

# A STUDY INTO CORPORATE SOCIAL RESPONSIBILITY PRACTICES OF SELECTED INDIAN COMPANIES

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## Abstract:

The interaction between the corporates and society happens in many ways. The corporates make their investments in various facilities; they make production and sales out the products give employment to the people and engage themselves in various activities. There is an impact on environment through their activities and by using various valuable resources of the nature they generate by products which undoubtedly influences the physical environment of the society. The corporates in all this case may act as a responsible as business or for the business purposes. Any organisation is basically a part of the society and without society it cannot function in isolation hence it has responsibility as well as obligation to take those measures which protect the society as well as gives welfare to the society along with fulfilment of their own objectives. Without the role of society an organisation cannot grow at all hence to achieve their long term success they need to fulfil all of their responsibility towards society. Originally the business is what treated as economic entities which was having primary responsibility for making production of goods or renting services which required by the society at large. But the today's business and corporates including smaller businesses realising the responsibilities and accept that it extends beyond to their stakeholders and covers a wide range of parties which are directly and directly impacted by performance of the corporate. A Corporate cannot be only a profit making organisation. They have a responsibility to overcome from those problems which has been generated by businesses. Common areas where a corporate supposed to fulfil their corporate social responsibility includes Health, Education, Environmental issues, promotion of art and culture, considerations to the climates and others. With the recognition of fact that involvement of CSR policies in the business could be a good measure in delivering the social values especially in developing countries like India. These people exclusively provide the level of understanding on CSR and the practises generally followed by selected in companies it underlies various policies which Indian corporates follow and the initiatives taken by the.

**Keywords:** Social, Government, Indian, Responsibility, Business, Economic, Corporate, Society, Managers.



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## INTRODUCTION

An organisation takes a lot of input to the society in form of Labour, raw material, natural resources and in return of all of this it gives goods and services to society. As business depends upon existence of society and it is their responsibility to take care of the society. The corporate social responsibility phenomena are a kind of commitment by a corporate to the society for ensuring sustainable economic development of society. It means making an involvement with local communities and identifying and fulfilling their basic needs with their integration in business goals and strategies and indeed to the business. The government's perspective in CSR is a contribution of the business to the sustainable development objective of the country. It essentially a necessity that how a business takes into consideration economical social as well as environmental impact of the way in which a business operates. In other words, CSR is a concept which gives a suggestion that all the commercial organisations shall fulfil their duties in providing optimum care to society. Apart from

shareholders and investors the other stakeholders such as customers, employees and public at large are also the indirect stakeholders of a business and most of the corporates in today realises their responsibilities towards these stakeholders. This concept is known as corporate social responsibility. As the business has an obligation to make a consideration of effect of various activities on all the stakeholders who makes a constitution of the broader segments of society, the businesses are essentially needed to take a leadership in the environmental and social sustainability areas instead of putting it into a defensive mechanism.

### **SIGNIFICANCE OF THE STUDY**

The present research paper helps the corporate houses to consider the societal viewpoint and that level of tendency towards individual business houses. This also helps the corporate houses to have an understanding that for achieving strategy, goal and to ensure an existing and continuous survival, the business strategies which need to be developed from the usual practises of generation of revenues solely as a factor in trust of public and responsibilities of companies. The major objective of this paper is makes a focus on policies of the business which need to be moulded as per the demand of the public at large. This paper further helps the public at large to have a better understanding what the other companies of similar natures are doing in the market and the level of their commitment towards to the society. In overall sense the paper helps users or readers to understand the relationship between public society and business and tries to understand in a better way that how effectively corporates of India understand their social responsibilities which definitely in turn will help the corporates to understand their future needs.

### **OBJECTIVES OF THE STUDY**

Corporate social responsibility undoubtedly involves a level of commitment by corporate for the sustainable economic development of society. This in short means that the corporates engaged engages directly or indirectly with the local people as well as their needs an achievement of those needs through the business goals and strategies. The government undoubtedly accepts CSR as a kind of contribution by the business towards the sustainable development of the country. In a narrow sense it is basically a kind of phenomena where business takes into consideration the economic social and environmental impacts of its operating process. The study has been undertaken with following objectives

1. To study the corporate social responsibility and its status in India
2. To make study of policies formulated for governance of CSR in India.
3. To obtain the perspective of beneficiaries of CSR.
4. To make study of corporate social responsibility approaches as adopted by selected Indian companies.
5. To make a comparison of corporate social responsibility practises of selected Indian companies.

