

Collaborating a Dependent Business Model: Corporate Social Responsibility - Evidence from India

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ABSTRACT

The research concludes that businesses in developing nations, notably India, exhibit a steadfast commitment to Corporate Social Responsibility (CSR). Despite marked advancements in CSR procedures, there remains a judgment for businesses to transcend self-interest and embrace a broader societal perspective. For multinational corporations (MNCs), robust CSR practices are indispensable for upholding their reputational integrity. The research utilizes secondary data of the Net Profit after taxes, CSR Spending and Budget for the Fiscal Years 2017–18 to 2021–22, Share prices for the fiscal years 2017–18 through 2021–22 on the BSE and NSE, and Sector-wise distribution of CSR initiatives from company websites, online databases, and annual reports. The findings suggest that businesses in developing nations, including India, are committed to CSR. While there has been an improvement in CSR practices, businesses are still not consistently going above and beyond or solely focusing on themselves. This study contributes valuable insights into the evolving CSR terrain within India, shedding light on the strides made and the persistent challenges encountered in fostering a symbiotic relationship between corporate profitability and social responsibility. By delineating these nuances, the research seeks to inform stakeholders and policymakers about the trajectory of CSR evolution, thereby fostering a conducive environment for sustainable and responsible business practices. The study provides valuable insights into the CSR landscape in India and the ongoing efforts to integrate responsible business practices.

Keywords: corporate social responsibility (CSR), sustainability, environmental impact, private sector banks, public sector banks, Nepalese banking, social and environmental responsibility

Introduction

The concept of corporate social responsibility (CSR) has gained significant importance over the years, becoming a subject of extensive discussion, analysis, and investigation. While the idea of businesses having obligations to society beyond

profit maximization has been a longstanding belief, CSR emerged as a prominent phenomenon in the post-World War II era, particularly gaining traction in the 1960s and later. Today, CSR is a ubiquitous topic, featured in various publications, specialized journals, and news outlets, and has

led to the establishment of organizations such as Business for Social Responsibility (BSR) and Ethical Corporation, reflecting its global significance (Schwartz & Carroll, 2008).

The term "corporate social performance" (CSP) has also gained prominence, encompassing the descriptive and normative aspects of CSR. Despite the emergence of competing concepts such as corporate citizenship, business ethics, stakeholder management, and sustainability, the term "corporate social responsibility" remains widely used. The business case for CSR, which focuses on the tangible benefits that businesses and organizations gain from engaging in CSR activities, has been a prevalent topic in both academic research and commercial practice (Schwartz & Carroll, 2008).

The business case for CSR has been a subject of extensive research and discussion, with a focus on the financial justifications for companies adopting CSR initiatives and practices. The concept of CSR has evolved over time, leading to the emergence of new terms such as "Corporate Sustainability & Responsibility" (CSR 2.0), reflecting its continuous evolution (Schwartz & Carroll, 2008).

The growing interest in CSR is evident in the surge of CSR initiatives in almost all developed nations, as well as the preliminary research and development in emerging nations. The increasing demand for CSR strategies is driven by various factors, including the need to improve reputation and brand image, attract and retain talent, comply with legal requirements, and achieve long-term financial benefits (Schwartz & Carroll, 2008).

In recent years, the importance of CSR in India has continued to grow, with a focus on the communication of CSR behavior and the impact of industrial development on sustainable development. The significance of CSR in India is evident in the increasing focus on CSR activities and the evolving concept of sustainable development (Nixon, Burns & Jazayeri, 2011).

In conclusion, the concept of CSR has evolved significantly over the years, reflecting the changing dynamics of the business environment and the increasing focus on sustainable development. The business case for CSR continues to be a prevalent topic, with a focus on the financial justifications for companies adopting CSR initiatives and practices. The growing interest in CSR in India and other emerging nations reflects the global significance of CSR and its continuous evolution. A country like Nepal may excel in the export of garments through factors such as the external environment, competitors, marketing strategies, and market power, which are significantly correlated with export marketing as an extensive exercise of CSR.

