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Analysis of Corporate Social Responsibility of Selected Indian Companies

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***ABSTRACT**: The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization and environment change. Corporate social responsibility (CSR) has become an integral part of business practice. Business organisations have played a critical and active role in the improvement of healthy ecosystems, in fostering social equity, and upholding the essentials of ethical practices and good governance. Thisresearchhasobservedthatlndian companiesfollow various elements of sustainability and environmental aspectsin the Annual/FinancialReportsorSustainability Reporting (which includetheeconomic,environmental, health and safety, energy andsocialissues).with advancement in societal and healthy environment, environmental awareness has become a major concern among stakeholders.in this paper the authors want to know that whether the size of the company affects CSR activities or not. Taking this concern the authors study the sustainability reports of top 50 companies of selected Indians companies and to determine the effect of size of the company i.e. natural log of Total assets on CSR score which is calculated by using these variables (water, electricity, education, women empowerment, rural development, global compact, sustainability, employee welfare, hiv aids,, disaster, health & safety, waste management)*

***KEYWORDS:** Corporate social responsibility, Sustainability Reporting, Business performance*

I. INTRODUCTION:

The Concept of CSR first came up in 1953 since when it became a concerned topic in HR Bowen's “Social Responsibilities of the Business‟. One of the most current definitions is from the World Bank Group, stating, “Corporate social responsibility is the obligation for businesses to contribute towards sustainable pecuniary development by working with stakeholders, their families, the confined community and society at large, to improve their and upgrade their lives in such a ways that are worthy for business as well as for the development. Therefore there is a greater need to integrate the economic, social and environmental effect of the business operations.Consumer social responsibility (CSR) is “the conscious and deliberate choice to make certain consumption choices based on personal and moral beliefs” (Devinney, Auger, et al., 2006, p. 32).Corporate social responsibility is the “organization’s obligation to maximize its positive impact and minimize its negative effects in being a contributing member to society, with concern for society’s long-term needs and wants” (Lantos, 2001, p.600).

II. ACCORDING TO GRI

Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. It is a broad term considered synonymous with others used to describe reporting on economic, environmental, and social impacts. A sustainability report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including both positive and negative contributions (GRI, 2006b, p. 3).

Table-1

Objective of the study:
Following are the main objectives of the study:
[1] To find out the factors which influence the practice of CSR in Indian Companies
[2] To find out the factors which are most frequently undertaken in corporate annual reports, sustainability reports, corporate governance.
[3] To determine the effect of size of the company on CSR activities.

Literature review:
CSR 's activities were largely carried out by the Indian companies by focusing on programmes relating to health, education, globalcompact, womenempowerment. It will lead to a positive image of the company in the eyes of employees and consumers which ultimately result into satisfaction.

Authors	Description
(Crespin, R., & Boudrie, E., 2011).	The results of a recent study by *CR Magazine* and NYSE Euronext disclose that companies are showing high-level commitment to corporate responsibility. It shows that higher percentage of budgets was allocated to CSR from 2010 to 2011, showing their concerns and commitment to CSR activities which affects the company's reputation in the market
Uwalomwa(2011)	This study shows a positive relationship between the size of firms and the level of CSR variables. So, simply implies that the larger the size of a firm, the more they will be willing to invest on resources and corporate environmental technologies that are environmentally friendly
(Zaharia, et al., 2010).	It analyses the certain factors of environment efficiency, economic increase and stability which are based on a certain cultural and Social developmental factors. In its turn, the environmentdepends on the size of economic activity and on the social development, as it is the cases of the society quality resulted not only from the economic efficiency but also from stability and affectthe quality of the environment.
Silva Monteiro and Aibar-Guzman (2009)	This study revealed that, inspite of the fact that the level of environmental reporting disclosure during the period2002-2004 is low, the extent of environmental disclosure has increased as well as thenumber of Portuguese companies that disclose environmental information. Moreover, the company's size and its listing on the stock market are positively related to the extent of environmental disclosure.
(Hossain, et al., 2006).	This is a literature review study which emphasize on several studies, which had found a significant positive relations betweenthe size of the company and the extent of corporate social and environmental disclosure inthe corporate annual report in both developed, and developing countries.
Brammer and Pavelin (2006)	Researcher found that companies with a large number of shareholders are favourably to make voluntary environmentaldisclosures, and that the quality of disclosures is positively associated with firm size andcorporate environmental impact
(Roberts & Dowling, 2002).	In *Strategic Management Journal article* shows that firms with relatively good image are in a better positions to sustain higher profit over time. The article states that "corporate reputation is an important strategic asset that contributes to firm-level persistent profitability" and affirms that strong reputation is linked with superior financial performance

