

Measurement of CSR 'Policy to Practice' - An Overview of CSR Spent in India

Vandana Tripathi

Research Scholar, ITM University, Raipur, Chhattisgarh, India

Abstract: *Corporate Social Responsibility (CSR) is an innovative way to engage with social and environmental issues. CSR has been studied from diverse perspective and literature is growing. Further, limited CSR research is available in financial area especially from spent perspective vis a vis allocation to different social problems in the country. This study tries to understand CSR spent in the Nifty 50 companies. It proposes secondary data review as sourced from the annual CSR report published as an annexure. The findings would contribute towards understanding of CSR expenditure towards various social problems. It will also enable the decision makers to align their expenditure with regards to the Sustainable Development Goals (SDGs).*

Keywords: Corporate Social Responsibility, Measurement, Expenditure

1. Introduction

Corporations, whether public or private draw much from the society. If a corporation draws so much from society, it must make its own contribution as well. In India, as in the rest of the world, there is a growing awareness that capital markets and corporate are, after all, created by society and must therefore serve it, not merely profit from it. Business leaders are now concerned about the responses of the community and the sustainability of the environment. Corporate Social Responsibility (CSR) practices have also evolved over the period. In India, the trajectory of CSR has already taken the shape of regulation for companies. Therefore, there is a greater need to analyse the new trends in CSR in India against this backdrop.

Schedule VII of New CSR Rules (2014) has highlighted 11 critical areas of support for the corporate which broadly includes poverty alleviation, preventive health care, rural sports development, women empowerment, art and cultural heritage protection etc.

Corporate Social performance is not only acceptance of the idea of social responsibility, but a proactive approach (seeking out needs and implementing projects). New CSR rules (2014) has clearly outlined a systematic approach for every (qualifying) corporate. While it is significant to implement the CSR activities, it is equally important to measure the efficiency and effectiveness also. (The Economic Times, 2004)- Experts have suggested three basic principles to measure the impact of CSR- sustainability, accountability, and transparency. The scope of CSR is wide and can manifest in terms of different viewpoints. These include promoting stakeholders' interests, social concern and promotion of welfare programmes and benevolent activities in general.

Multiple studies have been conducted to measure the sustainability and accountability of the CSR endeavors, limited published work is available on accountability and transparency in Indian context (beyond compliance). These research areas are relevant to have a full and fair view of the situation.

2. Literature Review

This article includes the theoretical underpinnings of CSR and its practical application. It begins by discussing common CSR definitions and includes the CSR debate in terms of the "narrow view" of CSR (as represented by Milton Friedman) versus the "broad view" (i.e., beyond profits). (Crane, Matten, & Spence, 2014) stated that there has been a growing trend of non-financial reporting of CSR

Milton Friedman has provided the narrow down view of CSR. He stated that the sole responsibility of the managers and the company to carry out the business operations for fulfilling the interest of the shareholders and this interest also coincides with the maximization of the profit. On the other hand lays the socioeconomic view according to which all business organisations are part of the larger society and hence its responsibilities cannot be restricted to the mere maximization of profits. Both the views on Corporate Social Responsibility have been under scrutiny and have been argued extensively as gradually this arena is becoming increasingly essential for the society where the business operates. With time the narrow view of CSR is becoming fader and the socio-economic approach is gaining momentum. After that they have done arguments in supporting the broad CSR position.

(Jonikas, 2014) **investigated the need for the measurement of CSR activities impact in order to highlight the benefits of such activities. Quantitative measurement is imperative to adjudge the impact vis a vis its cost. It goes deeper to understand the value created and perceived by all stakeholders. It created a metrics whereby company financial performance and competitive advantages are linked. The study also concluded that there are various theoretical and empirical research to confirm that value creation through CSR is feasible independently to company size. This was an important one as many believed that CSR is not meant for SME sector. The study further recommends examining more metrics and rules for calculating the value thus created through CSR in order to make this framework more objective and precise**

(Wells, Smith, Taheri, Manika, & McClowen, 2016) **discussed that** CSR strategies are heavily impacting environmental and socially-responsible tourism, however, lags behind unconventional CSR research. The authors recommend strongly further research to understand CSR’s role in the tourism industry. This study however provides a strong backing to stakeholders involvement in research agenda setting. As the study involved datacollection from host of stakeholders ranging from employees to tourists to staff etc. The study advocated the need to investigate from all kinds of stakeholders instead of merely looking at the managerial decisionmakers perspectives. It suggests to further extend the research using a quantitative methodology to validate the model in a wider range of heritage tourism organisations and to further develop the model in these contexts.

