

CORPORATE SOCIAL RESPONSIBILITY AND ITS INFLUENCING FACTORS

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Organization is a place where people work cooperatively to achieve a common goal, and corporate is most formal business organization. These business organizations are influencing the society in which they are established. *India's new Companies Act 2013 (Companies Act) has pioneered several new provisions which change the facade of Indian corporate business" One among them is, Corporate Social Responsibility (CSR).* Therefore, the present study is focused on influencing factors of Corporate Social Responsibility. The main objective of this study is to conduct a survey about CSR and its influencing factors such as future growth, investor's investment decisions, and profitability. For accomplishing these objectives a survey was conducted for 140 respondents by preparing a structured closed ended questionnaire which consisted of multiple choice questions. To check the accuracy of the questionnaire pilot survey was also conducted. Hence the same questionnaire was used for main survey. Convenient sampling was used as sampling method to conduct the survey. The statistical tool used in the present study is chi-square test to find out significant association between CSR activities to investor decisions, companies' profitability, and companies' future growth.

Key words: Corporate Social Responsibility, Profitability, Future Growth,

INTRODUCTION

The concept of CSR rests on the philosophy of give and take. Companies take resources in the form of inputs like technology, raw materials, human resources etc from the society. By performing the task of CSR activities, the companies are benevolent something back to the society.

Ministry of Corporate Affairs has recently notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CRS Rules) which has come into effect from 1 April 2014.

CSR is playing a major role in today's environment. And which is helpful in creating new opportunities for the organizations. Present study analyzes how important CSR for companies growth, profitability and investors investment decisions.

OBJECTIVES OF THE STUDY

- To understand whether the companies' CSR activities can influence investors while making investment decisions.
- To know whether CSR activities promotes future growth for the organization

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- To find out whether CSR activities affects companies' profitability
- To know whether CSR activities can form strong and loyal investors to company.

REVIEW OF LITERATURE

Waddock and Graves (1997) hypothetical point of view, a good CSR performance may increase productivity and financial performance because it implies a good relation with key firm's stakeholders. In his study, he found significant positive relationships between an index of CSP and performance measures. **According to Margarita Tsoutsoura, applied financial project (2004) this study** proposed, the field of corporate social responsibility (CSR) has grown exponentially in the last decade. Nevertheless, there remains an extended debate about the legitimacy and value of corporate responses to CSR activities to the society. Sparks and Kuton, (2004), Institutional investors can have a significant influence on companies decision making and if it is required they can make them to conduct social and environmental guiding principles in their company's goals (Parsa and Jackson, (2009) argued that corporate social responsibility is deliberate action of companies for improving social and environmental circumstances. Salama, (2009) social responsibility is a voluntary and ethical responsibility of organizations. According to Turker, (2009) CSR helps in aiming of creating constructive effects on behavior of beneficiaries which is beyond its economic interests. According **Zahra Mousavi** (2013), corporate social responsibility is a tool which shareholders appraise social performance of a corporate with it. It is also a mean for increasing intelligibility of a corporate in the society.

RESEARCH METHODOLOGY

Descriptive type of research was undertaken using a convenient sampling method with a structured questionnaire. A sample of 140 investors was considered for the study. Primary data was collected using structured questionnaire with 21 closed ended questions along with personal information, intrinsic organizational factors. Secondary data was collected using some reputed articles, books, textbooks and online websites etc. Data analysis was done using tables and SPSS 21 software. Hypothesis testing was done using chi square analysis in SPSS.

HYPOTHESIS FORMULATION

H₁: To know association between CSR activities to investor decisions

H₂: To know association between CSR activities to companies' profitability

H₃: To know association between CSR activities to companies' future growth

Hypothesis Testing

Hypothesis 1: There is no association between CSR activities to investor decisions

The hypothesis was tested with the statistical tool of chi square analysis and the results were in the below the cross tabulation for Investors decisions and Corporate Social Responsibility (CSR) indicated in table 1.1. The results show that the value is 0.000 which is lower than the level of significance (0.005) so we accept H1 and reject H0 in table 1.2. Hence, there is a high positive association between the Investors decisions and Corporate Social Responsibility (CSR).

