

An Empirical Study on Impact of CSR Initiatives on Organization's Performance with special Reference to Automobile Industry in India

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Abstract:

In recent years, several studies have emerged regarding the relationship between corporate social responsibility (CSR) initiatives and organisational performance (Margolis & Walsh 2003; McWilliams et al. 2006). Therefore, this study can examine the relations between social responsibility disclosure and organizational performance in Indian context with special reference to manufacturing sector. Due to increase in the ethical disasters relating to environment, community and human resources as well as growing need for firms to disclose regarding their CSR activities for their stakeholders, therefore Corporate Social Responsibility has become a vital issue within the business world. Moreover, CSR disclosure is an annex of the financial disclosure system, which reflects the broader anticipation of society regarding the role of the business community with in the economy (Waller & Lanis 2009). In this paper, CSR practices of companies from two industries namely the Automobile and Cement is analysed and compared. The study also tries to analyse the relationship between the CSR initiatives and organization's performance using panel data regression analysis.

Article History

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1. Introduction

Today with evolution of business and increased complexities CSR gains momentum within the business world, it's essential to understand the relationship between CSR and Organizations performance. In different studies scholars have proposed a contingent view meant to establish the situational contexts in which critical associations between CSR and Organizations performance is determined.

The importance of social responsibility like ethical management and social contribution activities is stressed for the sustainable growth of companies. Though there's an excellent deal of analysis on corporate social responsibility due to the increase in social interest and expectation, most of them are restricted to analysis on general manufacturing industry. The aim of this study is to investigate the

impact of CSR initiatives on its organization performance.

These results can have vital implications for establishing a firm's financial strategy and can be helpful data for the organization's that is striving for sustainable management. In today's world it's now not simply acceptable that a company is performing well by mere revenue or profit generations. Today Corporates' have moved beyond Profit to People and Planet. It is expected that Companies are subjected to new levels of transparency, whether in terms of demands for bigger disclosure and corporate governance or in terms of public outcry on issues as diverse as environmental pollution, child labour and corruption.

Amendment of Company's Act of 2013:

Many countries have stressed on CSR but India amongst all is the first country in the world to make CSR mandatory, following the amendment to the Companies Act of 2013 in April 2014. The amendment notified in the Companies Act, 2013 requires companies with a net worth of Rs. 500 crores or more, or an annual turnover of Rs. 1000 crores or more, or net profit of Rs. 5 crores or more, to spend 2 per cent of their average net profits of three years on CSR.

Prior to that, the CSR clause was voluntary for companies, though it was mandatory to disclose their CSR spending to shareholders. CSR includes however isn't restricted to the following:

- Projects related to activities specified in the Companies Act; or
- Projects related to activities taken by the company board as suggested by the CSR Committee, provided those activities cover items itemised in the Companies Act.

Literature Review:

Velmurugan P. S. and Gagana D. S. (2019) in his study on Mandatory CSR spending and its impact

on profitability: An analysis on NSE – 200 Companies. In this study, used the secondary data from the annual reports available from NSE website from which 3 years profitability and CSR contribution of sample companies were collected. Statistical and financial tools such as percentage, trend analysis, correlation and regression were used for analysing the data. The study reveals that the amount spent by NSE 200 companies on CSR activities are showing an increasing trend whereas companies are not spending 2 per cent on net average profit.

Sudershan Kuntluru (2019) conducted a study on Corporate Social Responsibility and Firm Performance: Indian Evidence. In this study, the impact of mandatory CSR spending on firm performance is examined based on the data for 1460 firm for the period 2015 to 2018. The empirical results show that CSR spending has negative impact on performance (ROA/ROE).

Diptayan Bhattacheryya (2019) conducted a study on A General Analysis of Corporate Social Responsibility and Its Linkage with Financial Performance in Indian context. This study attempts to examine the relationship between corporate social responsibility and financial performance in the Indian context. Results indicate that CSR and CFP have an immense positive relationship in both directions, supporting the view that CSR programs have positive impacts on the bottom-line.

Jacob Cherian and Jacob Cherian et.al (2019) conducted a study on Does Corporate Social Responsibility Affect the Financial Performance of the Manufacturing Sector? Evidence from an Emerging Economy. The study analysed the impact of corporate social responsibility (CSR) reporting on the financial performance of Indian companies. It used secondary data from 50 manufacturing companies over the period of fiscal years 2011 to 2017. The results suggested that there

exists a significant relationship between the performance of Indian companies and their CSR.

Objective of Study:

1. To analyse the trends in EPS, Net Profit, Market Capitalization and CSR spending of selected companies from Automobile industry.
2. To analyse the CSR Practices and Spending patterns of selected companies from Automobile industry.
3. To understand the relationship of CSR initiatives with Organization's performance using parameters like EPS, Net Profit and Market Capitalization using panel regression analysis.
4. To understand the bottleneck areas of CSR of the selected companies of Automobile industry.