(Lodsgard & Aagaard, 2017) **studied the relevance of NGOs as key stakeholder and prime experts in delivering social impact.** It uncovers an extensive possibility and empirical relevance of business/NGO collaborations across companies and their key functional areas in value creation and value capture in CSR. The study also highlights that an increasing number of companies nowadays collaborate with NGOs to gain value though increased reputation, third party endorsement, code of conducts, sustainable innovation and to gain access to NGO tacit knowledge and networks.

Gaps Identified –

There is ample literature with regards to conceptualisation of CSR and its evolution. However, specific to Indian compliance and regulation- there has not been much studies done to understand the social performance. CSR performance studies are also overly presented within environmental and financial performance with limited or focus on linkages of financial performance with social

performance. It is with this evident gap that the current research paper is based upon. There is a rare discussion on how much spending is enough for different problems. Stakeholders’ perspective on the CSR budgetary allocations, although emphasised as a step for inclusivity, has not been studied duly in scientific works. The Schedule VII clearly outlines various focus areas and therefore it is relevant to study allocations of CSR funds across these sectors.

Objectives of the paper

This paper strives aims at studying the distribution of CSR funds spent (FY16-17) of category Nifty 50 companies.

3. Methodology

Data would be sourced from the secondary sources primarily those in public domain. Specific company wise details would be sourced from the annual report annexure on CSR. For consensus building on the NORM for allocations the primary data would be gathered from the experts hailing from the social sector, government sector as well as academicians and private sector- specifically CSR Heads etc A shortlisting of profiles would be done based on the LinkedIn data and news articles. Data thus collected from the experts would be compiled in excel and analysed to understand if there are any significant variations among each category of sample viz- Government, Private sector and social sector including academicians.

4. Findings

- 1) **Total CSR Spent as divided into average project budget size.**

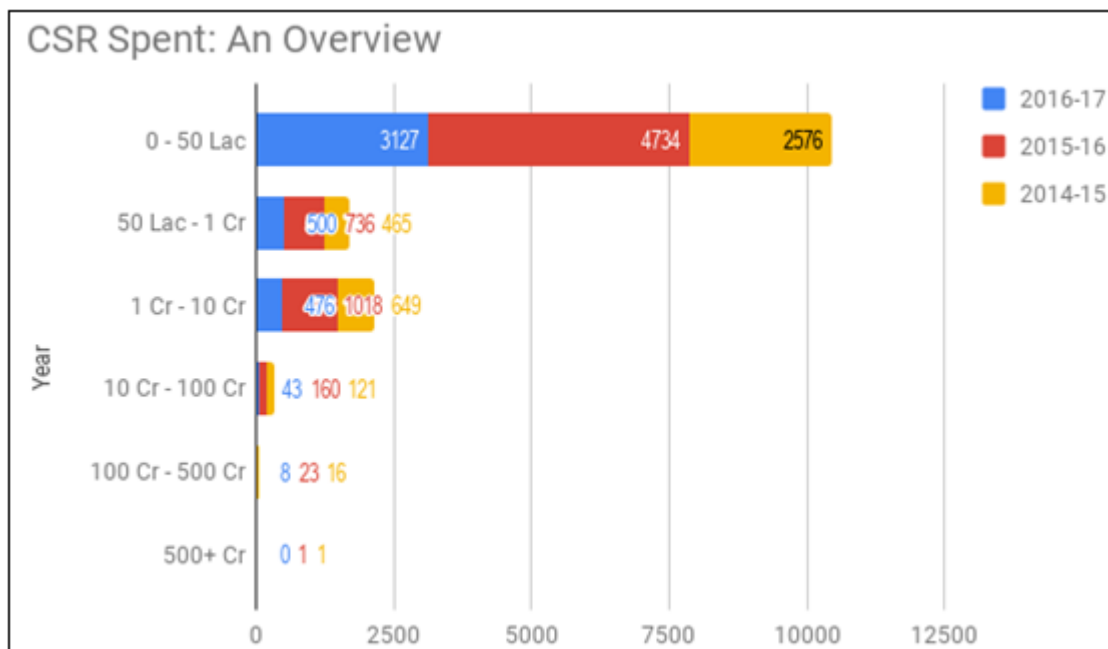


Figure 1: CSR Spent average vis a vis number of companies

CSR Spent Details

	2016-17	2015-16	2014-15
Zero Spent	346	9219	8833
Less than Prescribed	3718	6268	4001
More than prescribed	2203	3380	1633
Exactly as prescribed	19	317	477

Figure 2: CSR spent as per compliance

The above figure clearly demonstrates that there are significant number of organisations who have spent more than the compliance requirements. It is important to note that many companies also could not manage to spend owing to various bottlenecks on their end. Government has been liberal as far as spending measurement in Corporates is concerned.