### **REVIEW OF LITERATURE**

**Mittal (2008)** he has made a analysis of the correlation existing between economic performance and the corporate social responsibilities and their matrix so as to find out a connection between corporate social responsibility and the profitability of the company and as observed that they are found no evidence of value addition and addition of any kind of market value of companies which are producing a significant portion of amount without any codes.

**Chaudhary (2011)** he has conducted a kind of comprehensive study on the various processes of social economically rural development and development of community among the bank employees and establishments. They finally concluded that the goals of lending in the banking sector and the financing of the micro level are quite specific to any financial or banking institutions considering Ms Me financing an environmental venture.

**Mukherjee (2012)** immediate discussion that the perception which RBI used to have about commercial banks will be sustainable to their viability as well as profitability for a longer time only when all kind of financial inclusions occurring. It has also been observed that government recognises that they cannot afford the right amount with the measures which are not sustainable which has been taken in form of various subsidies or welfare schemes the only option is that the corporates come forward to help society through social responsibility called CSR.

**Gautam and Singh (2010)** they made a survey on various CSR projects of different 500 companies in India. They observed that 46% of the businesses are not sufficient to report properly their CSR practises and around

48% as reported on various donations including renovating in schools in villages and midday meals only. Very few companies have presented a well described CSR expenditure in tune with that many companies have shown unsatisfactory engagement practises for CSR.

**Pradhan and Ranjan (2010)** they made studies of 14 public and personal or private sector companies in India which were belonging to different sectors such banking and financial institutions, chemicals and fertilisers, power and oil manufacturing companies, petroleum industries and others. The researchers observed that business covers a large range of various CSR activities such as income generation source donation health camp facilities education literacy agriculture improvement water and sanitation management of resources and various infrastructure developments.

**Dingraand Mittal (2014)** The reporting of Corporate Social Responsibility is not still acceptable. The further deliberated that various banking sectors are using CSR as a tool of marketing and they hardly take any of the CSR activities such as donations to charitable institutions or making sponsorship of events but they all are conducted for the purpose of marketing their businesses the banks some of the banks says only outlined the CSR aspects and no expenditure on CSR and budgets have been made as such.

**Sharma and Mani (2013)** they pointed out that various Indian corporates has made and continuously making efforts in various sectors of CSR but still there is a lot of need to do more various financial institutions and other corporates are still not complying with the regulatory requirements in their real aspect the overall contribution which has been made by the various public sector financial institutions is the largest contribution perhaps in the field of CSR but still the contribution by public sector banks and other private corporations is still very low.

**Sangeetha (2011)** the author has claimed that the stakeholders are always in disagreement with the argument that if the profitability of the banks or corporates is not good how they will make better contribution in corporate social responsibility. They also observed that contribution in CSR activities is found in compliance with the provisions where the structure of corporate governance is very well self-regulated. Majority of the stakeholders has also accepted that various programmes of corporate social responsibility are somewhere connected or related with the diversity and workplace and nature of aspects. We also accepted the fact that banks are engaged or interested in various CSR activities only because they used to get some tax benefits.

## SCOPE OF THE STUDY

We all know that India is a developing economy; hence the corporate social responsibility plays a very important role in the corporates of country. In the Indian corporate industries everyone can notice a drastic shift of corporates profitability mind-set to their social responsibility mind-set. The importance of corporate social responsibility is increasing in Indian corporate culture because the organisations are now realising that the making of the profit is not the ultimate goal and apart from that building up of the trust is viability and societal relationship is open for another researcher. This research work will be going to be of immense help to the top management as well as various academician's researchers and experts or continuously working out for making excellence in the practises of corporate social responsibility.

## RESEARCH METHODOLOGY

Research methodology describes the scope and the area of the proposed study and gives the information to the readers of the researchers about process adopted for the purpose of analysis. The study clarifies the scope of the study, the source of the data used in the proposed study, and tools and techniques which has been used by researcher for evaluating the results. In brief it describes the path for research work by the researcher. The study has been carried out in the micro level because covering the all companies in India involving in CSR is not possible for the researcher.

For the study the researcher has selected data of furniture statements for the period of 2018-19 to 2020-23 from the CSR practises of Indian corporates. The companies which has been selected for the purpose of the studies are

- Gravita India limited
- Reliance Industries Limited
- Hero Motocorp Limited
- ICICI Bank Limited and
- Bharti Infratel Limited

**Source of Data**

Researchers collected information from financial statements and through the questionnaire, observation and personal interviews. The secondary information has been collected about CSR budgets, various CSR activities CSR, areas of operations and strategy for CSR and has also been collected from every segment of corporate structure.

