

## Impact of CSR Practices in Selected Public Limited Companies in Bengaluru - A Study

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### Abstract

In India almost all leading corporates are involved in corporate social responsibility (CSR) programmes in the areas like education, health, livelihood creation, skill development, and empowerment of weaker sections in the society. There is a need to understand why and how companies adopt corporate social responsibility.

India like any other country making concrete efforts to solve environment related problems, CSR is going to be a powerful means to sort out environment related problems. Maximisation of profit may be the guiding force in a commercial enterprise but social responsibility is an obligation to the people living inside and outside the business organisation. CSR is coming out of the purview of “doing social good” and is fast becoming a “business necessity”. Business comes in touch with different groups of society such as owners, employees, customers, government, suppliers etc., The responsibility of business, which includes satisfaction of these parties along with the owner, is called social responsibility of business. CSR has become a popular phrase around the globe and hence corporate world and business corporates must take care of it. Today society as a whole and media more strongly request companies to consider social and environmental problems while doing business activities. It has been realised that CSR has become a tool to leverage image, generate brand equity, increase employee loyalty. In this paper an attempt is made to analyse the impact created on account of CSR practices in selected public limited companies in Bengaluru.

**KEYWORDS** : Competition, Responsibility, Obligation Activities, Impactness, Health care.

### Introduction

CSR is drawing the global attention and corporations have realised that their sustainability much depends on initiation of CSR activities. CSR in India has gone beyond merely charity and donations and is approached in a more organised form. CSR has become an integral part of the corporate strategy. Companies with their CSR committees frame the initiatives which are within the stipulated scope of activities.

Business and society is interrelated, people live in a society and employee is a part of social organisation. A business entity can not operate in vacuum. Business depends on society. The survivability of business depends upon organised societies individuals who can not, themselves, produce all their requirements. Thus a stable and well organised society makes it possible for people to survive in business.

In India one can notice a paradigm shift from corporate philanthropy to being socially responsible. The importance of CSR is widening in Indian corporate arena since

corporate organisations have realised that final goal is not making profit but to create values in the society. The impact created by LPG lead the companies only to make profits which led social backwash. To overcome this trend corporate entities have started to realise that only through CSR a balance between profit and lowering backwash can be attained.

CSR is a strategy and entry point for understanding a number a firm related and social related issues. Its significance in the present days of competitive trend can be understandable in the form of impact created by it on employees, society, communities and customers.

### **Objectives**

- (1) To analyse socio-economic demographic profile of respondents.
- (2) To study impact created by CSR an customers and society.
- (3) To analyse CSR impact on benefits to be derived.
- (4) To analyser the impact created by CSR on area development.

### **Hypotheses**

- (1) Socio-economic demographic profile do not support the impactness of CSR.
- (2) Customers and society are not impacted by CSR initiatives.
- (3) There are no benefits to be derived from CSR.
- (4) CSR has not created impact on area development.

### **Research Methodology**

The present study is descriptive and depends upon both primary sources and secondary sources. Primary data collected by meeting the respondents and administering a well drafted questionnaire as schedule considering non-response avoid, to save time and completing data collection well in time. The employees of BEL, L&T, BIOCON, Infosys and CSM Public Ltd. companies were met and required data collected.

### **Statement of the problem**

The ever growing urban requires better schooling, education, water, eradication of hunger and poverty and slum removal. The flight of the poor living in the slum with basic absence of minimum facilities is quite unimaginable. Business now-a-days has a responsibility towards development of poor and deserved. In olden days industrialists use to construct temple and gave importance to the religion and slowly this was turned into establishment of schools to educate the poor and now CSR almost has become a strategy for expansion of business through serving the poor and deserved. Growing India needs better human resources with better education, health, who in turn contributes towards progress of the economy.

### **Sample of the study**

Using the formula suggested by Bill Godden the sample of the study was decided.

SS = infinite where population is  $> 50,000$

$SS = Z^2 \times (P) \times (i-p)/c^2$

Z = Z valueA (e.g. 1.96 for a confidence level)

P = Percentage of population picking a choice, expressed as decimalB.

C = Confidence interval, expressed as decimal.