Hypothesis:

H01: There is no significant difference in spending pattern of CSR among the selected companies of Automobile Industry

H02: There is no significant impact of CSR Initiatives on EPS, Net Profit and Market Capitalization

Methodology of Study:

The present study is empirical based whereby secondary data is used. The study is descriptive and analytical in nature. The study tries to describe the practices of CSR of selected companies of namely two industries Cement and Automobile in India. For the purpose of analysis Descriptive Statistics is used to understand the trend in EPS, Net Profit, Market Capitalization, and CSR spending. Panel Data Regression analysis is used to determine the relationship between CSR and EPS, Net Profit and Market Capitalization and Single Factor ANOVA test is used to check whether the CSR spending among the company is uniform.

Sampling Technique:

For the purpose of study Judgemental Sampling technique is used, Companies are selected based on the market capitalization. In Automobile Industry 09 companies based on high market capitalization

is selected. Namely, Bajaj Auto Limited (BAL), Hero Motocorp (HM), TVS Motors Limited (TVS), Atul Auto Limited (AAL), Maruti Suzuki India Limited (MSIL), Mahindra & Mahindra Limited (MML), Echier Motors Limited (EML), Ashok Leyland Limited (ALL), and Force Motors Limited (FML).

Panel Data Analysis:

Panel regression is a type of modelling used to panel data. It is also known as longitudinal data or Cross sectional data. In Econometrics and Social Sciences it has a wider application as it uses both time and cross sectional data in one model. Panel regression can be used for controlling both cross sectional and time effect while estimating regression coefficients.

CSR Initiatives as per Amendment of Companies Act, 2013:

CSR1: related to preventive Healthcare, Sanitation, Poverty and Malnutrition, Swach Bharat Kosh set up by Central Government.

CSR2: related to Enhancement of vocation skills , Education and Differently abled livelihood enhancement skill.

CSR3: related to ensuring gender equality, empowerment of women, setting up homes and hostels for women and orphans, day care centres, old age homes, reduce inequalities faced by socially and economically backwards groups.

CSR4: related to Sustainability of Environment, protections of flora and fauna, animal welfare, agro forestry, clean of Ganga Fund set up by the Central Government and conservation of natural resources and quality of soil maintenance.

CSR5: related to protection of National Heritage, art and culture, setting up Libraries, Development of traditional art and handicrafts.

CSR6: related to benefits of armed forces veterans, war widows and their dependents.

CSR7: related to training and promotion of rural sports, nationally recognised sports, Paralympic sports and Olympic sports.

CSR8: contribution to the Prime Minister's national relief fund for the schedule caste, tribes, other backward classes, minorities and women.

CSR9: Donations or funds provided to technology incubators located within academic institution which are approved by the central government.

CSR10: related to Rural Development

CSR11: related to development of slum area.

Automobile Industry:

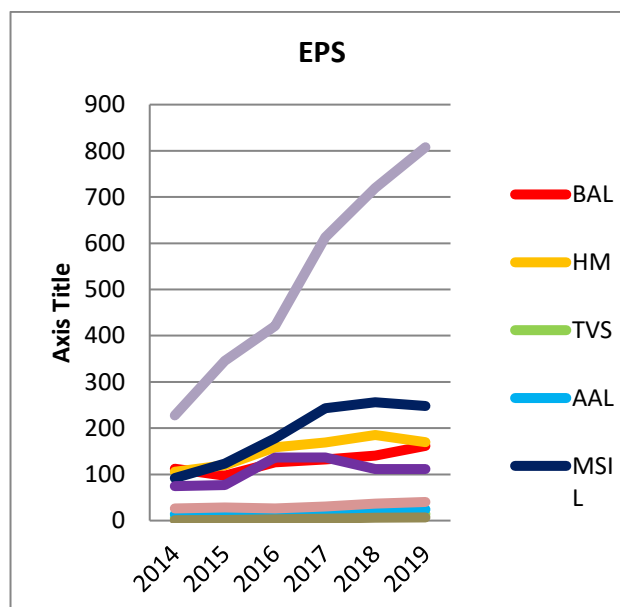
The Indian automobile industry is one the industry which has grown substantially over the years. Automobile industry is well positioned in terms of demography and the market it serves. Growth of the economy, increasing disposable income with the consumers, development of bank, increasing in the working population are some of the factors that contribute to the development of the automobile industry. The Government is focusing on not only developing India as a global manufacturer as well as a research and development (R&D) hub. National Automotive Testing and R&D Infrastructure Project (NATRIP) as and also National centre is set up the Government in order to fill the gap between Government and the industry.

