

A comparative study of CSR contribution of Top Indian companies

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Abstract - The incalculable future is common aspect in the rapid changing business environment. This has become a challenge in the long term and sustainable growth of the business. Such growth can be achieved through future oriented long term decisions. One such kind of decision is Corporate Social Responsibility (CSR). It can be treated as “give and take policy”, where company uses abundant social resources for its existence and growth. Therefore, it will be the obligation of the company to return something to the society. The company will be environmentally, ethically, philanthropically responsible to the society.

The term CSR in the world was first coined by American economist and Businessman Howard Bowen in 1953 in his publication called “Social responsibilities of the businessman”. Bowen is often referred as the Father of CSR. In India, in the early 90’s Mahatma Gandhi introduced the trusteeship concept. It is related to helping in socio economic growth. After independence, some corporate peers have identified the need of CSR activities apart from usual operations of the business. As a result, the CSR Rules were incorporated in the Companies Act, 2013 and India became the first country to mandate the rules related to CSR in 2014. This has resulted in tremendous contribution to the society in the form of Social Responsibility Fund.

Key words: Corporate Social Responsibility, Corporate Social Responsibility Fund, Incalculable, Sustainable growth.

I. INTRODUCTION

Corporate Social Responsibility is the matter of importance at the present time, not only in India, but globally. The notion of CSR was introduced to support the inter sectoral approach of development to bring the concept of social welfare and transformation. It is the decision of the company to conduct its activities in such a way that benefits the society as they use the resources of the society. The term CSR is used to explain the efforts of the enterprise to improve the social conditions. It is beneficial from business as well as society point of view. CSR improves the goodwill and public image of the company by publicizing its activities towards social welfare. Simultaneously, the society gets the benefits from the activities of the company. The company can create a strong relationship with the society and can stand out from the competition when they are involved in such kind of activities.

The company’s socially responsible policies go a long way towards attracting and retaining the customers, that helps for long term success. It is a tool to encourage and motivate employees. It is a platform to make positive impact on local and global communities.

For a company to be socially responsible, first it needs to be accountable to itself and its shareholders. When a business has grown up to a certain point, it can give back to society. So, this is the strategy generally implemented by large scale

corporations. The more successful and profitable a corporation is, the more responsibility it has. There are different kinds of CSR. A company can choose to engage in any of such kinds. It includes:

- Environmental responsibility like pollution reduction, waste management, recycling the goods, choosing the methods that have least impact on emissions and pollution, etc.
- Ethical responsibility like conducting activities in fair and ethical ways, fair treatment to all customers, positive treatment of all employees, etc.
- Philanthropic responsibility like company’s resource contribution to the society to make it better place including donation to charity, sponsoring the fundraising events, etc.
- Financial responsibility that ties the above three areas. It means, the company can execute the above ideas through its financial investments.

Corporate Social Responsibility (CSR):

CSR is not a charity or donation. It is the way by which a corporate visibly contributes something to the society. The company’s being socially responsible should not restrict them to using the resources of the society for their benefits. As JRD Tata said- “No success in material terms is worthwhile unless it serves the needs or interests of the country and its people”, the company should serve the interest of the society.

It is not about giving randomly, but about bringing the benefits to all its stakeholders.

The CSR concept can be used as a growth strategy by the companies. Because, it results in positive feeling and trust in the minds of the people. Customers to some extent want to buy the products and services of the company on which they have trust. Similarly, employees expect to work in the company they respect. Therefore, by adopting such growth strategy, a company can create long term consumer and employee value without compromising with growth and expansion.

A properly planned and implemented CSR concept can bring a number of positive impacts and competitive advantages such as increased access to capital and markets, improved productivity, increased sales and profit, improved brand image, business reputation, etc.

Importance of CSR to sustainability of the business:

- ❖ The CSR helps the companies to reduce the operative costs of the business.
- ❖ When the companies are recognized as socially responsible companies, then it increases their sales and creates customer loyalty.
- ❖ It also helps to concentrates on working conditions of employees, supply chain, etc. which increases the productivity of the business.
- ❖ The companies with strong CSR, attracts more number of investments towards it because of its reputation and work.

Corporate Social Responsibility in India:

The concept of CSR is not new in India. It can be traced back to the time of 'Vedas'. Veda says that "man can live individually, but can survive only collectively". It suggests peace, order and justice as the fundamental aims of the state. Philosophers like Kautilya suggested the ethical practices and principles while conducting the business. Although the main function of the business is to create wealth, they believed the philosophy of "Sarva loka hitam" which means "the well being of all stakeholders".