(e.g. 0.04 = +/- 4 percentage points)  
 AZ values (Cumulative Normal Probability Table)  
 1.645 = 90% Confidence level  
 1.96 = 95% Confidence level  
 2.576 = 99% Confidence level  
 $SS = 3.8416 \times 0.5 \times 0.5 / 0.0016 = 0.9604 / 0.004$   
 = 600.25 or 600.

**Sampling Technique and data collection**

Convenient sampling technique is following to collect data from specified 600 respondents. The sample division is as follows.

Type of respondents	Number	%
1. Customers	250	42
2. Employees in public ltd. companies	100	17
3. Professionals - Eng. Graduates, CA, Cst Accountants	50	08
4. Private Service	75	13
5. Self employed	25	04
6. Business	50	08
7. Home maker	50	08
Total	600	100

**Statistical Analysis**

The collected data is presented in the form of tables and data has been presented in the Likert different anchor points of either 5 point 4 point and 3 point scale. To test the data scientifically ANOVA test has been performed. Respondents were chosen from different areas of the society.

**Scope of the study**

The present study is confined only to Bengaluru Urban and depends upon both primary and secondary sources. The secondary sources may be journals, bulletins and publications. An in depth study is needed to rely upon the data since the present study is confined to only a limited area.

**Review of Literature**

Prathima (2015) in their research paper highlighted that CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers employees, investors, communities, and others.

The study by Subramanyan Matyala (2015) shows that CSR is moving in India in a right direction and many organisations are playing an important role in making CSR a widespread practice and ensuring success in reducing inequalities. Further, the researchers has concluded that CSR in India has considerable potentiality in improving corporate environment and social conduct.

Mani Gosway (2015) in his study stated that CSR is commendable but it will be beneficial only if it is implemented and practiced.

Pai U. S. et. al.(2015) have stated that by 2030 the number of elderly would be approximately 198 million which is almost double at the present numbers. But majority of elderly persons are not able to access quality healthcare because of

retirement, lack of funds etc., and CSR provided by private healthcare providers could go a long way in following these gaps.

Chandrasekhar (2016) has stated that CSR creates positive impact on the environment investors, consumers, employees, communities and society. Further he said that what ever may be the for and against argument on CSR, it has become part and parcel of day-to-day operations of business for various reasons.

Economic Times (2016) in its report titled Education, healthcare, top India Inc's CSR spend list, expressed that education, healthcare and rural development and environmental issues were the four most important areas where companies spent CSR funds with their areas accounting to about 80% of the total CSR spending in India.

### **Survey Findings**

Table-1 show data about how CSR impacts customers. Impacts varies from quality assurance to green products takes care of health of customers. Out of 600 sample respondents 325 strongly agree over the impactness followed by 200 agree, 50 somewhat agree and 25 disagree. Out of 325 strongly agree respondents 70 said quality impactness, 68 creating awareness among customers, 64 about health, 63 about protection of environment and 60 said about CSR avoids false advertisement. Out of 200 who agree about the impactness, 45 said about quality, 43 about health, 41 regarding awareness creation. 38 about avoiding false advertisement, 33 protection of environment, and finally there are 50 some what agree respondents and 25 disagree with CSR ability to create impactness. ANOVA test fails to accept the null hypotheses and accepts the alternative.

Table-2 highlights data about significance of CSR in creating impact on society. The CSR impactness variable varies from eradication of hunger in the local area to assured quality, price and information out of 600 respondents 330 strongly agree over the statements incorporated in the table, 195 agree, 25 stood as neutral, 30 disagree and 20 strongly disagree. Out of 330 respondents who have strongly agree. 70 each said about eradication of poverty and awareness creation being the best impactnesss. 69 said about quality, affordable price, 62 regarding eradication of poverty, 59 about potable water. Out of 195 respondents who agree regarding impactness, 43 said about quality, affordable price, proper information, 42 about eradication of hunger, 40 potable water, 38 about eradication of poverty and 32 about more awareness creation. Further the table reveals that 50 respondents either disagree or strongly disagree. ANOVA fails to accept the H0 and accepts H1.

