

An Analytical study of Corporate Social Responsibility : Bharti Airtel and Idea Cellular

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ABSTRACT - Corporate social responsibility basically is a corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The CSR generally applies to company efforts towards various social welfare initiatives to benefit employees, customers, and the community at large. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. This study is descriptive and analytical in nature. The main objective of this study is to analyze the CSR activities carried out by Airtel and Idea. An attempt has been made to analyze and compare the existing CSR practices of both the telecom companies i.e., Airtel and Idea. Data are collected from the secondary sources mostly from concerned Company Annual Report, web sites, newsletters and other secondary sources. Empirical testing is carried out by using paired t test using Excel. It has been found that the selected Telecom companies are directly and in-directly engaged in Corporate social responsibility activities mostly in the area of Rural Development, Education, health and sanitation. The analysis shows that, these companies are making efforts for the implementation of CSR, but are restricted within certain fields. There is a need for better Corporate social responsibility activities by the telecom, which is possible by adding more and more social development issues within then Corporate social responsibility policy of selected companies.

KEYWORDS: Indian Telecom Industry, Corporate Social Responsibility, Private Sector companies, Health, Education, Community.

I. INTRODUCTION

In 1953 HR Bowen's introduced the concept of "Social Responsibilities of the Business". It has been a topic of continuous debate as what can be called as the concept of social responsibility and how its implementation can be done. While the idea has been around for more than half a century, there is still no clear agreement over its definition. One of the most used definitions is from the World Bank Group, stating, "Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development". Social responsibility refers to the commitment of a firm, beyond the requisite by law of economics, to pursue long-term goals that are good for society. The idea that organization, corporations, and firms have responsibility towards society leads to the development of the concept of "Corporate Social Responsibility (CSR)" thus evoked widespread interests and concerns among business and academicians. However, CSR is a broad concept and there is little consensus on specific meaning or criteria that define what CSR is

(Dahlsrud 2008). In 1999 Holmes and Watts defined CSR as the continuing commitment by business to behave ethically, thus contributing to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Nowadays, Indian telecom companies have created their own corporate image in the field of Corporate Social Responsibility (CSR) by taking various social initiatives in the era of social welfare and community development. The catalytic contributions made by Indian telecom industry for economic growth in India have created their separate entities towards financial growth. Companies Act 2013, notification of CSR rules has further strengthened the commitment of telecom companies towards CSR. While the Act provides the overall guidance framework for the corporates to lead their CSR initiatives, it also provides ample autonomy and flexibility to design and implement programs. India is among the first few countries in the world which has mandated CSR spending as well as its reporting. Internationally, disclosures on CSR have been in place for quite a few years now. Sector specific, mandatory CSR has also been in place. CSR mandatory reporting has

its own advantages. Apart from complying with regulatory requirements, it allows corporates to exhibit their commitment towards organisational transparency. It is also an important communication tool to engage with different stakeholders including shareholders, regulators, communities, customers and the larger society. CSR reporting provides an opportunity for telecom companies to reflect on their internal processes as well compare their CSR performance with peers.

RATIONALE OF THE STUDY

Most of the studies have are based on Indian banking sector while no study is found on Indian Telecom Industry. Thus researcher had tried to do a comparative analysis of selected Indian Telecom companies. With this backdrop the present study has been designed to find out the extent to which corporate social responsibility rule of 2% contribution of profit to CSR are followed in the companies.

PURPOSE OF THE STUDY

The purpose of the study is to highlight the existing CSR activities of selected telecom and to

do comparative analysis of the same. The main objectives of this paper include:

- To discuss the role of Indian Telecom Industry.
- To study the existing CSR practices of Airtel and Idea.
- To evaluate selected Indian Telecom companies comparatively.

HYPOTHESIS FOR STUDY

H01 = There is no significant difference between prescribed CSR and Actual CSR expenditure for BhartiAirtel.

H02 = There is no significant difference between prescribed CSR and Actual CSR expenditure for Idea Cellular.

II. RESEARCH METHODOLOGY

The present study covers two Indian Telecom Company Idea cellular and Airtel. Data are mainly collected from secondary sources. The secondary data has been collected from different sources like scholarly articles, annual reports of the selected banks, newsletters, and various web sites. The study covers the period of financial year 2017-18.

COROPRATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is not a new concept but the definitions and focus changes with the changing requirements of business and changing social needs. In 1953 the concept of CSR was first mentioned by William J. Bowen in his publication of "Social responsibilities of businessman". However the term Corporate Social Responsibility became most popular in 1990s. Although

there is no single universally accepted definition of CSR, each definition that currently exists supports that the impact of businesses have on society at large and the societal expectations of them. While the roots of Corporate Social Responsibility lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporates, internationally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility. It is evident in some of the definitions presented below:

The WBCSD defines CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."

According to the UNIDO, "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders". With this logic it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that Corporate Social Responsibility has been making an increasingly distinguished impact in the Indian social system by encouraging developments and social enhancement.

III. ROLE OF INDIAN TELECOM INDUSTRY

Mobile Telecommunication refers to the exchange of information, ideas and thoughts through the medium of a mobile phone or wireless network. The first mobile telephone call occurred in June 1946, when a truck driver in St. Louis, Missouri, placed a telephone call using a handset from under his dashboard. The cellular phone concept that currently supports the bulk of mobile communication was developed in 1947 at Bell Laboratories.

Telecom sector has evolved over the years as basic infrastructure like road, electricity, water supply. And government is also very keen to improve functioning of the sector for this very purpose. There is continuous development in data transfer rates that supports superior delivery of voice data services. India's Tele-density which was 2% during 1999 has now reached 95.08% at the end of March 2018.

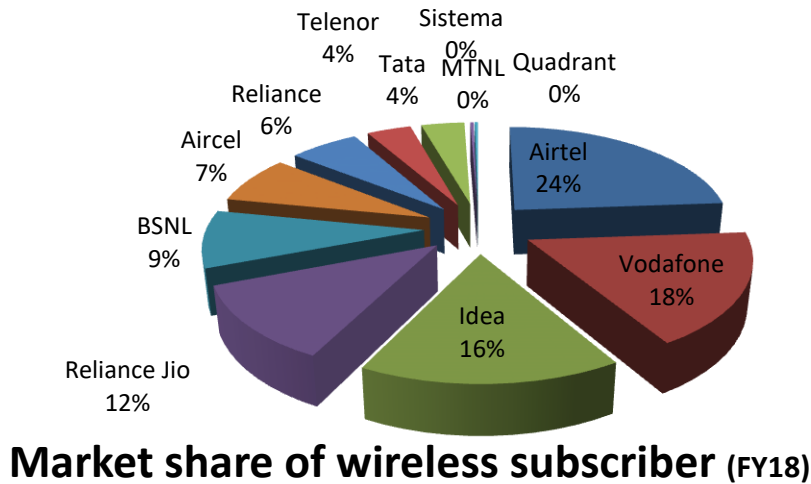


Chart1: Market share of wireless subscriber

Source: Telecom Regulatory Authority of India

As depicted by Chart 1 the Bharti Airtelis the market leader, with a24 percent share in the wireless subscription, followed by Vodafone (17.53percent share). Airtel and Idea are among the top performing telecom organization therefore the researcher has focused its corporate social responsibility study in these two companies only. Government and several private operators run their telephone services. Competition resulted in drop of call rates pan India. Indian rates for telecom services are most economical in the world. The success of initiatives of Government of India and liberalization in telecommunication sector has effected growth of the country.

CSR has been assuming greater importance in the corporate world, including the telecom sector. Today Telecom Sector growing larger and powerful than before. Telecom industry is taking part in more and more CSR activity due to govt. and non govt. pressure. Now under the clause 135 of companies act 2013 govt. has made the mandatory investment of 2percent of profit in the Corporate Social Responsibility activities.

Over the past few years, the concept of Corporate Social Responsibility has been changing. There has been a superficialtransition from giving as an obligation or charity to giving as a strategy or responsibility. Telecoms give more emphasis on CSR rather making profit.

IV. REVIEW OF LITERATURE

There is little literature on CSR activities in Indian telecom sectors. However there are few studies on Bangladesh and Hong-Kong are found. Most of the studies on CSR are from banking sector. Telecom plays a vital role in the connecting county by its strong network resources.

In spite of the growing awareness among various stakeholder groups with regard to CSR and development of

regulatory frame works, a very little progress in this field has been achieved. There is a growing need of the involvement of the private sector for bringing development in our country.(Patnaik et.al. 2017)

Now-a-days across the globe, banking sector is under massive pressure fromits shareholders, investors, media, NGOs as well as its customers to carry out business in a responsible and ethical manner (Bhattacharya et al.,2004 ; Frenz, 2005 ; Jeucken, 2001 ; Jeucken, 2004).