The concept of CSR has formalised in 1953 with the publication of book named "Social Responsibilities of the Businessman" by Howard Bowen. But it was popularised in 1990s. Until the enactment of the Companies Act, 2013, it was not legally mandatory. India has become the first country to make CSR mandatory by an amendment to the Companies Act 2013, in 2014. As per the act, the company can utilize some portion of its profit in the areas like education, poverty, hunger, etc. as a CSR initiative. After Covid-19 pandemic, the amount spent by companies on pandemic for protection of people like health care, sanitation, etc. are also treated as a valid CSR activity.

Applicability:

The applicability of CSR related provisions are contained in Section 135 of the Companies Act 2013. The subsection 1 says that, every company having,

- ❖ Net worth of Rs. 500 crore or more; or
- ❖ Turnover of Rs. 1000 crore or more; or
- ❖ Net profit of Rs. 5 crore.

During any financial year is required to constitute a CSR committee with effect from 1st April 2014. Once a company is covered under CSR rules, it has to follow the provisions. As per the rule, it is required to constitute "CSR Committee" comprising of 3 or more directors out of which one shall be independent director.

The company covered under CSR rule, shall spend, in every financial year, at least 2% of its average net profit made by the company in immediately three financial years. The average net profit must be calculated in accordance with the provisions of the Section 198 of Companies Act 2013. The amount spent under CSR initiative must be incorporated in its annual reports in the specific manner.

As per the rules, the company keeps aside, 2% of its average net profit made during three immediately preceding financial years for the annual CSR activities. If there is any utilized CSR Fund of a particular year, it can carry forward and spend it in the next fiscal year in addition with the money allotted in that year.

II. REVIEW OF LITERATURE

[1] R Sarkar 2019 found that business houses cannot consider themselves solely as a money making entity. Being beneficiaries and some of the biggest consumers of various social and natural resources, it's their moral and ethical duty to give back to the society in various forms. Instead of being seen only as charity, corporate social responsibility should be considered as a vital part of the core business of a business entity. Companies upon realizing this reality have started setting aside substantial portion of their profits for various CSR activities and Indian companies are also not an exception to it. There are primarily two reasons behind companies becoming more socially responsible- the first one being the external reality of a rapidly changing society and environment which makes it obligatory for business organizations to adopt sustainable development for their own sheer survival, the second one being the internal reality of business innovation which makes it imperative to practice corporate social responsibility to become more profitable. Though a relatively new concept in India, it has picked up pace in the last decade or so due to both government prodding and also due to the realization by companies of CSR activities as an excellent way to connect with the populace. CSR is not only the various activities companies employ to utilize their profits for various social and environmental development, but also consists of the socially responsible methods to earn these profits and running a transparent business to realize an overall social and environmental sustainability.

[2] S Premlatha 2021 found that CSR (Corporate Social Responsibility) is a self-regulatory business model that allows a company to be socially accountable to itself, its

stakeholders, and the general public. Corporate social responsibility, often known as corporate citizenship, allows businesses to be conscious of their impact on all aspects of society, including the economic, social, and environmental.

[3] H M Aslaksen, C Hildebrandt and H Chr. Garmann Johnsen 2021 studied about long-term transformation of CSR, presenting a perspective on the interplay between CSR debate and public discourse on business responsibility. They trace this evolution of the concept during the last three decades focusing on the intersection of economic, social, and environmental responsibility. Based on discourse analysis of news articles and opinion pieces in the largest public newspaper in Norway from 1990 until 2018, the study confirms that discussions on CSR, sustainability and the social model often approach the same challenges. They argue that sustainability has become the dominating term in popular usage for describing the relationship between business and society. Based on their analysis of the public debate, CSR has become a more comprehensive term, transformed from being a term mainly related to internal business affairs to part of a broader societal discussion about sustainability.

[4] Ajay K. Singal 2021 studied about the corporate social responsibility (CSR) discourses on community and environment by Indian metal and mining (extractive) sector. Specifically, they examined the change in internal governance and external implementation mechanisms in response to affirmative CSR policy actions. Applying text network analysis technique on CSR related expenditures provided in the annual reports and CSR annexure (2014–2018), the study reveals that CSR discourse of extractive firms improved significantly and became more focused after the introduction of post-affirmative policy. CSR initiatives in the extractive sector are primarily focused toward local social development, with little emphasis on the environmental sustainability. Furthermore, companies have adopted two-tier governance structures for managing CSR. The top tier comprises board members who formulate the CSR programs, while the second tier has executives responsible for the implementation. Another tier of governance involving local domain experts is emerging. The three-tier implementation mechanisms give firms a tighter control on spending and enhance the effectiveness of initiatives.