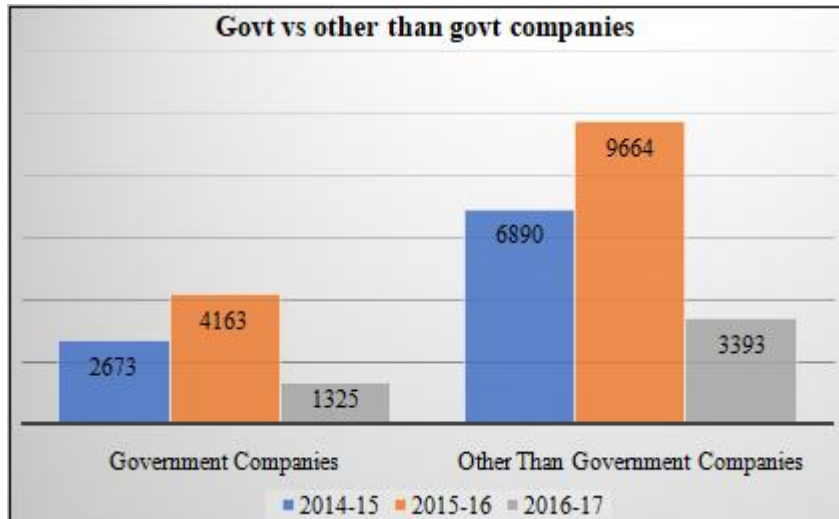


Figure 3: CSR expenditure by public and private companies

The figure 3 demonstrates the contribution to the CSR expenditures. Total outlay of private sector is higher than the

government sector. This can be ascribed to the large number of private sector vis a vis government of any country.