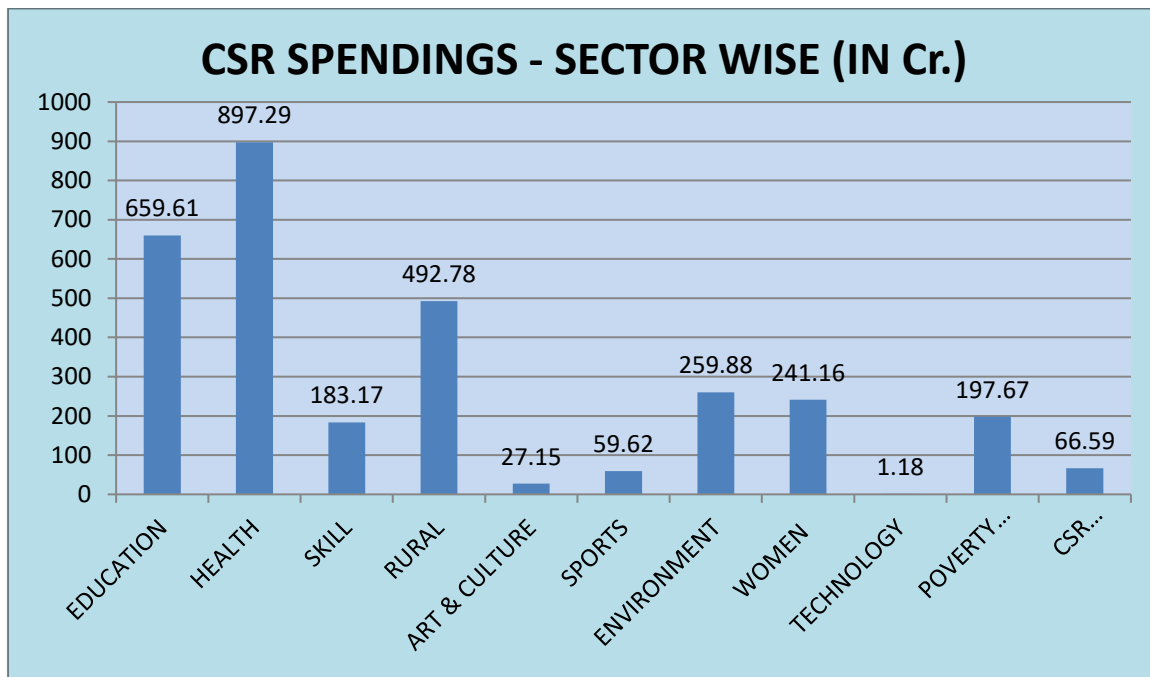
Some other information has also been collected from different authorised websites of concerned companies so that they can focus on comparison and evaluation.

**Tools for Analysis**

For the purpose of the making analysis of data which has been collected from above sources has been analysed with the help of Anova Test (Single Factor analysis), mean. Tables, diagrams and statistical results has been obtained with the help of computer statistical software called SPSS Microsoft Excel tools.

**RESULT AND ANALYSIS**

To make an understanding of the overall impact of Expenses on Corporate Social Responsibility by the companies selected for the purpose of our study, it is more advisable to know the amount contributed by the companies selected to various sectors or areas of the CSR.



**Figure 1:** CSR expenses – Sector wise in crores by selected Indian companies (Source: Compiled by the author from the data gathered from the Annual Report)

**Evaluation of CSR expenses Trend and its Impact on the Performance of the Company**

**Table 1: R Square Values**

Model	R	R Square	Adjusted R Square	Std. Error of theEstimate
1	.978 <sup>a</sup>	.951	.948	1280.65987

**Table 2: ANOVA<sup>a</sup> Test**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	87956165.10	6	22115731.06	122.568	.000 <sup>b</sup>

1	Residual	56897664.97	16	17897465.45		
	Total	144853830.07	22			

a. Dependent Variable: 5 Years average Net Profit

b. Constant Variable: Different sectors where CSR amount spent

The above table gives R value of 0.978 which is an indicator that there exist a very strong correlation between total expenses on Corporate Social responsibility in the Different sector and Net Profit. The R square value 0.951 shows that the model is a good fit. The P value 0.000 shows that the model is significant.

#### Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	211.568	384.568		0.535	.593
CSR expenses on Education	52.566	11.887	.499	4.187	.001
CSR Expenses on Rural Development and Transformation of Rural livelihood and Basic Infrastructure	95.568	29.568	.318	3.148	0.001
CSR Expenses on Health related facilities such as water or sanitation	-3.389	18.567	-0.29	-.189	.849
CSR Expenses on OTHER	26.897	9.567	.216	3.238	.003

Analysis of the table is indicating and clarifying that significance value of first factor is 0.001 ( $< 0.05$ ) and  $\beta$  coefficient= 52.566 which is an indicator that CSR expenses on Education has a significant positive impact on Net Profit.

The significance value of the second factor is 0.006 ( $< 0.05$ ) and  $\beta$  coefficient= 95.568 which means that CSR expenses on Rural Development and Transformation of Rural livelihood and Basic Infrastructure has a significant positive impact on Net Profit

The significance value of the third factor is 0.849 ( $> 0.05$ ) and  $\beta$  coefficient= -3.389 which means that CSR expenses Health related facilities such as water or sanitation does not have a significant impact on Net Profit.

The significance value of the fourth factor is 0.003 ( $< 0.05$ ) and  $\beta$  coefficient= 26.897 which means that CSR expenses on other categories have a significant positive impact on Net Profit.

Hence in case of Education, Rural Development, and other categories it is concluding that CSR expenses in Education, Rural Transformation and Other categories have a significant impact on Profitability. However, in case of Health it is concluded that CSR expenses on Health sector does not have a significant impact on Net profit of the selected companies.

#### CONCLUSION

From the data collected as above, it can be concluded that every successful business need to honour their social responsibilities and shall follow those marketing ethics which is viable for business to become a social responsible organisation. Majority of the corporates undoubtedly accepts the fact that corporate social responsibility is supposed to be a voluntary effort to strengthen the reputation and the brand value of any corporate that helps in increasing their sales and development of customer loyalty. It helps employees to believe in equality it also helps in developing the political relationships also as far as the majority opinion is

concerned. It can also be concluded that position in private sector organisations and corporates are found to be more satisfactory and because of this a debate comes into the picture regarding social rule of public sector organisations especially post liberalisation. Especially in the light of a dual concept of privatisation and reducing the monopoly resume the businesses are now days making a significant contribution towards their sustainable growth. Still there are the various critics who challenge the concept of corporate social responsibility to make involvement in those activities which undoubtedly benefits the society in one way. This will make a contribution to the goodwill of the company only. There are various reasons which supports that CSR is the responsibility of all including corporates, governments as well as the individuals living in the society. The reasons can include majority that money owned by any person or a corporate is from the society only hence it should be returned the contribution to the humanity is also one of the basic need and an approach to be incorporated by all the forms of businesses. It must be the central goal of all the businesses and shall be the core of all companies' practises this is how the CSR is becoming a fast and priority sector for all the corporates. The case for showing corporate responsibilities is a stronger perception which is increasing among the people especially the consumers in the public. Being a good corporate person it is crucial for the commercial success of any business to make an alignment with public expectations as well as with the priorities and to broadly and effectively make a communication for their better engagements and achievements.

### RECOMMENDATIONS

1. Implementation of a better system of audit with the view for maintaining or improving the quality of CSR.
2. Obtaining a highest level of cooperation between the various departments of the corporate for achieving the aims and objectives of corporate social responsibility.
3. Introduction of various CSR aspects for the business at the very beginning stage of the project and making its integration with long term objectives.
4. Corporate shell integrate their social entrepreneurship in their core cultural areas by making a generalisation of their capabilities in research and development for making socially innovative independent.

### LIMITATION OF STUDY

No research is complete in itself. The researcher puts all of its efforts to investigate the facts but there are the some unavoidable limitations in each and every research our research also has some unavoidable limitations which are as follows

1. The research is limited for selected Indian companies and for the period 2018-19 to 2022-23.
2. There could be certain slight values in secondary data which has been obtained from different agencies may be overlooked for analysis of the data.
3. Every effort has been made to obtain information as near to as real possibilities.
4. The limitations of financial statements could also impact the accuracy of quality of the data or analysis in case financial statements are not correct the analysis may also not be correct.

### SCOPE FOR FURTHER RESEARCH

The present paper focuses only on selected companies. There is still a lot of possibility and scope to concentrate on international companies and some kind of the newly formed companies which can also comply with the CSR. The present research paper unfolds various and different areas of climate or human rights which is in itself is a detailed empirical analysis scope which can be undertaken to be discussed in the research paper to be undertaken in future studies.

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