[5] N Mitra 2021 found that Corporate Social Responsibility (CSR) is like a chameleon that changes its color according to the context it is in. In the developed economy, it takes the form of sustainability and/ or philanthropy, whereas, in emerging economies, it speaks the language of religious, political and/ or mandated CSR. India, in recent times came into the limelight with its mandated CSR policy that was incorporated into its Companies Act 2013, which became operational from the financial year 2014 - 2015. Mandated CSR is thus a new area of study that is based on the philosophy that 'CSR should contribute to the national agenda in emerging economies,' under some statutory guidelines as laid down by the Government. But, business

houses do look for maximizing its profit. Profit can be financial and/ or non-financial.

[6] S. M. S Alam and, K. M. Z Islam 2021 found that Green concern is making a profound impact on building green competitive advantage (GCA) across the globe. . The study attempts to examine the interplay among environmental corporate social responsibility (ECSR) dimensions, green corporate image (GCI), and green competitive advantage of firms. To address the research topic, structural equation modeling approach has been adopted. Based on prior research findings, five hypotheses have been devised and finally evaluated by collecting data from 53 apparel firms enlisted with Dhaka Stock Exchange, Bangladesh. The study findings reveal that the ECSR dimensions have critical role to play over building GCI and GCA at the firm level. The study attempted to integrate ECSR, GCI, and GCA and contributes to the holistic understanding of the green anxieties of the business world. Understanding the critical role of ECSR, this study calls for proactive managerial actions regarding organizational sustainability.

[7] O Adewole 2022 found that the relationship between 'CSR and Brands to the sustainable business environment coupled with climatic changes and environmental issues; 'while emphasizing the potentials of 'CSR from brand reputation translation to equity as a tool for mitigating climate change mitigation and enhancing corporate financial performances has been extensively presented. A value – based dimension becomes clear realizing the link and connection between 'CSR, brand and brand association recognizing the key constructs and the translation of brand reputation to equity. The high R – value of 0.9753 between brand reputation and financial performances implies by adopting 'CSR which enhances brand reputation and translates to equity; corporations, companies and organizations can use 'CSR as a strategic tool for increased profitability and returns. It is extremely significant for companies, firms and corporations to take cognizance of 'CSR and recognize its key roles as brand promoter, gaining increased customer and brand loyalty, and translation of brand reputation to brand equity.

[8] L Carrera 2022 found that Globalization and financial processes have progressively generated an intense and problematic phenomenon of disconnection between companies and their territories. Breaking of the spatial link has often led to the breaking of the social bond and the rupture of territorial cohesion. In order to counteract this process of progressive lack of solidarity and social trust between companies and territorial communities, a very important role can be played by Corporate Social Responsibility. From few decades the European and the national reflection was focused on "Corporate Social Responsibility" considered a fundament strategy able to activate the (re) construction of new forms of solidarity and to create favorable conditions for social and economic sustainable growth, restoring continuity between activities

and long-term effects connected to them. In this perspective, the corporate territorial welfare is its empirical expression, and a strategic tool to achieve the goal of counteract social and geographical peripherality to guarantee a polycentric and sustainable development of territories and highest level of quality of life of local communities. To grasp this new type of relationship that companies can establish with “their” territories starting from their choices of welfare, different models of corporate welfare introduced in some companies in Puglia have been analyzed. A specific attention has been dedicated to the particular form of corporate welfare extended to the territory and therefore to territorial stakeholders. These actions, when present, go well beyond the most classic attention to employees, and can be considered opportunities to give shape or rebuild the most direct link with the territories. In order to investigate the corporate’ welfare choices, the study used a qualitative methodology of interviewing the human resources managers of several Apulian companies and asking them about welfare choices. From the analysis carried out it has been possible to define a typology of enterprises in relation to the adopted model of welfare.

[9] Y Wang, M. S. Delgado and Jin Xu 2023 studied about the circumstances under which socially responsible investing (SRI) enhances firm long-term financial performance, and therefore provides incentives for firms to self-regulate their environmental performance. Aggregating portfolios across SRI mutual funds, the study estimate the effect of SRI investment with environmental screening criteria on firm cost of equity capital. They found that accounting for interactions between firm and non-shareholder stakeholders, and potential agency costs associated with certain environmental activities of the firm, SRI can facilitate the alignment of firms’ environmental and financial goals. They also found that an industry group’s environmental performance and diversity influence the extent to which a firm in that group can benefit from SRI investment.