Despite the growing significance of corporate social responsibility (CSR) over the years, there is still a lack of consensus on its definition (Glavas & Kelley, 2014). Recent research has identified 37 definitions of CSR, with varying characteristics that typify its meaning. However, the number of meanings may be underestimated as a result of the approach used to identify the definitions, which left out several definitional constructions generated from academia (Peloza, 2009). This lack of a uniform definition creates uncertainties about the purpose of CSR and how it should be integrated into the core business (Sharma, 2009; Waddock, 2004). Furthermore, while there are several perspectives on what CSR encompasses, there is a need to confirm the veracity of the dimensions found via Google citations. This lack of clarity on the definition and components of CSR makes it difficult for companies to adopt CSR initiatives and practices. Therefore, the problem addressed in this research is to provide a clear and concise analysis of trends and distributions, and impacts of CSR and its components, as well as to examine the business case for CSR and the benefits that businesses and organizations can gain by participating in CSR policies, practices, and activities.

The objective of the research paper is to analyze corporate social responsibility (CSR) and

social development in India, with a focus on the Net Profit after taxes, CSR Spending and Budget for the Fiscal Years 2017–18 to 2021–22, Share prices for the fiscal years 2017–2018 through 2021–2022 on the BSE and NSE, and Sector-wise distribution of CSR initiatives.

Review of Literature

Bhatt and Kadiyan (2023) discussed the significance of corporate social responsibility (CSR) in India, emphasizing the need to combine morality and profitability through mandatory CSR. They highlighted the impact of the Indian CSR program on the allocation of funds for development activities and advocated for public-private cooperation to achieve sustainable development goals.

Sharma and Sharma (2023) focused on the critical role of CSR in India's growing economy, where businesses are required to allocate a portion of their revenues to societal betterment. They discussed the legal basis of mandatory CSR in India and its impact on private enterprises, aiming to provide an overview of CSR in India for the benefit of students and the public.

Zamroni, Putri, and Sagala (2022) evaluated the CSR initiatives of mining firms in Kalimantan, Indonesia, from environmental, economic, and social perspectives. They assessed the firms' performance based on various criteria and emphasized the need for improved information availability and public involvement in addressing corporate-community concerns.

Deb, Gillet, and Bernard (2022) investigated the impact of CSR on the operational efficiency of thirty companies listed on the Bombay Stock Exchange (BSE). They found a strong correlation between efficiency and the three pillars of CSR: environment, social responsibility, and governance, as well as a positive correlation between return on assets and social and environmental ratings.

Raj and Solanki (2019) explored the concept of CSR and its historical roots, focusing on the

Sonalika Group's CSR initiatives. They aimed to determine if the business delivers meaningful value to society and highlighted the wide range of subjects covered by CSR, including working conditions, environmental consequences, corporate governance, health and safety, and human rights.

Several significant studies related to green financing and green banking practices conducted in Nepal highlighted CSR in different way where emphasized the importance of green banking in contributing to a more sustainable future and its direct impact on the environment. One of Mishra and Aithal (2022) studies, "An Imperative on Green Financing in the Perspective of Nepal," highlights the role of green banking in promoting environmental friendliness, reducing risks and costs, enhancing the reputation of financial institutions, and contributing to the common good. The study emphasizes the need for increased awareness and adoption of green banking practices in the Nepalese context, and the importance of factors such as stakeholder demand, environmental interest, and brand image in promoting green banking practices. Mishra and Aithal (2023) research also assesses the association of factors influencing green banking practices in Nepal, aiming to identify the factors influencing and their association with green banking practices. These studies provide valuable insights into the current understanding and adoption of green banking practices in Nepal, and the potential for the country to benefit from green financing initiatives (Mishra & Aithal, 2021). Zamroni et al. (2022) assessed the CSR initiatives of mining firms in Kalimantan, Indonesia, from an environmental, economic, and social standpoint. Deb et al. (2022) investigated the effect of CSR on the operational efficiency of thirty companies listed on the Bombay Stock Exchange using multi-criteria decision-making models. Raj and Solanki (2019) examined the CSR initiatives of the Sonalika Group, a Punjab-based business that operates both domestically and internationally, to determine if the business delivers meaningful value to society.

