

# CSR Performance of BSE-Listed Companies: A Comprehensive Review

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## Abstract

Economic and social performances are two key pillars of Sustainable Corporate growth. Companies in India are increasingly showing a genuine interest in the up liftment of their stakeholders by integrating Corporate Social Responsibility (CSR) into their overall growth strategies. Corporate Social Responsibility (CSR) defines the actions that are taken by businesses that go beyond legal obligations and are adopted voluntarily. Companies must consider the economic, social, and environmental impacts of their operations. CSR is not merely an optional extra; it is integral to how businesses are managed. This paper examines the extent of CSR disclosure by leading companies that constitute the BSE SENSEX in India. The study analyzes the disclosure practices of 60 such companies for the year 2022-23 through the creation of a CSR Index, using content analysis to calculate company-wise and item-wise scores. The findings revealed there is also significant involvement in community programs and high transparency in reporting CSR activities.

**Keywords:** CSR, Company wise score, Item wise score, content analysis.

**JEL Classification:** M14, G10, G34

## 1. Introduction

The principle of corporate social responsibility (CSR) involves business corporations voluntarily contributing to various communities and societies where they operate, without being compelled by any mandatory legislation. CSR is an emerging concept that is gaining popularity among business organizations. It involves companies considering not only the financial consequences of their actions but also their social and environmental impacts. Corporate social responsibility (CSR) carries multiple meanings and is a complex concept tied to various values. This paper studies the extent of CSR disclosure made by leading companies constituting BSE SENSEX in India for the period ended on 2022-23.

It pertains to the corporate environment and the broader community in which a company operates, often seen as philanthropic behaviour toward society. Bowen describes Corporate Social Responsibility (CSR) as “the responsibility of entrepreneurs to adhere to these policies, to make those decisions, or to pursue those lines of action that are desirable in terms of our society’s goals and values.” Similarly, Davis (1973) describes CSR as addressing issues beyond a company’s narrow financial, technological, and legal obligations. Carroll, on the other hand, defines CSR as “an economic, legal, ethical, and discretionary (philanthropic) expectation.” Additionally, some studies attempt to define CSR from stakeholder and social perspectives. Nazari et al. (2012) define CSR as encompassing four social responsibilities of a company: economic, legal, ethical, and philanthropic. Similarly, Ali and Lasmono view CSR through four lenses: ethical, economic,

philanthropic, and legal responsibilities. The external influences and influential stakeholders, including foreign customers, overseas investors, international media, and international regulatory organizations (like the World Bank), have a greater influence on CSR reporting in developing nations. (Ali and others, 2017)

The current research is segregated into following sections. First section includes introductory part of CSR and legal mechanism for CSR. Section 2 conveys the past relevant work and published writings. Section 3 consist of Research Methodology consist of Objectives of the study and data collection. Section 4 includes Research Analysis and Outcome of research.

### 1.1 Legal Aspect of CSR

In 2013, the corporation Law was implemented in India, introducing a novel clause requiring Indian corporations to disclose their CSR performance and spend money on CSR. The study discovered that, compared to Indian banks, the quality of CSR disclosures produced by other Asian Pacific banks continues to be superior. (Zein) At the national level, corporate social responsibility (CSR) activities have been embraced and executed globally, although there is still variation throughout nations. These programs range from broad laws and CSR policies spearheaded by governments to consumer and civil society-led campaigns. Overall, though, the trend is the same across all nations: corporate social responsibility (CSR), which was formerly largely focused on corporate philanthropy, is now becoming more and more focused on sustainable solutions. The legal aspects of CSR involve the interplay between voluntary CSR activities and mandatory legal requirements. Companies must adhere to local, national, and international environmental laws. Legal repercussions and reputational harm may arise from non compliance.