Recently, several initiatives have been initiated to promote CSR practices around the globe. Bank Tract Network was formed by global coalition of NGOs to promote sustainable finance. Collevocchio declaration also calls Financial institutions (FIs) such as banks and asset managers can and must play a positive role in advancing environmental and social sustainability. This declaration calls on FIs to embrace six main principles which reflect civil society's expectations of the role and responsibilities of the financial services sector in fostering sustainabilityfor environmental protection and social justice by banks. The six principles, commitment to sustainability, responsibility, accountability, dono harm, transparency and sustainable market and governance. Some countries levied heavy penalties to banks for violating socio-economic principles. State regulatory bodies, media, NGOs, customers have significantly addressed social responsibility issues in banking sector Jeucken,

2001; Bhattacharya et al., 2004; Decker, 2004). Likewise, international organization such as the World Bank also frequently exert pressures on banks to analyze social and environmental risk involved in projects to be financed. In addition to this, CSR practices of an organization have significant impact on its reputation and resultant profitability. Bihari and Pradhan(2011) have attempted to map the corporate social responsibility practices of major

players in the Indian banking and found that CSR has positive impact on the performance and image of the bank. Narwal (2007) made a study of 33 public and private sector banks in northern Haryana to highlight the CSR initiatives taken by the Indian Banking Industry, which can help them to enhance their overall performance. The findings suggest that banks have an objective view-point about CSR activities. Sharma (2011) made an attempt to analyze CSR practices and CSR. Reporting in India with special reference to banking sector and concluded that banking sector in India is showing interest in integrating sustainability into their business models but its CSR reporting development, vocational training, women's empowerment, and protection to girl child, employment practices are far away from satisfaction. He has given a list of core thrust areas for reporting CSR activities by the Indian banks as: children welfare, community welfare, education, environment, healthcare, poverty eradication, rural.

CSR PRACTICES OF BHARTI AIRTEL AND IDEA CELLULAR

Idea:

Company is actively contributing to the social and economic development of communities in which they operate. Thus help in to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

Countries biggest challenge is to address the issue of drop-outs and to improve the quality of education, the company has focused its CSR efforts to improve access to education and increase retention rates for all age group of children. With the help of programmes such as Angrezi Seekho and KHEL, the company has brought about a major change. Over 5 lakh school children were covered through various projects in Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Delhi, Uttar Pradesh, Tamil Nadu, Bihar, Gujarat and Karnataka.

The Company lays emphasis on preventive healthcare as one of the most important human development indicators. Sadly, preventive healthcare has not been instilled in our society at large, and in rural areas in particular, causing untold suffering. So, Idea aim to address the needs of children and adults, catering to all age groups.

To addressing the skill deficit amongst youth, the company has implemented novel initiatives that promote ways of earning a dignified livelihood. Companies CSR activities under the umbrella of skill development, equip youth including women, with sustainable and marketable skills.

Company also promote digital learning in tandem with the current market needs, and empower women to achieve self-sufficiency.

In rural and urban are as quality of water is deteriorating, drought-stricken regions where clean drinking water is scarce and lack of sanitation facilities that lead to preventable diseases has culminated in a series of initiatives that company hope will bolster these concerns. CSR projects in this also encompass the Swacch Bharat Abhiyan initiative of the Government to encourage and promote cleanliness in the country.

Airtel

Company is committed to creating a long-term and sustainable value for its stakeholders across its entire value chain. To make a positive change in the lives of companies stakeholders, including society and the environment. To benefit the society, with companies core competencies of network presence, reach and accessibility.

Airtel in year 2011 made a commitment to widen our sustainability approach. Company made social inclusion as the cornerstone of our sustainability programme to ensure that more and more people get included in the benefits of a sustainable and an enriched life. Company has finalised its 'Blueprint for Social Inclusion', which is aimed at addressing our stakeholders' concerns and ensuring that Airtel can be a force of good, positive change in the society.

Company had rapid progress over the years, and upheld the onus of being a responsible corporate citizen, contributing to a sustainable future, not just for economic benefits but also for society and the environment. While recalibrating its strategies in order to remain aligned with its sustainability vision and fortifying its drive, company has launched a comprehensive and structured 'Sustainability Plan 2020'. The Plan outlines corporate responsibility and how company aspire to empower millions more through social and economic development.