1.1 Descriptive Statistics of Selected companies of Automobile Industry

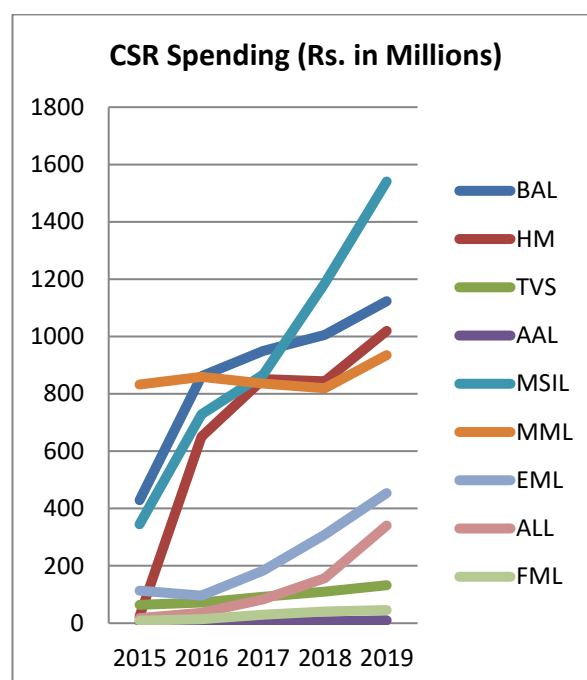
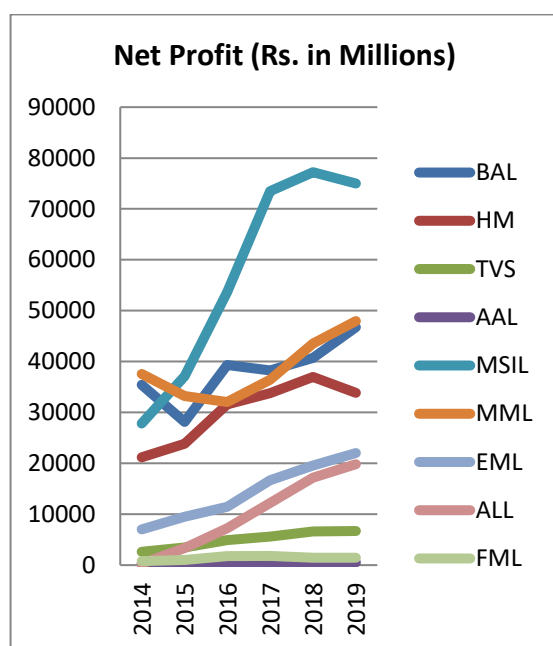
Rs. in Millions other than EPS					
Company		Mean	Standard Deviation	Minimum	Maximum
Bajaj Auto	EPS	128.3	22.39	97.2	161.6
	Net Profit	3809.7	6153.116	28140	46751
	MC	764286.33	90720.30	638399	856636
	CSR Spending	873.6714	266.0691	429.057	1123.2
Hero Motocorp	EPS	151.1783	31.44177	105.61	185.14
	Net Profit	30209.83	6251.794	21183	36979
	MC	371730	93234.85	454250	707540
	CSR Spending	677.6251	388.2291	23746	101949
TVS Motors Limited	EPS	10.49	3.308532	5.31	14.11
	Net Profit	4963.5	1665.651	2620	6701
	MC	187523	82432.83	77890	282040
	CSR Spending	93.97	28.008	64	132.3
Atul Auto Limited	EPS	19.30167	3.786594	13.58	24.21
	Net Profit	423.54	83.084	287.94	531.2
	MC	9146.933	3019.321	3945.9	12212.5
	CSR Spending	6.1228	2.301441	3.42	10.183
Maruti Suzuki India Limited	EPS	190	70.378	92	258
	Net Profit	57385.16	21270.16	27830	77218
	MC	1689620	678455.2	760632	2545220
	CSR Spending	953.18	454.1073	345	1540.7
Mahindra & Mahindra Limited	EPS	31.415	3.801623	26.13	40.29
	Net Profit	38465	6161.262	32050	47980
	MC	413202.2	36164.7	365768	520438
	CSR Spending	856.36	46.23822	819.3	935
Eicher Motors Limited	EPS	512.55	126.66	227.57	807.76
	Net Profit	14577.95	3957.22	7017.4	22027.3
	MC	656781.3	204705.9	408604.6	980967.8
	CSR Spending	231.073	149.9595	96.2	453.9
Ashok Leyland Limited	EPS	3.3866	2.4358	0.91	6.76
	Net Profit	10015.61	7736.52	293.8	19832
	MC	254397.66	92196.203	100013	377186
	CSR Spending	127.066	130.877	17.71	340.7
Force Motors Limited	EPS	114.576	24.412	76.95	136.55136.55
	Net Profit	1309.64	321.6602	1013.6	1799.2
	MC	348727.8	139540	173536	533251
	CSR Spending	27.92	16.33438	8.8	46

(Source: Compiled by the author, Eximia)