A bibliometric analysis of CSR research by Frynas and Yamahaki (2016) found a shift away from a business point of view on CSR to a broader, stakeholder-oriented perspective in CSR research. The study also indicated a decline in references to the 'CSR business case' in research, especially in the periphery. Lichtenstein et al. (2004), Sen and Bhattacharya (2001), and Brammer et al. (2007) focused on different stakeholder groups such as customers and employees, while Maignan and Ferrell (2004) analyzed the links between CSR and marketing. Burke and Logsdon (1996) and Surroca et al. (2010) highlighted the relevance of strategic approaches to CSR by examining the links between CSR, financial performance, and strategic benefits.

The literature review provides an overview of the diverse perspectives on CSR, including its legal and economic implications, its impact on operational efficiency, and its historical and cultural significance in India and other countries. The review also highlights the need for further research to address the evolving nature of CSR and its implementation in different contexts.

Results and Discussion

Table 1

Net Profit after taxes, CSR Spending and Budget for the Fiscal Years 2017–2018 to 2021–2022

Financial Years	Net Profit After Tax	CSR Budget	CSR Expenditure (Spent)	CSR Spent (%) of Average Profit of 3 Years
2017-2018	25826	497	400	1.61
2018-2019	31472	542	434	1.60
2019-2020	32340	600	602	2.01
2020-2021	32430	663	674	2.03
2021-2022	38337	716	727	2.03

Table 1 shows Tata Consultancy Services Ltd.'s Net Profit after taxes, CSR Budget, and CSR Expenditure for the five fiscal years, or from 2017–2018 to 2021–2022. This table shows that there was a significant discrepancy between the CSR budget and actual spending in FY 2017–2018 and FY 2018–2019, which led to an increase in money that was left over. But starting in 2019–2020, there is a very little discrepancy between the budget and the spending, which

Methodology

The research method used in this study is secondary data analysis. The researchers collected data from a range of sources, including the company's website, online databases, and annual reports. The study focuses on BUSINESS, which is ranked number 28 out of the top 100 Indian firms that contribute to sustainability and corporate social responsibility, according to Futurescape's Responsible Business Ranking 2021. The researchers critically analyzed the five-year BUSINESS annual reports from 2017–18 to 2021–22, taking into consideration every CSR contribution made by the company. The study aims to explore the relationship between CSR and social development in India, with a focus on the Net Profit after taxes, CSR Spending and Budget for the Fiscal Years 2017–18 to 2021–22, Share prices for the fiscal years 2017–18 through 2021–22 on the BSE and NSE, and Sector-wise distribution of CSR initiatives.

shows improved business success in its CSR initiatives. They are going above and above what is required. A little over 2% is spent on CSR year, except for 2017–2018 and 2018–2019. The preceding data also makes it evident that starting in 2019–2020, annual CSR expenditures will exceed annual budgets. It is encouraging for society's development. Figure 1 shows a visual representation of Table 1.