## 2. Literature Review

The concept of companies participating in CSR activities originated from the ethical principles of societal leaders, whose views were shaped by their religious beliefs. This perspective led some authors to challenge the early idea that organizations exist solely to serve the interests of shareholders (Friedman, 1970). As indicated by the literature review, the situation regarding CSR disclosure varies between developing and developed countries. According to Ernst and Ernst (1978) and Abbott and Monsen (1979), developed countries had a high level of CSR disclosures even four decades ago. Their studies show that disclosure rates were as high as 85% and 78%, respectively, in a sample of Fortune 500 firms. However, similar literature from that period is not available for developing nations, indicating that CSR parameters were not considered as important in those regions at the time. Over the decades, the extent of disclosure improved significantly in developed countries. Studies reveal that the USA had a disclosure rate of 98% (Guthrie and Parker, 1990), the UK had 85% (Guthrie and Parker, 1990), Belgium reached 81% (Thom and Decoutere, 2009), and Australia had 56% (Guthrie and Parker, 1990). On the other hand, a review of the literature on developing countries suggests low levels of CSR disclosure. In nations such as Singapore, Malaysia, Bangladesh, South Africa, and India, the extent of CSR disclosure in annual reports is significantly lower. The disclosure percentages are as follows: Malaysia at 26% (Ahmed et al., 2003; Andrew et al., 1989; Kin, 1990; Teoh and Thong, 1984), Bangladesh at 41% (Azim et al., 2011; Belal, 2001; Imam, 2000), Singapore at 26% (Andrew et al., 1989; Tsang, 1998), South Africa at 50% (Savage, 1994), and India at 46% (Aggarwal, 2001; Ghosh, 2002). Despite these differences between

developed and developing countries, the literature review suggests that researchers from both groups have employed a common methodology. They have utilized Content Analysis to examine the annual reports of various companies and study the extent of CSR disclosure in developing countries (Aggarwal, 2001; Ahmed et al., 2003; Belal, 2001; Kin, 1990; Kumar, 1996; Murthy, 2008).

Hence, the literature review clearly highlights a substantial disparity between the CSR practices and disclosures of developed countries in comparison to those of developing countries.

## 3. Objectives of the Paper

The paper concentrates on analyzing the Corporate Social Responsibility (CSR) disclosures of SENSEX companies both at the company and item levels.

- Investigate the degree of corporate social disclosure by BSE Listed companies.
- Identify companies demonstrating high and low levels of CSR disclosure.
- Analyze the CSR disclosure across different categories among the selected companies.

### 3.1 Methodology

**Sample Size:** 60 companies were selected from the BSE-200 index, excluding those belonging to the banking and financial sectors due to significant differences in CSR expectations between manufacturing and financial sectors.

**Time Period:** The analysis of CSR disclosure is based on data from the most current period which is 2022-23, easily accessible period. This period also includes the aftermath of the epidemic, in which businesses have to re-establish confidence with stakeholders and the general public.

**Data Source:** CSR data have been gathered from the Annual Reports of the companies in the sample by accessing their respective websites. Annual

reports serve as the primary medium through which firms communicate various aspects, including their past performance, their assessment of the external environment, their strategies and plans for the near and immediate future, as well as their expectations for future performance. (Srinivasan Padmini & R Srinivasan & Marques Ana, 2015).

#### Data Collection Instrument and scoring of items

The CSR disclosure index serves as the primary tool for collecting fundamental data from the annual reports of the chosen companies. This index has been developed after thoroughly analyzing the annual reports and reviewing existing literature. It selectively includes variables that represent voluntary disclosures by the companies, which are not mandated by any statute. The Index comprise of five major items: totalling 25 items under four categories. Employee/ HR dimension Community Involvement, Service or Product, Environmental.

The study indicates that although businesses are incorporating corporate social responsibility (CSR) more and more into their growth strategies, there is still need to improve the transparency, consistency, and breadth of CSR disclosures in order to guarantee comprehensive stakeholder engagement and long-term corporate development. The corporations most frequently mentioned specific CSR items, and they included retirement fund benefit plans and offering and promoting education, demonstrating an emphasis on employee welfare and education activities.(Gupta (Gupta, n.d.)

#### TABLES

**Table 1: Sectorwise Industry Classification**

Table 1 shows the distribution of companies across different sectors.