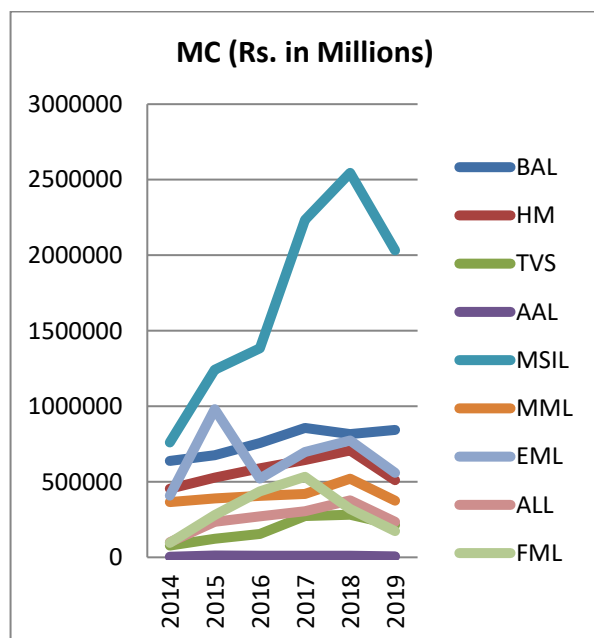
1.2 Graph showing Trends in EPS of selected companies of Automobile Industry



1.3 Graph showing Trends in Net Profit of selected companies of Automobile Industry



1.4 Graph showing Trends in MC of selected companies of Automobile Industry



1.5 Graph showing Trends in CSR Spending of selected companies of Automobile Industry

CSR Practices among the selected companies of Automobile Industry

1.6 Bajaj Auto Limited (BAL)

CSR Practices of Bajaj Auto Limited for five FY from 2014-15 to 2018-19.

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	863.3	429.057	NA	434.243
2016	864.6	861.2	NA	3.4
2017	949.1	949.8	0.7	NA
2018	998.3	1005.1	6.8	NA
2019	1112	1123.2	11.2	NA
CSR Expenditure \geq 2 % of Prescribed Norms = 3 years(2017 to 2019)				
CSR Expenditure < 2 % of Prescribed Norms =2 years(2015 & 16)				
Regions covered under CSR Projects/Activities				
Tamil Nadu, New Delhi, Uttarakand, Rajasthan, Gujarat, and Haryana				
Agencies associated for the implementation of CSR Projects/Activities				
Direct		Through Implementing Agencies		
Yes	1. Indian Head Injury Foundation			
	2. Toyam Technologies India Pvt. Ltd			
	3. PM Relief Fund			
(Source: Compiled by the Researcher from the Annual Report of the company)				

1.7 Hero Motocorp (HM)

CSR Practices of Hero Motocorp for five FY from 2014-15 to 2018-19.

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	440.4	23.746	NA	416.654
2016	581.8	650.03	68.23	NA
2017	706.2	851.45	145.25	NA
2018	826	843.4	17.4	NA
2019	937.2	1019.49	82.29	NA
CSR Expenditure \geq 2 % of Prescribed Norms = 4 years(2016 to 2019)				
CSR Expenditure < 2 % of Prescribed Norms = 1 year (2015)				
Regions covered under CSR Projects/Activities				
Rajasthan, Uttar Pradesh, Madhya Pradesh, Maharashtra, Haryana, Uttarakhand,Tamil Nadu, Telanagan, Odisha, Jammu & Kashmir, Karnataka, Assam, West Bengal, Gujarat, Himachal Pradesh, Kerala, Andhra Pradesh, Punjab				
Agencies associated for the implementation of CSR Projects/Activities				
Direct	Through Implementing Agencies			
Yes	1. K. C. Mahindra Education Trust & Naandi Foundation			
	2. Mahindra United World College of India			
	3. Society of Automotive Engineers (SAE), India			
	4. Kherwadi Social Welfare Association (KSWA)			
	5. Indian Council on Global Relations			
(Source: Compiled by the Researcher from the Annual Report of the company)				

1.9 Atul Auto Limited (AAL)

CSR Practices of Atul Auto Limited (AAL) for five FY from 2014-15 to 2018-19.

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	6.87	5.6	NA	1.27
2016	9.17	5.15	NA	4.02
2017	11.46	3.42	NA	8.04
2018	12.38	6.26	NA	6.12
2019	13.17	10.183	NA	2.987
CSR Expenditure \geq 2 % of Prescribed Norms = NA				
CSR Expenditure < 2 % of Prescribed Norms = 5 year (2015 to 2019)				
Regions covered under CSR Projects/Activities				
Gujarat and Uttarakhand				
Agencies associated for the implementation of CSR Projects/Activities				
Direct		Through Implementing Agencies		
Yes	1. Atul Chandra Charitable Trust			
	2. Meenraj J N B Edu. & Cha. Trust			
	3. Meenraj Sarvoday Sanskar Kendra			
	4. Meenraj Saswati Edu. Trust			
	5. Shree Chitrakutdham Trust			
	6. Hope Welfare Foundation			
(Source: Compiled by the Researcher from the Annual Report of the company)				

1.8 TVS Motors Limited (TVS)

CSR Practices of TVS Motors Limited (TVS) for five FY from 2014-15 to 2018-19.