TABLE 1.1: INVESTORS DECISION CROSS TABULATION COUNT

		<i>Investor Decisions</i>			<i>Total</i>
		<i>Yes</i>	<i>No</i>	<i>Neutral</i>	
CSR index	High impact	40	9	3	52
	Moderate impact	21	22	8	51
	No impact	7	10	20	37
	Total	68	41	31	140

TABLE 1.2: CHI-SQUARE TESTS

	<i>Value</i>	<i>df</i>	<i>Asymp. Sig. (2-sided)</i>
Pearson Chi-Square	46.103 ^a	4	.000
Likelihood Ratio	44.726	4	.000
Linear-by-Linear Association	37.780	1	.000
N of Valid Cases	140		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.19.

Hypothesis 2: There is no association between CSR activities to companies' profitability

The hypothesis was tested with the statistical tool of chi square analysis and the results were in the below the cross tabulation for Companies Profitability and Corporate Social Responsibility (CSR) indicated in table 1.3. The results show that the value is 0.002 which is lower than the level of significance (0.005) so we accept H2 and reject H0 in table 1.4. Hence, there is a high positive association between the Companies Profitability and Corporate Social Responsibility (CSR).

TABLE 1.3: COMPANIES PROFITABILITY CROSS TABULATION COUNT

		<i>Companies Profitability</i>			<i>Total</i>
		<i>Yes</i>	<i>No</i>	<i>Neutral</i>	
CSR index	High impact	30	14	8	52
	Moderate impact	15	19	17	51
	No impact	7	15	15	37
	Total	52	48	40	140

TABLE 1.4: CHI-SQUARE TESTS

	<i>Value</i>	<i>df</i>	<i>Asymp. Sig. (2-sided)</i>
Pearson Chi-Square	16.841 ^a	4	.002
Likelihood Ratio	17.223	4	.002
Linear-by-Linear Association	14.416	1	.000
N of Valid Cases	140		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.57.

Hypothesis 3: There is no association between CSR activities to companies' future growth

The hypothesis was tested with the statistical tool of chi square analysis and the results were in the below the cross tabulation for **Future growth** and Corporate Social Responsibility (CSR) indicated in table 1.5. The results show that the value is 0.000 which is lower than the level of significance (0.005) so we accept H3 and reject H0 in table 1.6. Hence, there is a high positive association between the **Future growth** and Corporate Social Responsibility (CSR).

TABLE 1.5: COMPANIES FUTURE GROWTH CROSS TABULATION COUNT

		<i>Future growth</i>			
		<i>Yes</i>	<i>No</i>	<i>Neutral</i>	<i>Total</i>
CSR index	High impact	47	2	3	52
	Moderate impact	22	16	13	51
	No impact	7	14	16	37
	Total	76	32	32	140

TABLE 1.5: CHI-SQUARE TESTS

	<i>Value</i>	<i>df</i>	<i>Asymp. Sig. (2-sided)</i>
Pearson Chi-Square	49.174 ^a	4	.000
Likelihood Ratio	55.145	4	.000
Linear-by-Linear Association	39.378	1	.000
N of Valid Cases	140		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.46.

CONCLUSION

Every organization wants to earn maximum returns for their investments and work towards wealth maximization of their share holders. And in the same way investor always wants to invest in companies where they can earn high returns. So to satisfy both society and investors the companies usually perform certain activities which helps the companies in long run. Now with the latest amendments of company's act 2013 it made compulsory that every organization should spend at least 2% of their last 3 years cumulative profits for the overall development and growth for economy and society.

Study aimed to analyze three significant concepts with respect to CSR, with its association towards investment decisions by the investors, profitability, and future growth. The study revealed there is a very high positive relation among the concepts tested in the study.

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