Provision for CSR in Companies Bill 2012
The Companies Bill, 2012 incorporates a provision of CSR under Clause 135 which states that every company having net worth Rs. 500 crore or more, or a turnover of Rs. 1000 crore or more or a net profit of rupees five crore or more during any financial year, shall constitute a CSR Committee of the Board consisting of three or more Directors, including at least one Independent Director, company would spend at least 2 per cent of its average net profits of the previous three years on specified CSR activities.According to Schedule-VII of Companies Bill, 2012 the following activities can be included by companies in their CSR Policies:-
[1] Eliminatinghunger and poverty;
[2] Advancement of education;
[3] Womenempowerment;

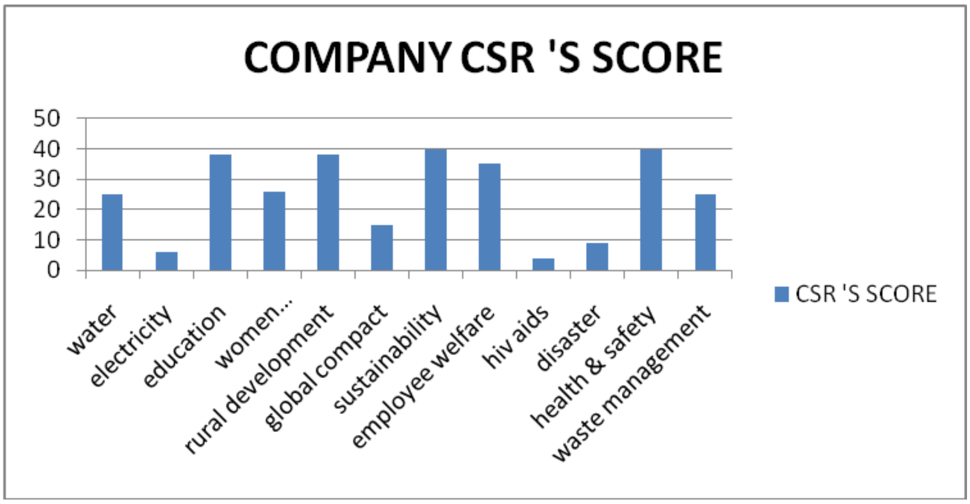
[4] Improving maternal health;
[5] Environmental sustainability;
[6] employment enhancing vocational skills;
[7] social business projects;

Research methodology:
Hypothesis:
H0-size and CSR score are not significant.
H1- size and CSR score are significant.

Sample size of company selected is 50 and data have been taken from their respective websites. CSR variables are framed into the score of 0 and 1 in which 1 defines disclosure of variable and 0 defines non-disclosure of variables. For this study researcher have taken 12 sustainability variables which are water, electricity, education, women empowerment, rural development, global compact, sustainability, employee welfare, HIV aids, disaster, health & safety, waste management and used regression analysis technique.

III. RESULTS/FINDINGS:

Table-2



By analysing the company's sustainability reports authors conclude that HIV aids, disaster, electricity are to be focussed more as it is in demand to contribute into particular variables. Companies are paying more attention to education, sustainability, rural development and health & safety which is the demand of the current scenario. Companies also tilted towards the women education, awareness towards empowerment & jobs which can be signified from table.2 as the score described 26 which are strong contributions by the companies, this variable contributes to the society indirectly by improving standards of living. Scarce resources are also being taken care in a good number since electricity conservation is not so entertained.

Table-3

-	Coefficients	t Stat	P-value
Intercept	4.825025372	2.2298	0.0304734
SIZE	0.117017952	0.548255	0.5860577
Multiple R	0.078887196		

IV. CONCLUSION:

As p-value comes below 0.05 we reject null hypothesis therefore we have to accept the alternative hypothesis. This result shows that size and CSR score are significant to each other and CSR score depend on size of the company which included Natural log of total assets less miscellaneous assets. Certain CSR variables are identified by their sustainability report disclosures which are neglected by the companies and are of major concern for the betterment of society since HIV aids is growing variable in which company are showing their interest that might be through less initiative but are taken into consideration. Although sustainability reporting focus on society welfare but companies are alighting their interests into the internal sustainability also (employee welfare and health & safety) which define as the overall development of the society at large.

V. LIMITATIONS:

Limitation of the study is the size which we have taken is limited in number i.e. 50 companies only which might not justify the CSR variables and size of the company.CSR variables which are selected are truly based on company disclosure on sustainability reports therefore -quality of CSR disclosure is not analysed in detail. Time period is also constraint in depth study which is limited to only current year balance sheet (2013).

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