S NO.	Sector wise	Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	2	3.3	3.3	3.3
1	Automobile and Auto Components	8	13.3	13.3	16.7
2	Capital Goods	2	3.3	3.3	20
3	Chemicals	2	3.3	3.3	23.3
4	Construction	1	1.7	1.7	25
5	Construction Materials	4	6.7	6.7	31.7
6	Consumer Durables	5	8.3	8.3	40
7	Consumer Services	3	5	5	45
8	Fast Moving Consumer Goods	10	16.7	16.7	61.7
9	Healthcare	7	11.7	11.7	73.3
10	Information Technology	6	10	10	83.3
11	Metals & Mining	3	5	5	88.3
12	Oil Gas & Consumable Fuels	4	6.7	6.7	95
13	Realty	1	1.7	1.7	96.7
14	Services	1	1.7	1.7	98.3
15	Telecommunication	1	1.7	1.7	100
	Total	60	100	100	

**Table 2: Statistics for Company wise**

S No.	Company Name	N	Min	Max	Mean	SD
1	Apollo	25	0	1	0.6	0.5
2	Adani Total Gas	25	0	1	0.56	0.507
3	Cipla	25	0	1	0.72	0.458
4	DIVIS Lab	25	0	1	0.52	0.51
5	ITC Ltd.	25	0	1	0.6	0.5
6	Indian Oil Corporation Ltd.	25	0	1	0.4	0.5
7	Hindustan Aeronautics Ltd.	25	0	1	0.64	0.49
8	Hindustan Unilever Ltd.	25	0	1	0.92	0.277
9	Hindalco Industries Ltd.	25	0	1	0.84	0.374
10	Hero MotoCorp Ltd.	25	0	1	0.76	0.436

11	Havells India Ltd.	25	0	1	0.64	0.49
12	HCL Technologies Ltd.	25	0	1	0.68	0.476
13	Grasim Industries Ltd.	25	0	1	0.68	0.476
14	Godrej Consumer Products Ltd.	25	0	1	0.44	0.507
15	GAIL (India) Ltd.	25	0	1	0.72	0.458
16	Eicher Motors Ltd.	25	0	1	0.68	0.476
17	Dr. Reddy's Laboratories Ltd.	25	0	1	0.8	0.408
18	Dabur India Ltd.	25	0	1	0.76	0.436
19	DLF Ltd.	25	0	1	0.76	0.436
20	Colgate Palmolive (India) Ltd.	25	0	1	0.64	0.49
21	Coal India Ltd.	25	0	1	0.64	0.49
22	Britannia Industries Ltd.	25	0	1	0.6	0.5
23	Bosch Ltd.	25	0	1	0.68	0.476
24	Bharti Airtel Ltd.	25	0	1	0.72	0.458
25	Bharat Electronics Ltd.	25	0	1	0.48	0.51
26	Berger Paints India Ltd.	25	0	1	0.56	0.507
27	Bajaj Auto Ltd.	25	0	1	0.56	0.507
28	Avenue Supermarts Ltd.	25	0	1	0.56	0.507
29	Asian Paints Ltd.	25	0	1	0.56	0.507
30	Ambuja Cements Ltd.	25	0	1	0.56	0.507
31	Adani Total Gas Ltd.	25	0	1	0.72	0.458
32	Info Edge (India) Ltd.	25	0	1	0.56	0.507
33	Infosys Ltd.	25	0	1	0.6	0.5
34	InterGlobe Aviation Ltd.	25	0	1	0.72	0.458
35	JSW Steel Ltd.	25	0	1	0.76	0.436
36	LTI Mindtree Ltd.	25	0	1	0.56	0.507
37	Larsen & Toubro Ltd.	0				
38	Mahindra & Mahindra Ltd.	25	0	1	0.68	0.476
39	Maruti Suzuki India Ltd.	25	0	1	0.68	0.476
40	Samvardhana Motherson	25	0	1	0.68	0.476
41	Nestle India Ltd.	25	0	1	0.67	0.482
42	Pidilite Industries	25	0	1	0.68	0.476
43	Shree Cement Ltd.	25	0	1	0.48	0.51
44	TVS Motor Company Ltd.	25	0	1	0.52	0.51
45	Sun Pharmaceutical Industries Ltd.	25	0	1	0.56	0.507

46	Tata Consultancy Services Ltd.	25	0	1	0.6	0.5
47	Torrent Pharmaceuticals	25	0	1	0.6	0.5
48	Trent Ltd.	25	0	1	0.6	0.5
49	UltraTech Cement Ltd.	25	0	1	0.64	0.49
50	Vedanta Ltd.	25	0	1	0.6	0.5
51	Wipro Ltd.	25	0	1	0.6	0.5
52	United Spirits Ltd.	25	0	1	0.6	0.5
53	Varun Beverages Ltd.	25	0	1	0.64	0.49
54	Tech Mahindra Ltd.	25	0	1	0.6	0.5
55	Titan Company Ltd.	25	0	1	0.68	0.476
56	Siemens Ltd.	25	0	1	0.52	0.51
57	SRF Ltd.	25	0	1	0.64	0.49
58	Marico Ltd.	25	0	1	0.32	0.476
59	Alkem lab	25	0	1	0.52	0.51
60	Asian paints	25	0	1	0.44	0.507