TOTAL SPENDING ON CORPORATE SOCIAL RESPONSIBILITY

S.No.	Company name	Status	2015-16	2016-17	2017-18
1	Idea	Actual CSR (Cr.)	18.40	36.96	16.00
		Prescribe CSR(Cr.)	54.80	73.19	46.61
2	Airtel	Actual CSR(Cr.)	42.16	5.58	27.80
		Prescribe CSR(Cr.)	189.00	207.90	241.63

Table No.1 comparison of CSR Spending with their prescribed limit as per company act 2013.

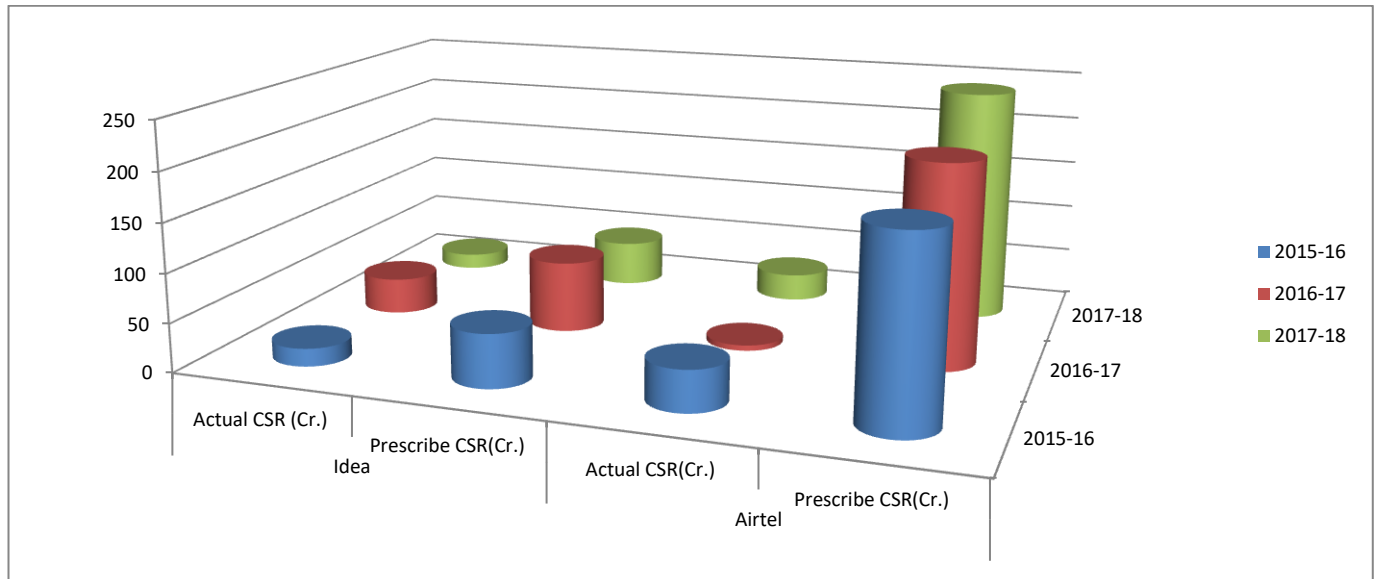


Chart No. 1: CSR Spending for Airtel India and Idea

Source: compiled from annual reports from Idea and Airtel Company.

Interpretation

- Total Spending on Corporate Social Responsibility (CSR) Idea for FY 15-16 was INR 18.40 Cr., the prescribed CSR as per Companies act 2013 amounts to I NR 54.80Cr.
- Total Spending on Corporate Social Responsibility (CSR) Idea for FY 16-17 was INR 16.00 Cr., the prescribed CSR as per Companies act 2013 amounts to I NR 46.61 Cr.
- Total Spending on Corporate Social Responsibility (CSR) Idea for FY 17-18 was INR 36.96 Cr., the prescribed CSR as per Companies act 2013 amounts to I NR 73.19 Cr.
- Total Spending on Corporate Social Responsibility (CSR) Airtelfor FY 15-16 was 42.16 Cr.the prescribed CSR as per Companies act 2013 amounts to I NR 189.00 Cr.
- Total Spending on Corporate Social Responsibility (CSR) Airtelfor FY 16-17 was 5.58 Cr. the prescribed CSR as per Companies act 2013 amounts to I NR 207.90 Cr.
- Total Spending on Corporate Social Responsibility (CSR) Airtelfor FY 17-18 was 27.80 Cr. the prescribed CSR as per Companies act 2013 amounts to I NR 214.63 Cr.