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	63	64	1	NA
2016	71.5	71.6	0.1	NA
2017	90.6	91.95	1.35	NA
2018	107	109.8	2.8	NA
2019	130.9	132.5	1.6	NA
CSR Expenditure \geq 2 % of Prescribed Norms = 5 years(2015 & 2019)				
CSR Expenditure < 2 % of Prescribed Norms = NA				
Regions covered under CSR Projects/Activities				
Karnataka, Tamil Nadu, Himachal Pradesh, Kerala, and Andhra Pradesh				
Agencies associated for the implementation of CSR Projects/Activities				
Direct		Through Implementing Agencies		
Yes	1. Srinivasan Services Trust			
	2. Sri Sathya Sai Central Trust			
	3. National Institute of Mental Health & Neurosciences, NIMHANS)			
	4. Voluntary Health Services Rajiv Gandhi IT Expy Taramani, Chennai			
(Source: Compiled by the Researcher from the Annual Report of the company)				

1.10 Maruti Suzuki India Limited (MSIL)

CSR Practices of Maruti Suzuki India Limited (MSIL) for five FY from 2014-15 to 2018-19

2018-19

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	501.1	345	NA	156.1
2016	654	728.4	74.4	NA
2017	892.4	866.7	NA	25.7
2018	1208.3	1185.1	NA	23.2
2019	1535	1540.7	5.7	NA
CSR Expenditure \geq 2 % of Prescribed Norms = 2 years (2016 & 2019)				
CSR Expenditure < 2 % of Prescribed Norms = 3 years (2015, 2017 & 2018)				
Regions covered under CSR Projects/Activities				
Haryana, Gujarat, Karnataka, Uttar Pradesh, and New Delhi				
Agencies associated for the implementation of CSR Projects/Activities				
Direct		Through Implementing Agencies		
Yes		NA		
(Source: Compiled by the Researcher from the Annual Report of the company)				

1.11 Echier Motors Limited (EML)

CSR Practices of Echier Motors Limited (EML) for five FY from 2014-15 to 2018-19

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	91.64	113.465	21.825	NA
2016	83.6	96.2	12.6	NA
2017	183.3	183.3	0	NA
2018	308.5	308.5	0	NA
2019	435.9	453.9	18	NA
CSR Expenditure \geq 2 % of Prescribed Norms = 5 years(2015 to 2019)				
CSR Expenditure < 2 % of Prescribed Norms = NA				
Regions covered under CSR Projects/Activities				
Tamil Nadu, Kerala, Haryana, Jammu and Kashmir, Himachal Pradesh, and Rajasthan				
Agencies associated for the implementation of CSR Projects/Activities				
Direct		Through Implementing Agencies		
Yes		1. Eicher Group Foundation		
(Source: Complied by the Researcher from the Annual Report of the company)				

1.10 Mahindra & Mahindra Limited (MML)

CSR Practices of Mahindra & Mahindra Limited (MML) for five FY from 2014-15 to 2018-19

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	830.3	832.4	2.1	NA
2016	849.5	859.2	9.7	NA
2017	833	835.7	2.7	NA
2018	812.7	819.5	6.8	NA
2019	933.7	935	1.3	NA
CSR Expenditure \geq 2 % of Prescribed Norms = 5 year (2015 to 2019)				
CSR Expenditure < 2 % of Prescribed Norms = NA				
Regions covered under CSR Projects/Activities				
Rajasthan, Uttar Pradesh, Madhya Pradesh, Maharashtra, Haryana, Uttarakhand, Tamil Nadu, Telanagan, Odisha, Jammu & Kashmir, Karnataka, Assam, West Bengal, Gujarat, Himachal Pradesh, Kerala, Andhra Pradesh, and Punjab				
Agencies associated for the implementation of CSR Projects/Activities				
Direct		Through Implementing Agencies		
Yes		1. K. C. Mahindra Education Trust & Naandi Foundation		
		2. Society of Automotive Engineers (SAE), India		
		3. CHS India Foundation		
		4. Kherwadi Social Welfare Association (KSWA)		
		5. Nashik District Amateur Aquatic Association (NDAAA)		
(Source: Complied by the Researcher from the Annual Report of the company)				