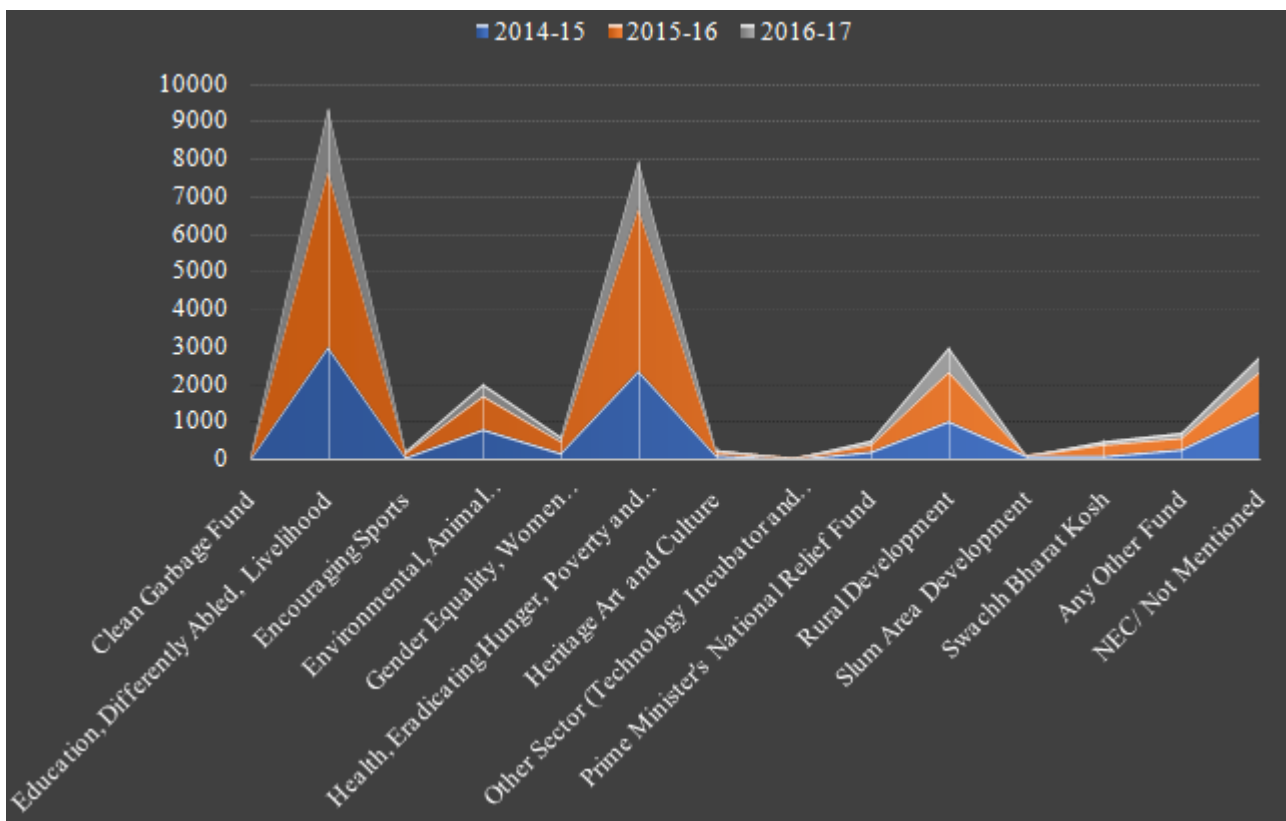


Figure 4: CSR spent Sector wise

Figure 4 clearly demonstrates that few sector receive like education and health receive maximum contribution. Sectors such as slum area development and sports etc receive a meagre amount.

Table

S.No.	States	Amount Spent FY 2014-15 (INR Cr.)	Amount Spent FY 2015-16 (INR Cr.)	Amount Spent FY 2016-17 (INR Cr.)
1	Andaman And Nicobar	0.29	0.53	0.06
2	Andhra Pradesh	403.91	1,220.53	101.69
3	Arunachal Pradesh	11.03	1.49	7.98
4	Assam	133.06	166.80	38.28
5	Bihar	36.19	108.14	36.90
6	Chandigarh	1.72	5.08	4.16
7	Chhattisgarh	158.88	236.21	14.85
8	Dadra And Nagar Haveli	2.54	12.03	1.65
9	Daman And Diu	20.05	2.12	0.83
10	Delhi	214.23	468.17	229.87
11	Goa	26.60	30.24	10.53
12	Gujarat	296.53	550.98	152.04
13	Haryana	176.29	364.21	107.87
14	Himachal Pradesh	9.29	51.70	10.56
15	Jammu And Kashmir	40.56	103.01	27.83
16	Jharkhand	75.86	115.70	24.24
17	Karnataka	382.78	730.63	202.71
18	Kerala	64.29	129.23	50.94
19	Lakshadweep	0.00	0.30	0.00
20	Madhya Pradesh	137.15	178.93	213.47
21	Maharashtra	1,372.34	1,810.44	702.36
22	Manipur	1.56	5.93	6.02
23	Meghalaya	3.52	3.86	2.98
24	Mizoram	1.02	1.07	0.08
25	Nagaland	1.10	0.94	0.45
26	Odisha	249.49	604.26	191.42
27	Puducherry	1.80	6.31	3.70
28	Punjab	53.85	68.16	20.16
29	Rajasthan	271.35	472.46	84.99
30	Sikkim	1.03	1.89	2.12
31	Tamil Nadu	498.89	597.59	202.53
32	Telangana	94.88	248.56	64.56
33	Tripura	1.16	1.46	0.60
34	Uttar Pradesh	138.63	406.93	120.34
35	Uttarakhand	69.99	71.50	30.74
36	West Bengal	178.60	399.89	121.12
37	PAN India	4,434.12	4,650.39	1,928.25

From the above table it is evident that, states of Maharashtra and Gujarat receive the maximum amount of CSR funds allocated in a specific year. **Industrial growth can be attributed as the major reason behind this phenomenon.**

5. Limitations and Future Research

The study is not exhaustive in nature and therefore can surely be transcended to other units to scale and maximise the research scope. Firstly the study has been conducted on Indian companies only therefore it would be good to conduct research in other geographical locations as well. Secondly the research has been conducted only on CSR spending and utilisation, research can also be conducted on qualitative reporting of such activities. Lastly CSR is a regulatory compliance in India, comparison for another country which does not have any compliance-based requirements will help in understanding the philanthropic nature of the organisations.

6. Conclusions

Results show Health and education as a sectoral issue receive highest attention from corporates. Limited number of states viz Maharashtra and Gujarat receive maximum amount of CSR funds. There is a growing opportunity for intensified stakeholder integration in CSR engagement and communication strategies. Researchers will find a rich ground of research opportunities for CSR communication and stakeholder engagement in this current area of corporate behavior and decision-making.

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