[N: No. of Companies, Min: Minimum, Max: Maximum, SD: Standard Deviation]

**Table 3: Item wise Disclosure**

SN	Items	Descriptive Statistics Item wise					
		N	Min	Max	S	M	SD
A	Employee/ HR dimension						
1	Employee appreciation	60	0	1	45	0.75	0.437
2	Learning & Development	60	1	1	60	1	0
3	Job Safety Analysis	60	0	1	30	0.5	0.504
4	General retrenchment or redundancy information	60	0	1	19	0.32	0.469
5	Categories of employees by gender	60	0	1	47	0.78	0.415
6	Effects of Employment Contract Act	60	0	1	13	0.22	0.415
7	Employees by line of business	60	0	1	12	0.2	0.403
8	Number of Employees Trained	60	0	1	56	0.93	0.252
9	Equal Opportunity Policy	60	0	1	55	0.92	0.279
10	Amount spent on Training	60	0	1	14	0.23	0.427

11	Reasons for changes in employee numbers or categories	60	0	1	5	0.08	0.279
12	Geographical distribution of employees	60	0	1	7	0.12	0.324
13	Data on Accidents	60	0	1	29	0.48	0.504
14	Employee welfare	60	0	1	56	0.93	0.252
<b>B</b>	<b>Community Involvement</b>						
15	Company Awards	60	0	1	57	0.95	0.22
16	General Philanthropy	60	0	1	23	0.38	0.49
17	Charitable Donations	60	0	1	31	0.52	0.504
18	Participation in government social campaigns	60	0	1	46	0.77	0.427
19	Community Program (Health and education) implemented	59	0	1	52	0.88	0.326
20	Members of CSR Committee	60	0	1	59	0.98	0.129
21	Meetings Attended	60	0	1	58	0.97	0.181
<b>C</b>	<b>Environmental Dimension</b>						
22	Statement of firm's environmental policies	60	0	1	47	0.78	0.415
23	Environmental protection programs (qualitative)	60	0	1	21	0.35	0.481
24	Report on CSR	60	0	1	54	0.9	0.303
	<b>Product/ service relation</b>	0					
25	Safety of Products / Services	60	0	1	41	0.68	0.469

[N: No. of Companies, Min: Minimum, Max: Maximum, S: Sum, M: Mean, SD: Standard Deviation]

## Results and Analysis

Table 1 shows the distribution of companies across different sectors. The most represented sector is "Fast Moving Consumer Goods" with 10 companies, constituting 16.7% of the total. Following closely, the "Information Technology" sector has 6

companies, making up 10% of the total.

- Sectors like "Automobile and Auto Components," "Healthcare," and "Consumer Durables" also have significant representation, each comprising more than 8% of the total.
- Sectors like "Realty," "Services," and "Telecommunication" have the least representation, with only one company each.

Overall, this table provides insight into the distribution of companies across various sectors, highlighting the relative prominence of each sector within the sample.

Table 2 shows that Company with the highest level of disclosure is Hindustan Unilever Ltd. with a mean disclosure score of 0.92 and a standard deviation of 0.277. The company with the lowest level of disclosure is Marico Ltd. with a mean disclosure score of 0.32 and a standard deviation of 0.476.

Table 3 shows the CSR activities which consist of four main dimensions Employee/ HR, Community Involvement and Environmental Dimension and last one product/service.

### A. Employee/ HR Dimensions

- Employee Appreciation: With a mean of 0.75 and a standard deviation of 0.437, 75% of companies engage in employee appreciation activities. This shows a strong commitment to recognizing and valuing employee contributions.
- Learning & Development: All 60 companies have activities in this area, evidenced by a mean of 1.00 and no deviation. This indicates a unanimous focus on enhancing employee skills.
- Job Safety Analysis: Half of the companies

(mean 0.50, std. deviation 0.504) conduct job safety analyses, suggesting a moderate emphasis on workplace safety.