[10] A G N Ntoutoume 2023 found about practice of Corporate Social Responsibility (CSR) and its challenges. The main purpose is to highlight and clarify the gaps between CSR regulations and human rights abuses caused by business organizations. From a historical perspective, natural resources have been recognized as a common reason for pushing the CSR agenda, especially with the presence of big businesses in the outcome of globalization. However, despite a development-oriented CSR agenda and therefore on African local needs such as hospitals, housing, and roads, big businesses that have embarked on CSR activities are often involved in human rights violations. This is despite the insertion of human rights regulations on Business and Human Rights in which those businesses are signatories. According to international law, human rights fulfillment focuses on nation-states as sole bearers. This means other non-state actors have indirect human rights responsibilities. Therefore, the challenge remains to extend and interpret existing

domestic and international frameworks to include CSR alongside traditional state obligations. This could make corporate human rights more ‘applicable’ to businesses. The study clarifies the challenges of CSR with human rights issues and suggests an extension of the current legislative framework covering CSR. The study is qualitative and has used a Desk Research study approach that includes published academic papers; government documents some secondary data such as case studies, interviews, and discussions.

[11] S Enete and T Sturr, 2023 found that political affiliation does materially predict the allocation decisions of investors to firms engaged in corporate sociopolitical activism (CSA). More specifically, Democrats were more likely than Republicans to allocate investment dollars towards firms signaling a liberal political identity through their support of LGBT social issues and Planned Parenthood. By comparison, Republicans were more likely than Democrats to allocate investment dollars towards firms signaling a conservative political identity through their support of the Religious Freedom Institute. In addition, evidence was found that both Democrats and Republicans will under-allocate (relative to a control group) to firms that engage in CSA. Corporations should consider the potential costs from investor under-allocation for taking public stands on controversial partisan issues that favor some constituents at the expense of others.

III. METHODOLOGY

This study selected Top 5 Indian Companies by the market size for the study. The data related to contribution of these top companies to the society in the form of Corporate Social Responsibility initiatives is collected for the study. This study is analysing about the top Indian companies by market size and their social responsibility initiatives. For this purpose, two years contribution of these companies to CSR fund is collected. The increase or decrease in the amount of contribution is calculated by comparing the amount of contribution of 2021-22 with the base year 2020-21. The percentage increase or decrease is calculated by comparing the amount of increase or decrease with the base year 2020-21. By this, the current status of CSR contribution of Top 5 Indian Companies and their area of concentration as responsibility initiative are analysed by using the secondary data available. It also helps to analyse the profitability of these companies as their contribution is dependent on the profitability.

Objectives of the study:

- ❖ To study the concept of Corporate Social Responsibility in Indian Companies.
- ❖ To study and understand the various rules and regulations governing CSR activities.
- ❖ To study the structure of CSR activities India.
- ❖ To give useful suggestions to improve CSR climate in India.
- ❖ To study about the CSR initiatives of Top Indian companies and their relationship with customers.

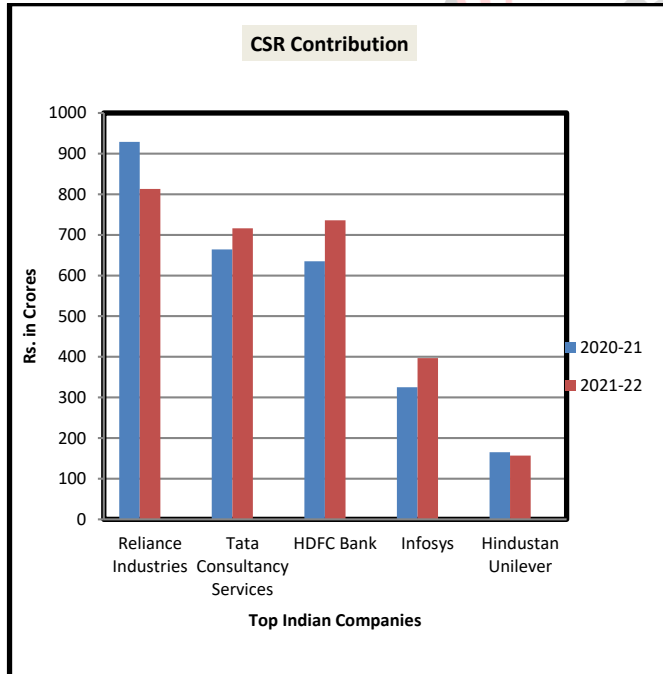
Limitations of the study:

- ❖ The study is limited to the extent of Top 5 Indian Companies.
- ❖ The study considered only past 2 years data.
- ❖ Lack of research knowledge.
- ❖ The study concentrated on the total contribution of the companies in the form of CSR initiatives. Sector wise contribution is not considered.
- ❖ The companies taken for the study are the Top 5 Companies in India by market size.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Top Indian Companies contribution to CSR

Company Name	2020-21 (In Cr)	2021-22 (In Cr)	Increase/Decrease	Increase/Decrease (In %)
Reliance Industries	928.68	813	-115.68	12.4564
Tata Consultancy Services	664	716	52	7.8313
HDFC Bank	634.91	736	101.09	15.9219
Infosys	325.32	396.70	71.38	21.9415
Hindustan Unilever	165.20	157	-8.2	4.9637



Interpretation:

The above graph shows the CSR contribution of Top 5 Indian Companies. These companies are the largest companies by the market size in India. The analysis says that there is increase in the amount of contribution in the companies like Tata Consultancy Services, HDFC Bank and Infosys. Similarly, there is decrease in the amount of

contribution of Hindustan Unilever and Reliance Industries. This analysis shows the profitability status of these companies. CSR contribution is made out of the profit made by the company. Therefore, the increase or decrease in the amount of profit will affect on the CSR contribution of the companies.

In this study, we can analysis about the concentrated areas of development of the Top Indian companies. In general, all the companies concentrate and contribute for education, rural development, sports, women empowerment, art, culture and heritage, skill training and especially for health and hygiene specifically after Covid-19 pandemic.

Out of 5 companies of our study, the amount of contribution is highest in Reliance Industries. But, their amount of contribution has decreased from 928.68 Cr. to 813 Cr. i.e. almost 12.4564% decreased in 2021-22. Similarly, there is decrease in the amount of contribution of Hindustan Unilever from 165.20 to 157 Cr. But there is increase in the contribution of Tata consultancy services, HDFC bank and Infosys. All these companies' contributions have increased in 2021-22 as compared to 2020-21.

V. FINDINGS AND SUGGESTIONS

Findings:

In this study we can realize that Reliance Industries is the highest CSR contributor as compared to other companies taken for the study. It is also evident that some companies are spending even more than 2% of its profit for the social welfare for the betterment of the society. Generally after Covid-19 pandemic, more importance is given for Health sector. In our area of study, in the contribution of top five Indian companies by market size, health sector and education has received maximum attention of most of the companies. Therefore, we can recognize that the top companies of India are not only concentrating on the profit maximization. They are also involved in contributing a portion of its profit for the betterment of the society.

By contributing for the welfare of the society, these companies become able to create good public image. It can attract more number of customers, investors towards it. The goodwill of these companies also increases in the international market because of their activities for the society.

Suggestions:

- ❖ The companies need to concentrate more on the rural development and employment generation activities.
- ❖ Rather than concentrating on spending the bulk amount on any activity, the companies should properly analyse and identify the needs society and proportionately the amount must be allocated to the important sectors.
- ❖ The companies should try to identify backward areas in the country, and should try to utilize the amount for the development of such areas and people.
- ❖ The companies should use available resources effectively and return some portion of its earnings to

support social causes and for the activities to improve social welfare.

- ❖ Reputation is of utmost importance. So, the company should properly implement the sustainable practices in their operations. This can retain existing employees and attract more employees.

VI. CONCLUSION

There are different companies that are contributing towards the betterment of the society in India. They are addressing different issues like employment generation, health, rural development, environmental protection, etc. The Government of India is also undertaking different steps to convey about the importance of social welfare and its benefits for the business in their sustainable development.

There are number of challenges in this regard like identification of the area for the development like health, education, employment etc., analysis of the needs of the society, etc. These different aspects must be properly analysed and care must be taken in decision making. A company that properly plans and implements its strategy related to corporate social responsibility can achieve sustainable development.

The business uses the resources of the society to start and develop its business. So, it should create a “win-win situation” that can help ultimately for the economic development of the country. By this, both business and society will get something from each other. As business uses the resources of the society for its formation and growth, it is its obligation to give something back to the society after gaining good position in the market. Business can achieve sustainable development and the standard of living and social conditions of the people will improve. As Benjamin Franklin said-“Doing good is not a private act between a bountiful giver and a grateful receiver; it is a prudent social act”. The business as a part of society should have sense of responsibility towards community and environment in which it operates. This helps to increase the reputation of the company's brand among its customers and society.

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