1.12 Ashok Leyland Limited (ALL)

CSR Practices of Ashok Leyland Limited (ALL) for five FY from 2014-15 to 2018-19

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	17.2	17.71	0.51	NA
2016	0	36.9	36.9	NA
2017	81.47	83.35	1.88	NA
2018	236.59	156.67	NA	79.92
2019	362.8	340.7	NA	22.1
CSR Expenditure \geq 2 % of Prescribed Norms = 3 years(2015, 2016 & 2017) CSR Expenditure < 2 % of Prescribed Norms = 2 years(2018 & 2019)				
Regions covered under CSR Projects/Activities				
Tamil Nadu, Rajasthan, Maharashtra, Uttarakhand, and Andhra Pradesh				
Agencies associated for the implementation of CSR Projects/Activities				
Direct		Through Implementing Agencies		
Yes		NA		
(Source: Complied by the Researcher from the Annual Report of the company)				

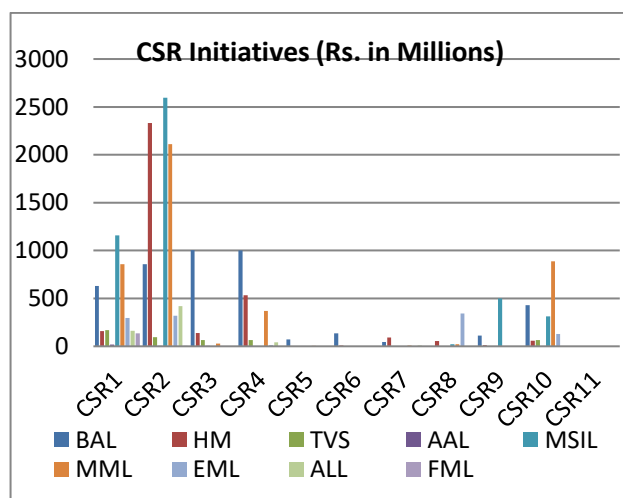
1.13 Force Motors Limited (ALL)

CSR Practices of Force Motors Limited (FML) for five FY from 2014-15 to 2018-19

CSR Spending Summary from 2015-19				
(Rs. in Millions)				
Year	As per Norms (2%)	Actual Spending	Actual spending in excess of prescribed norm	Actual Spending less than the prescribed norms
2015	8.79	8.8	0.01	NA
2016	13.75	13.8	0.05	NA
2017	29.1	30	0.9	NA
2018	40.6	41	0.4	NA
2019	45.6	46	0.4	NA
CSR Expenditure \geq 2 % of Prescribed Norms = 5 years(2015 to 2019)				
CSR Expenditure < 2 % of Prescribed Norms = NA				
Regions covered under CSR Projects/Activities				
Uttarakhand, Maharashtra, Bihar, Rajasthan, and Orissa				
Agencies associated for the implementation of CSR Projects/Activities				
Direct	Through Implementing Agencies			
Yes	1. Agriculture Development Trust			
	2. Information Technology Institute for the Tribes of India			
	3. Bhagwan Mahaveer Viklang Sahayata Samiti, Sawai Man Singh Hospital			
(Source: Compiled by the Researcher from the Annual Report of the company)				

1.14 Graphs showing CSR Spending on various CSR Initiatives as per the Amendment of

Company's Act, 2013 of Selected Companies in Automobile Industry for Five FY from 2015-19



From the above graphs showing the CSR spending patterns in various CSR initiatives as per the Amendment of Company's Act 2013, it is evident that all the companies are spending substantial amount on Promotion of Education and Employability (CSR 2) and Preventive Healthcare, Sanitation, safe drinking water (CSR1), and Rural Development Projects (CSR 10), followed by other initiatives like Promoting Women Empowerment and Gender Equality (CSR 3), Environmental Sustainability (CSR 4), and Protection of National Heritage, art and culture(CSR 5), Promotion of Sports (CSR 7). However, Benefits for armed veterans and war widows and their dependents (CSR 6), Donation to PM's relief fund (CSR 8), Provide fund to institutions approved by the Central Government (CSR 9) and Slum area Development (CSR 11) have been ignored by the company.

Hypothesis Testing

Single Factor ANOVA test is used to understand whether there is any uniformity in CSR spending across the automobile industry. For this purpose the hypothesis are as below:

H₀₁: There is no significant difference in spending pattern of CSR among the selected companies of Automobile Industry

H₁: There is significant difference in spending pattern of CSR among the selected companies of Automobile Industry

1.15 Table showing the summary of Single Factor ANOVA

1.15: Table showing Summary of Single Factor ANOVA

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
CSR1	10	3754.243	375.4243	142114.9		
CSR2	10	9419.601	941.9601	1026225		
CSR3	10	1237.62	123.762	97448.14		
CSR4	10	2092.197	209.2197	110917.4		
CSR5	10	76.762	7.6762	484.1529		
CSR6	10	144.24	14.424	1766.236		
CSR7	10	153.54	15.354	921.6572		
CSR8	10	437.11	43.711	11301.31		
CSR9	10	622.5	62.25	24889.51		
CSR10	10	1989.359	198.9359	78853.03		
CSR11	10	0	0	0		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	7721932	10	772193.2	5.681989	1.1E-06	1.927679
Within Groups	13454289	99	135901.9			
Total	21176221	109				

From the above table as the p-value is less than 0.05 null hypothesis is rejected and alternative hypothesis is accepted. As such there is significant difference in spending patterns of Companies in

CSR spending on various CSR initiatives as per the Amendment of Company's Act, 2013.