- General Retrenchment or Redundancy Information: With a mean of 0.32, less than one-third of companies provide information on retrenchment or redundancy, indicating low transparency in this area.
- Categories of Employees by Gender: A high mean of 0.78 suggests that most companies categorize employees by gender, reflecting a commitment to gender diversity.
- Effects of Employment Contract Act: Only 22% of companies provide information on this, as indicated by a mean of 0.22, showing limited focus on contractual impacts.
- Employees by Line of Business: With a mean of 0.20, only 20% of companies report this data, showing low granularity in workforce reporting.
- Number of Employees Trained: A high mean of 0.93 indicates that most companies focus on training their employees.
- Equal Opportunity Policy: Similarly, with a mean of 0.92, most companies have an equal opportunity policy.
- Amount Spent on Training: With a mean of 0.23, only 23% of companies disclose this, indicating low transparency in training investments.
- Reasons for Changes in Employee Numbers or Categories: Very few companies (mean 0.08) provide reasons for changes in

employee numbers or categories.

- Geographical Distribution of Employees: Only 12% of companies report the geographical distribution of their employees, indicating low disclosure in this area.
- Data on Accidents: Nearly half of the companies report submit accident data, indicating moderate level of transparency in workplace safety (mean 0.48).
- Employee Welfare: With a mean of 0.93, most companies engage in employee welfare activities, showing a strong commitment to employee well-being.

## B. Community Involvement

CCI means corporate Community Involvement refers to the involvement of business firms in societal initiatives with aim of meeting the needs of the community in which they conduct their businesses. The quality and quantity of CCID in annual reports increased considerably as the quantity of CSR disclosure rise (Soobaroyen, n.d.)

- Company Awards: A mean of 0.95 indicates that most companies have received awards, showcasing recognition for their CSR efforts.
- General Philanthropy: With a mean of 0.38, just over one-third of companies engage in general philanthropy.
- Charitable Donations: Over half of the companies (mean 0.52) make charitable donations, indicating a moderate commitment to philanthropy.



- Participation in Government Social Campaigns: A mean of 0.77 shows that a significant portion of companies participate in government social campaigns.
- Community Program (Health and Education) Implemented: With a mean of 0.88, a majority of companies are involved in community programs related to health and education.
- Members of CSR Committee: Nearly all companies (mean 0.98) have a CSR committee, indicating strong governance in CSR activities.
- Meetings Attended: A mean of 0.97 suggests high participation in CSR meetings, reflecting active engagement in CSR governance.

#### C. Environmental Dimension

- Statement of Firm's Environmental Policies: With a mean of 0.78, a majority of companies have declared their environmental policies, indicating a strong focus on environmental issues.
- Environmental Protection Programs (Qualitative): With a mean of 0.35, only 35% of companies engage in qualitative environmental protection programs, showing room for improvement in this area.
- Report on CSR: With a mean of 0.90, most companies report their CSR activities, indicating high transparency and commitment to CSR disclosure.

#### D. Product/ Service Relation

- Safety of Products/Services: With a mean of

0.68, a majority of companies prioritize the safety of their products and services.

#### Conclusion

The data indicates that BSE-listed companies demonstrate a robust commitment to several critical areas of corporate social responsibility (CSR). Notably, there is a strong focus on employee learning and development, which reflects an investment in the long-term growth and skill enhancement of their workforce. This commitment extends to maintaining comprehensive equal opportunity policies, ensuring a fair and inclusive workplace environment for all employees. Additionally, these companies show a high level of dedication to employee welfare, underscoring their recognition of the importance of employee well-being and satisfaction.

Furthermore, there is significant involvement in community programs, indicating that these companies are not only focused on their internal stakeholders but also on contributing positively to the communities in which they operate. High transparency in reporting CSR activities is another commendable aspect, showcasing these companies' dedication to accountability and openness in their operations.

However, the data also reveals areas where these companies show lower engagement and transparency. Specifically, there is less information available regarding retrenchment practices and the reasons behind changes in employee numbers. This lack of transparency can create uncertainties and diminish trust among stakeholders. Additionally, details on the geographical distribution of employees are sparse, which could be crucial for understanding the broader impact of these companies' operations.

Moreover, while there are efforts in place for



environmental protection, the qualitative aspects of these programs appear to be less emphasized. This suggests a potential area for improvement, as enhancing the quality and transparency of environmental initiatives could significantly boost the companies' overall CSR impact.

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