HYPOTHESIS TESTING

H01 = There is no significant difference between prescribed CSR and Actual CSR expenditure for BhartiAirtel.

The first hypothesis (**Ho₁**) is tested with the help of **t test statistics for differences between mean**.This corresponds to a two-tailed test, for which a z-test for two population

means, with known population standard deviations will be used.

Mean	212.8433	25.18
Variance	710.8066	339.6724
Observations	3	3
Pearson Correlation	-0.23664	
Hypothesized Mean Difference	0	
df	2	
t Stat	9.074483	
P(T<=t) two-tail	0.011927	
t Critical two-tail	4.302653	

Interpretation

The first hypothesis (**Ho₁**) is tested with the help of t test for differences in mean. This hypothesis is tested betweenprescribed CSR and Actual CSRfor Airtelcompany. While testing this hypothesis it is revealed that null hypothesis is rejected (**Ho₁**), as the calculated value of ‘t’ is greater than critical value of ‘t’ (**t_{0.05}** calculated = 9.07>4.30**t critical_{0.05}** at 2 degree of freedom). Hence it is concluded that there is a significant difference in prescribe CSR and Actual CSR for Airtel.Using the P-value approach, the p-value is **p = p=0**, and since **p = 0 < 0.05p=0<0.05**, it is concluded that the null hypothesis is rejected.

H02 = There is no significant difference between prescribed CSR and Actual CSR expenditure for Idea Cellular.

Mean	58.2	23.78667
Variance	185.2941	131.5925
Observations	3	3
Pearson Correlation	0.979914434	
Hypothesized Mean Difference	0	
df	2	
t Stat	18.09038393	
P(T<=t) two-tail	0.003041721	
t Critical two-tail	4.30265273	

Interpretation

The first hypothesis (H₀) is tested with the help of t test for differences in mean. This hypothesis is tested between prescribed CSR and Actual CSR for Idea Company. While testing this hypothesis it is revealed that null hypothesis is rejected (H₀), as the calculated value of ‘t’ is greater than critical value of ‘t’ (t_{0.05} calculated = 18.09 < 4.30 t critical_{0.05} at 2 degree of freedom). Hence it is concluded that there is a significant difference in prescribe CSR and Actual CSR for Idea .Using the P-value approach, the p-value is p = p=0, and since p = 0 < 0.05 p=0 < 0.05, it is concluded that the null hypothesis is rejected.

THE FOCUS AREAS OF THE TELECOM’S CSR ACTIVITIES

The focus areas of the telecom’s CSR activities are listed here under:

IDEA	AIRTEL
➤ Education.	➤ Education
➤ Healthcare.	➤ Health
➤ Environment protection.	➤ Environment protection.
➤ Entrepreneur development programme	➤ Community welfare
➤ Assistance to poor & underprivileged	➤ Women welfare

V. CONCLUSION

The concept of corporate social responsibility generally means the social and local development of the community and taking initiative to preserve the environment and culture. Though both of the Telecoms are doing well in terms of corporate social responsibility practice but still a lot can be done for the social development. In order to attain the social objectives the telecom have framed a CSR policy with respect to specification and prioritization of activities for social spending and allocation of separate funds for this specific purpose. The telecom companies are not effectively implementing the policy as still there is a big gap between the prescribed CSR and Actual CSR amount spent by the companies. The telecom also created maximum value from its activities and developed strategies to effectively implement the CSR activities for the social development of the society. Idea follows a system of

periodical monitoring and reporting to the Board of Directors regarding spending and utilization of allocated budget for CSR whereas Airtel is still on its way to creating a system of regular monitoring and reporting. Based on the empirical analysis it can be concluded that there is significant difference between prescribed CSR and actual CSR for both the companies as null hypothesis is rejected and alternate was accepted suggesting that there is big difference in actual expenditure and prescribed CSR expenditure for both the companies. The main CSR areas covered by both of the telecom are education, community, health and Environment. But the CSR area of activities and total spending of Idea is wider than Airtel. Airtel as compared to Idea needs to diversify their CSR practices and both of the telecom should consider the other important areas of the society, such as women empowerment, environment, rural development activities, social welfare related to the poverty alleviation. This can ensure the overall development of the country.

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