Panel Regression Analysis:

Using panel data analysis, the relationship between CSR initiatives being the independent variable its impact on organizations performance being the dependent variable, which is measured in terms of EPS (parameter used for maximization of shareholders wealth), Net Profit (parameter for the performance of the company) and Market Capitalization (parameter for maximization of the organizations wealth) is determined. Since the data set is a combination of both time series and cross sectional panel data analysis is used as the degree of freedom is bigger this case.

$$(EPS/Net Profit/MC) = \alpha_i + \beta_1 CSR_Exp + \beta_2 CSR1 + \beta_3 CSR2 + \beta_4 CSR3 + \beta_5 CSR4 + \beta_6 CSR10 + \mu$$

H₀₂: There is no significant impact of CSR Initiatives on EPS, Net Profit and Market Capitalization

H₂: There is significant impact of CSR Initiatives on EPS, Net Profit and Market Capitalization

1.15: Table showing summary of Multiple Regression analysis

Automobile Industry					
		β	Std. Error	t	Sig.
EPS	(Constant)	122.8900	40.56535	3.029433	0.0043*
	CSR Exp	0.060480	0.063871	0.946904	0.3490
	CSR1	0.384352	0.351720	1.092719	0.2812
	CSR2	0.014460	0.163753	0.088301	0.9301
	CSR3	-0.042799	0.685347	-0.062449	0.9505
	CSR4	-0.085042	0.526736	-0.161451	0.8726
	CSR10	-0.253876	0.519791	-0.488419	0.6280
	F (5, 45)	0.896627			
	Adj R-sqr	-0.083510			
	(Constant)	3168.625	1633.726	1.939508	0.0597
Net Profit	CSR Exp	3.080847	3.080847	14.64080	0.0000***
	CSR1	86.48168	14.16515	6.105241	0.0000***
	CSR2	55.89108	6.594966	8.474809	0.0000***
	CSR3	80.81092	27.60160	2.927762	0.0057**
	CSR4	-19.53638	21.21372	-0.920931	0.3627
	CSR10	20.00071	20.93400	0.955417	0.3453
	F (5, 45)	12.01419**			
	Adj R-sqr	0.404377			
	(Constant)	209784.9	78489.10	2.672790	0.0109
	CSR Exp	826.7672	148.7987	5.556280	0.0000***
MC	CSR1	2340.827	680.5367	3.439679	0.0014**
	CSR2	1390.257	316.8420	4.387855	0.0001***
	CSR3	3010.709	1326.064	2.270410	0.0288*
	CSR4	-2313.387	1019.171	-2.269872	0.0288*
	CSR10	-1456.051	1005.733	-1.447751	0.1557
	F (5, 45)	60.50098**			
	Adj R-sqr	0.871159			
	***-0.001; **-0.01; *-0.05			(Complied by the author; Source: Eviews	

The null hypothesis in case of EPS is accepted and it is found that there is no significant impact of CSR on EPS. However, in case of Net Profit and Market Capitalization it is found that there is significant impact of CSR on Net Profit and Market Capitalization (refer F ratio). The coefficient of determination adjusted R Square is 0.40 in case of Net Profit and 0.87 in MC indicating 40% and 87% variation is explained by this relationship.

In this multiple regression model, every unit change in CSR initiatives (CSR_n and Total CSR spending (CSR_Exp), there is proportionate change in EPS/Net Profit/MC. This is expressed by the following equation.

$$\text{Net Profit} = 3168.625 + 3.080847 \text{CSR_Exp} + 86.48168 \text{CSR1} + 55.89108 \text{CSR2} + 80.81092 \text{CSR3} + \mu$$

$$\text{Market Cap.} = 209784.9 + 826.7672 \text{CSR_Exp} + 2340.827 \text{CSR1} + 1390.257 \text{CSR2} + 3010.709 \text{CSR3} + \mu$$

Total CSR spending and CSR initiatives namely Preventive Healthcare, Sanitation, safe drinking

water (CSR1), Promotion of Education and Employability (CSR 2) and Promoting Women Empowerment and Gender Equality (CSR 3) have impact on Net profit and Market Capitalization have an impact on Net Profit and Market Capitalization.