Figure 1

CSR Budget and Expenditure: 2017–2018 Fiscal Year to 2021–2022

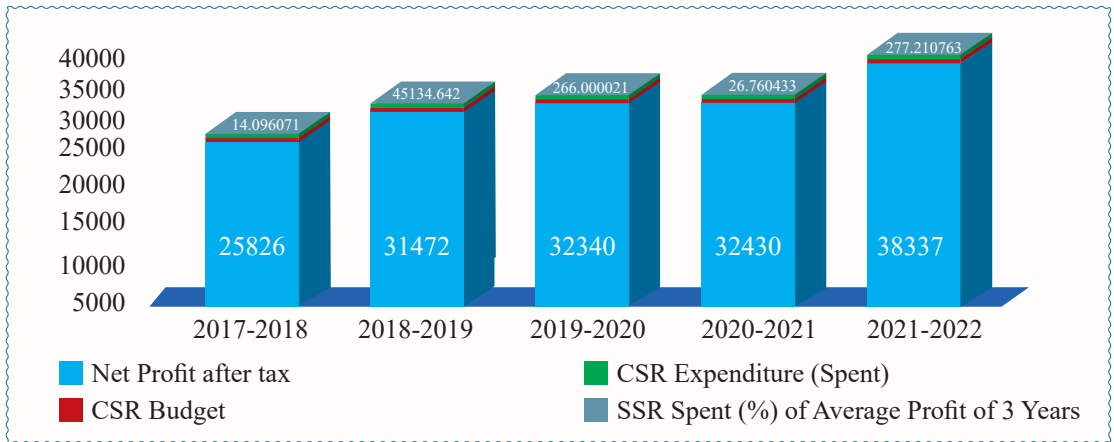


Figure 1 illustrates the rise in both CSR budget and CSR spending from the 2017–18 fiscal year to the 2021–2022 fiscal year. Nonetheless, the year 2019–2020 saw a notable growth in CSR

spending. From then on, both the CSR budget and the CSR spending have shown a steady upward trend.

Table 2

Increase/Decrease in CSR Budget and CSR Expenditure

Change in Financial 1 Years	2017-18 to 2018-19	2018-19 to 2019-20	2019-20 to 2020-21	2020-21 to 2021- 22
CSR Budget	9.05%	10.70%	10.50%	7.99%
CSR Expenditure	8.5%	38.71%	11.96%	7.86%

Although the pace of growth was unclear, it was apparent from the preceding graph that the budget and spending rose annually. The budget and spending growth, broken down by percentage, are shown in Table 2. There is parity between the budget and expenditure growth rates,

which are at their highest points in the fiscal years 2018–2019 to 2019–2020, or 10.70% and 38.71%, respectively, and at their lowest points in the fiscal years 2020–2021 to 2021–2022, or 7.99% and 7.86%, respectively. Figure 2 shows a visual representation of Table 2.

Figure 2

Budget and spending for CSR increased/decreased during the fiscal years 2017–2019 and 2021–2022

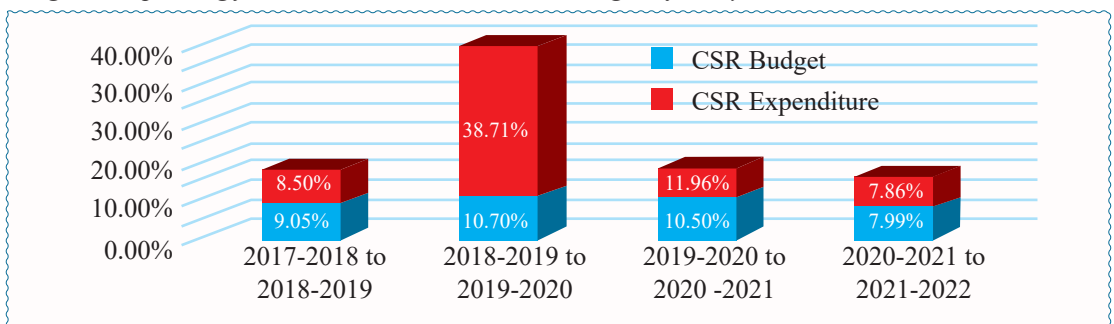


Table 3*Share prices for the fiscal years 2017–2018 through 2021–2022 on the BSE and NSE*

Stock Exchange	Financial Year	Open	High	Low	Close
SEE	2017-18	1217.5 0	3195.10	2272.10	1451.45
	2018-19	1420.00	3604.80	1721.20	2031.30
	2019-20	2010.00	2279.00	1636.10	1823.50
	2020-21	1830.00	3308.20	1654.40	3177.60
	2021-22	3146.00	4019.10	3037.00	3738.80
NSE	2017-18	1219.20	3198.85	2273.15	1454.83
	2018-19	1422.50	3603.70	1721.60	2031.65
	2019-20	2010.00	2277.95	1636.35	1826.10
	2020-21	1825.90	3308.80	1654.20	3177.85
	2021-22	3190.00	4019.15	3035.65	3739.95

