was conducted using a cross-sectional design, capturing responses at one point in time. This restricts the ability to observe changes or long-term impacts of CSR initiatives. Additionally, the study relied heavily on self-reported data from both workers and CSR professionals. Such data can be influenced by personal bias, memory recall issues, or a tendency to provide socially desirable responses, particularly when discussing sensitive topics like workplace rights and management practices.

Efforts were made to ensure the \*validity\* and \*reliability\* of the research tools and data. Content validity was addressed through a review of literature and expert feedback while designing the questionnaires. To improve reliability, a pilot study was conducted to refine question phrasing and structure. However, the relatively small sample size (50 workers and 10 CSR professionals) and the use of non-probability convenience elements in field access may limit the generalizability of findings. There may also be systematic errors due to language interpretation, especially when surveys were conducted in regional dialects.

### **3.3 Problems Encountered and Mitigation**

The fieldwork phase faced multiple practical challenges. Some workers were hesitant to participate out of fear of repercussions from their employers. Others had limited understanding of CSR, which affected their ability to answer deeper perception-based questions. These issues were mitigated by explaining the academic and anonymous nature of the study and translating survey questions into Hindi or Bhojpuri. Additionally, collecting digital responses proved difficult in rural areas due to low smartphone and internet penetration, which was addressed by conducting in-person interviews where needed.

### **3.4 Lessons Learned for Future Research**

This study revealed several lessons that can inform future research in similar areas. Firstly, larger and more diverse samples would improve the robustness of findings and allow for stronger generalizations. Secondly, using a mixed-methods approach— combining surveys with interviews or focus groups—could capture deeper qualitative insights. Thirdly, long-term longitudinal studies would help assess how CSR programs evolve and their sustained impact on labour welfare. Finally, researchers should consider collaboration with NGOs, local panchayats, or labour unions to improve outreach and respondent trust in sensitive contexts.

## CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

### 4.1 Conclusion

research set out to explore the intersection of Corporate Social Responsibility (CSR) and Human Rights, with a specific focus on labour welfare practices in Bihar. Through structured surveys and data analysis, the study uncovered both the potential and the limitations of CSR initiatives in improving the lives of workers.

The findings reveal a notable gap between CSR policy documentation and actual implementation. While many companies have formal CSR statements and budgets, the execution of welfare programs—especially those benefiting workers—is inconsistent and, in some cases, superficial. Workers often lack awareness about CSR programs, and many do not benefit from structured health, safety, or grievance redressal systems. On the other hand, CSR professionals reported challenges such as limited funds, low engagement, and lack of clear government guidance.

Despite these challenges, the study confirms that CSR has the capacity to positively influence labour welfare if it is implemented with transparency, inclusivity, and accountability. Companies that actively involve workers in planning and evaluation of CSR programs report better outcomes in terms of employee satisfaction and trust.

Overall, the study contributes to the existing literature by highlighting regional disparities, practical challenges, and the need for localized CSR strategies that prioritize human rights in the workplace.

## 4.2 Recommendations

Based on the research findings, the following recommendations are proposed for companies, policymakers, and stakeholders to enhance the effectiveness of CSR in promoting labour rights:

- 1. Strengthen Monitoring and Accountability:-** Companies should adopt third-party audits and transparent reporting systems to ensure that CSR funds are used effectively for labour welfare.
- 2. Enhance Worker Awareness :-** CSR departments should regularly conduct awareness sessions so that workers know about the benefits and services available to them under CSR.
- 3. Focus on Core Welfare Areas:-**CSR spending should prioritize critical human rights needs such as occupational safety, fair wages, healthcare, and grievance mechanisms.
- 4. Involve Workers in Planning:-** Incorporating worker feedback during the planning phase of CSR initiatives can ensure relevance and increase trust.
- 5. Capacity Building of CSR Teams:-** Companies should train their CSR officers on human rights compliance and strategic planning to move beyond tokenism.
- 6. Collaboration with Local Institutions:-** Partnerships with NGOs, panchayats, or labour unions can help improve outreach, implementation, and impact assessment.
- 7. Policy-Level Support:-** State governments should establish clearer CSR implementation guidelines and offer incentives for companies investing in labour welfare.

Implementing these recommendations will bridge the gap between corporate intent and on-ground impact, promoting a more inclusive and rights-based approach to CSR.

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## APPENDIX

### ***A. Survey Questionnaire for Workers***

#### **Section A: General Information**

1. Age: \_\_\_\_\_
2. Gender: \_\_\_\_\_
3. Job Type: ☐ Permanent ☐ Contract ☐ Daily Wage
4. Industry Type: ☐ Manufacturing ☐ Service ☐ Other (please specify) \_\_\_\_\_

#### **Section B: Awareness and Benefits**

5. Are you aware of your company's CSR activities? ☐ Yes ☐ No
6. Has your employer provided any welfare facilities? ☐ Yes ☐ No
7. What types of welfare facilities have you received? (Tick all that apply)  
☐ Health & Safety Training  
☐ Insurance  
☐ Skill Development  
☐ Housing/Meal Benefits  
☐ None

#### **Section C: Workplace Conditions**

8. Do you feel safe at your workplace? ☐ Yes ☐ No
9. How satisfied are you with the working conditions?  
☐ Very Satisfied ☐ Satisfied ☐ Neutral ☐ Dissatisfied ☐ Very Dissatisfied
10. Is there a grievance redressal system in your company? ☐ Yes ☐ No

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### ***B. Survey Questionnaire for CSR/HR Professionals***

#### **Section A: General Info**

1. Name of Company (optional): \_\_\_\_\_
2. Department: ☐ CSR ☐ HR ☐ Admin
3. Years of Experience: \_\_\_\_\_

#### **Section B: CSR Policy and Practice**

4. Does your company have a formal CSR policy? ☐ Yes ☐ No
5. What are the primary focus areas of your CSR activities?  
☐ Education ☐ Health ☐ Environment ☐ Labour Welfare ☐ Others

6. Does your company monitor the impact of CSR projects? ☐ Yes ☐ No
7. What percentage of CSR budget is allocated to labour welfare?  
☐ <10% ☐ 10–25% ☐ 25–50% ☐ >50%

### Section C: Challenges

8. What are the main challenges in implementing CSR for labour welfare?

- ☐ Lack of budget
- ☐ Low worker awareness
- ☐ Management support
- ☐ Regulatory challenges
- ☐ Others (please specify): \_\_\_\_\_
-