Findings:

1. All the company shows increasing trend with respect of EPS, except for Force Motors Limited. Amongst all Eicher Motors Limited shows higher growths in EPS. Bajaj Auto Limited and Mahindra & Mahindra Limited show's a drop in the net profit whereas all other companies show upward trend. Maruti Suzuki India Limited shows a strong upward trend amongst all. Force Motors India shows no much growth in the Net profit over 6 years. All the companies show a drop in the trend of Market Capitalization except for Bajaj Auto Limited and Atul Auto Limited indicated a downward trend.
2. All the companies' shows an increasing trend in CSR spending from year to year. Force Motors Limited shows no much increase in the spending of CSR amount in recent three years. Hero Motocorp, TVS Motors Limited, Mahindra & Mahindra Limited and Force Motors Limited have consistently excess CSR spending over the prescribed 2% of average net profit for preceding three years of the company. On the contrary Atul Auto Limited has not spent complete prescribed 2% amount on CSR initiatives. Rest of the companies have carried the prescribed amount to be spent to some years and spent it in other year.
3. It is evident that all the companies are spending substantial amount on Promotion of Education and Employability (CSR 2) and Preventive Healthcare, Sanitation, safe drinking water (CSR1), and Rural Development Projects (CSR 10), followed by other initiatives like Promoting Women Empowerment and Gender Equality (CSR 3), Environmental Sustainability (CSR 4), and Protection of National Heritage, art and culture(CSR 5), Promotion of Sports (CSR 7). However, Benefits for armed veterans and war widows and their dependents (CSR 6), Donation to PM's relief fund (CSR 8), Provide fund to institutions approved by the Central Government (CSR 9) and Slum area Development (CSR 11) have been ignored by the company.
4. The automobile industry under study have ignored all the union territories and few stated completely namely, Goa, Himachal Pradesh, Arunachal Pradesh, Daman and Diu, Dadra and Nagar Haveli, Manipur, Meghalaya, Puducherry, Sikkim, Tripura, Nagaland, Mizoram, and Lakshadweep. Whereas major CSR funds gaining states being Maharashtra, Karnataka, Tamil Nadu, Gujarat, Andhra Pradesh, New Delhi, Haryana.
5. Maruti Suzuki India Limited and Ashok Leyland Limited are the two company' carrying out the CSR activities directly without taking the help of implementing agencies. However Eicher Motors Limited is its own trust for the purpose of implementing CSR projects. Rest all companies are carrying out the CSR projects with the help of various implementing agencies as well as direct.
6. The spending pattern on various CSR initiatives across the companies under study are not same statistically proven by Single Factor ANOVA test. There do have different spending pattern among the company's in the automobile industry.
7. The study establishes significant relationship of CSR spending on various

CSR initiatives with Net Profit and Market Capitalization. Whereas with EPS no significant relationship could be established.

$$\text{Net Profit} = 3168.625 + 3.080847\text{CSR Exp} + 86.48168\text{CSR1} + 55.89108\text{CSR2} + 80.81092\text{CSR3} + \mu$$

$$\text{Market Cap.} = 209784.9 + 826.7672\text{CSR Exp} + 2340.827\text{CSR1} + 1390.257\text{CSR2} + 3010.709\text{CSR3} + \mu$$

8. The High Level Committee for CSR implementation formed in 2018 has identified two issues in applicability of CSR provisions. The Foreign Companies and similar placed profit making entities not incorporated under the Companies Act, 2013 and not-for-profit organization are not coming under the mandate of CSR as per the amendment.
9. The HCL is of the view that the unspent CSR amount for any particular year shall not be carried forward by the company for the next year instead a separate account be created for the purpose and deposit it there. Such unspent amount and interest earned thereon be spent within a period of three to five years, in case the company fails the same shall be transferred to specified fund of the Central Government and such amount will be utilized for innovative, high-impact projects as notified under the Schedule VII.
10. The regions adopted for CSR project should be more diversified to special economic zones in order to reduce the gap between the industrialized states and non-industrialized states.

CONCLUSION:

India is the fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in the world in 2019. Two wheelers have the major share contributing up to 81 per cent of the domestic automobile sales for the FY 2019. On the

other hand, domestic automobile sales have increased by 6.71 per cent CAGR between FY 2013-19 with almost 26.27 million increase in vehicles being sold in FY 2019. Automobile industry is the most attractive industry in terms of Foreign Direct Investment (FDI) amounting to US \$23510 million from 2000-2019. This accounts to five per cent of the FDI inflows to India for the period 2000-2019. This industry is also contributing towards export as it is expected to reach around 690 thousand in 2019-20. The applicability of mandatory CSR provision has increased the total spending of CSR by the corporate by 47% accounting to Rs. 75360 million in the year 2018 as per a survey conducted by The Economic Times in 2018. The Automobile industry has gained itself in the top 5 industry to contribute to CSR project in India. The further the survey revealed that 38 per cent of the total CSR spending went to education sector followed by 25 per cent to healthcare, 12 per cent to environmental sustainability.

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