Table 3 shows the share prices of BUSINESS on the BSE & NSE for the financial years 2017–18 through 2021–22. The opening price at the start of the fiscal year, the closing price at the conclusion of the fiscal year, and the highest and lowest prices recorded throughout the fiscal year are all shown. The opening, highest, lowest, and closing

prices of the company on the BSE and NSE stock exchanges, respectively, all showed positive improvements during the fiscal years 2017–2018 and 2021–2022, according to the data. Thus, the share price of BUSINESS for both the BSE and the NSE displays a constant upward trend.

Table 4*Sector-wise Distribution of CSR Initiatives*

CSR Development Sector	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Disaster Relief	-	7	2	273	7
Education, Skilling, Employment	91	29	116	28	16
Health, Wellness and Water, Sanitation and Hygiene	136	292	175	22	24
Restoration of Heritage Site	-	1	-	1	-
Environmental Sustainability	1	3	6	-	-
Contribution to Business Foundation	172	92	303	350	680
Total	400	434	602	674	727

The data indicate that BUSINESSES are funding CSR projects in several areas, including waste management, environmental preservation, healthcare and sanitation, education and skill development, job creation, and entrepreneurship. But the industry that receives the bulk of the company's allocated CSR budget—health and hygiene—is the focus.

The responsibility to act legally and morally in the pursuit of profit is the notion of social responsibility, typically referred to as “corporate social responsibility” (CSR). The sustainability approach towards CSR is premised on the idea that a company must remain economically viable in the long term; for viability, the company

must take into consideration other stakeholders beyond the shareholders. In the 1970s, corporate social responsibility efforts, quality control, and sustainable development were first brought to light. They have remained inseparable up to the present day. The following research paper explores how the existence of CSR activities offers possibilities and assists business organizations in depicting their company and building a better image of themselves to society and stakeholders. The focus of the article is on the social and economic elements of the business environment. Organizations no longer have the luxury of choosing whether or not to commit to CSR efforts. Both organizations and the people of society stand to benefit from this circumstance, making it a win-win scenario for everyone involved. As businesses, they have the opportunity to demonstrate their fundamental beliefs, provide advantages to customers, and live up to the responsibility they have to contribute to the expansion of the nation's economic development (Kushwaha, Mishra, & Bhaumik, 2022).

Conclusion

The conclusion of the research indicates that businesses in developing nations, such as India, are committed to Corporate Social Responsibility (CSR). While CSR procedures have improved, businesses still need to go beyond thinking about themselves. Strong CSR practices are essential for multinational corporations (MNCs) to maintain their good name. One of the first industries to embrace CSR activities was BUSINESSES, which is rated number 28 out of the top 100 Indian firms that contribute to sustainability and corporate social responsibility. The company has a favorable static trend in net profit growth as well as increased CSR spending and budget. The upward trend in share prices registered on the Bombay Stock Exchange (BSE) or National Stock Exchange (NSE) is also seen in the case of BUSINESSES. Thus, the company's share price is positively impacted by the pattern of CSR expenditure. The corporation has steadily

surpassed the required 2% level over the last three years, giving the public the impression that business would be investing in social development and welfare much more wisely than in the past. Therefore, BUSINESS's CSR initiatives are headed in the right direction. All that needs to happen is that they should focus on a few more important topics. They only focus on three areas: environmental sustainability, education and skill development, and health and sanitation.

The research concludes that the future of CSR in India is bright, and its importance will continue to grow even further given the increasing focus on CSR, which has changed the attitude of businesses all over the world. The concept of CSR is not new to India; historically speaking, social responsibility of companies is a well-established phenomenon in India. Since the applicability of mandatory CSR provision in 2014, CSR spending by corporate India has increased significantly.

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