Table-3 reveals data about impact created by CSR in the form of benefits. These benefits varies from widening brand names to follow of norms stipulated by the government. 350 respondents out of 600 are highly benefitted, 215 benefitted and only 35 might have some what benefitted. Out of 350 who are strongly benefitted, 60 said about brand widening, 56 about profit increase, 52 each increase in the sales and follow up of norms, 45 about responsible role of serving the local area, 43 said about development of Ecofriendly attitude, 42 about boost up employee monthly. Out of 255 who are benefitted said that 39 about responsible role of serving the poor, 38 regarding profit increase. 30 each about widening of brand and follow up of norms, 28 about increased sales and 25 each about CSR boosting employee morality and Ecofriendly attitude. ANOVA falls to accepts the null hypotheses accepts H1.

Table - 4 highlights CSRs impact on ethical value. These ethical values vary from supply of qualitative products to do not resort to tax evasion. Out of 600 respondents

318 are highly perceived followed by 186 perceived 48 some what perceived, 36 low perceived 12 not perceived. Out of 318 who are highly perceived 58 said about impact of supply of qualitative product followed 62 do not resort to false advertisement, 56 about avoiding false weight measures, 49 about preserving national resource, 48 said about compliance of government norms, and 45 about do not resort to tax evasion. ANOVA fails to accept H0 and accepts H1.

Table-5 reveals information about CSR's impact on area development. Companies undertake activities as stipulated in the Companies Act of 2013. Out of 600 respondents 329 are highly beneficial, 201 beneficial, 42 some what beneficial and 28 not benefited. Out of 329 who are aware that CSR benefits the local area, 67 said about poverty eradication, 55 said companies conduct health programmes, 54 about employee welfare activities, 52 said about establishment of schools, 42 about energy preservation and generation, and recycling, 39 about livelihood activities, 20 said about helping war veterans. ANOVA fails to accept H0 and accepts H1.

### Conclusion

The beneficiaries who are going to be effected may be employees, suppliers, customers and community. It is more connected to the people. CSR today tells that development is not the exclusive responsibility of the government. Business too, has a legitimate responsibility and commitment oriented role to play. It is felt by the business at present that CSR as a tool to promote social well being, the turn over, brand equity, profits, employee morality, and satisfied customers, has to play a greater role. Such companies which realises the significance of CSR and implement CSR initiatives suiting the norms and needy can only succeed others do not. People are more aware of quality, green products, environment friendly products and they insist open CSR practicing companies than others.

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**Table-1 : Impact of CSR on Customers**

CSR Impact on customers	SA	A	SWA	DA	T
Quality of the product is assured	70	45	12	8	135
Protection of Environment	63	33	08	3	107
Avoids false advertisement	60	38	13	5	16
Creates awareness among customers	68	41	08	3	120
Green products takes care of health of customers	64	43	09	6	122
Total	325	200	50	25	600

Source: Field Survey

Note : SA - Strongly Agree, A - Agree, SWA - Some What Agree, DA - Disagree.

**Hypotheses**

H0	Customers are not impacted by CSR	Reject
H1	Customers are impacted by CSR	Accept

**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% - F limit (from F-table)
Between the sample	11750	(4-1)=3	11750/3 =3916.67	3916.67/12 =326.38	
Withing the sample	192	(20-4)=16	192/16 =12		(3, 16) =3.24
Total	11,942	(20-1)=19			

Source : Field Survey

**ANOVA Analysis:**

The calculated value being 326.38 higher than the TV = 3.24 @ 5% level of significance with df = v1 = 3 and v2 = 16 fails to accept the null hypothesis and accepts the alternative.

**Table-2 : CSR and its impact on Society**

Impacting variables	SA	A	N	DA	SDA	T
Eradication of hunger	70	42	6	7	5	130
Eradication of poverty	62	38	4	5	3	112
Better potable water	59	40	7	8	5	119
More awareness on health and others is created	70	32	3	3	2	110
Quality, affordable price, proper information is assured	69	43	5	7	5	129
Total	330	195	25	30	20	600

Source: Field Survey

Note : SA - Strongly Agree, A - Agree, N - Neutral, DA - Disagree, SDA - Strongly Agree.

**Hypotheses**

H0	CSR do not impact on society	Reject
H1	CSR impacts on society	Accept

**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% - F limit (from F-table)
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Between the sample	15370	(5-1)=4	15370/4 =3842.5	38425/10.8 =355.78	
Withing the sample	216	(25-5)=20	216/20 =10.8		(4, 20) =2.87
Total	15586	(25-1)=24			

Source : Field Survey

**ANOVA Analysis:**

The calculated value being 355.78 higher than the TV = 2.87 @ 5% level of significance with df = v1 = 4 and v2 = 20 fails to accept the null hypothesis and accepts the alternative.

**Table-3 : Impact of CSR and benefits derived**

Impact and benefits	HB	B	SWB	T
The greater impact is that CSR widens brand	60	30	6	96
It increases sales since consumer buys only				
CSR practicing companies products	52	28	4	84
It impacts an employees boosting of morality	42	25	6	73
Profit increases	56	38	7	101
Responsible of serving the local area	45	39	3	87
CSR impacts on Eco friendly attitude	43	25	4	72
CSR impacts the company to follow norms	52	30	5	87
Total	350	215	35	600

Source: Field Survey

Note : HB - Highly Beneficial, B - Beneficial, SWB - Some What Beneficial

**Hypotheses**

H0	CSR do not impacts on benefits to be derived	Reject
H1	CSR do impacts on benefits to be derived	Accept

**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% - F limit (from F-table)
Between the sample	7235.5835	(3-1)=2	7235.5835/2 =3617.79	3617.79/ 30.429 =118.89	
Withing the sample	547.7187	(21-3)=18	547.7187/18 =30.429		(2, 18) =3.55
Total	7783.3022	(21-1)=20			

Source : Field Survey

**ANOVA Analysis:**

The calculated value being 118.89 higher than the TV = 3.55 @ 5% level of significance with df = v1 = 2 and v2 = 18 fails to accept the null hypothesis and accepts the alternative.

**Table-4 : Impact of CSR on ethical values**

Ethical factors	HP	P	SWA	LP	NP	T
Supply of qualitative products	58	35	10	9	3	115
Do not resort to false advertisement	62	28	6	4	2	102
Make sincere effort to preserve natural resources	49	24	4	5	1	83
Follow governments rules and regulations	48	29	11	10	1	99
Avoid false weight measures	56	32	9	3	2	102
Do not resort to tax evasion	45	38	8	5	3	99
Total	318	186	48	36	12	600

Source: Field Survey

Note : HP - Highly Perceived, P - Perceived, SWA - Some What Perceived, LP - Low Perceived, NP - Not Perceived.

**Hypotheses**

H0	CSR do not impacts on benefits to be derived	Reject
H1	CSR do impacts on benefits to be derived	Accept

**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% - F limit (from F-table)
Between the sample	11,118	(5-1)=4	11,118/4 =2,779.5	2,779.5/17.04 =163.116	
Withing the sample	426	(30-5)=25	426/25 =17.04		(4, 29) =2.7
Total	11,544	(30-1)=29			

Source : Field Survey

**ANOVA Analysis:**

The calculated value being 163.116 higher than the TV = 2.7 @ 5% level of significance with df = v1 = 4 and v2 = 29 fails to accept the null hypotheses and accepts the alternative.

**Table-5 : CSR impact on area developed**

CSR initiatives in the area as per Co's Act 2013	HB	BSWB	NB	T
Education development by opening schools	52	34	8	4 98
Conducting health programmes	55	25	5	3 88
Promotion of Employee welfare	54	50	6	3 113
Poverty eradication	67	33	8	9 117
Energy	42	25	5	5 77
Livelihood for the women & rural development	39	22	7	2 70
Helping war veterans	20	12	3	2 37
Total	329	201	42	28 600

Source: Field Survey

Note : HB - Highly Beneficial, B - Beneficial, SWB - Some What Beneficial, NB - Not Beneficial.

**Hypotheses**

H0	CSR do not impacts on local area development	Reject
H1	CSR do impacts on local area development	Accept



**ANOVA Table**

Source of variation	SS	df	MS	F-ratio	5% - F limit (from F-table)
Between the sample	8740.9931	(4-1)=3	8740.9931/3 =2913.6643	2913.6643/ 96.2086 =30.29	
Withing the sample	2309.0087	(28-4)=24	2309.0087/24 =96.2086		(3, 24) =3.01
Total	11050.0018	(28-1)=27			

Source : Field Survey

**ANOVA Analysis:**

The calculated value being 30.29 higher than the TV = 3.01 @ 5% level of significance with  $df = v_1 = 3$  and  $v_2 = 24$  fails to accept the null hypothesis and accepts the alternative.