



# Analysis of Corporate Social Responsibilities and Customer Care Grievance of BSE top ten Companies

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## Abstract:

*The Companies Act, 1956 is replaced with The Companies Act, 2013 and 'corporate social responsibilities' (CSR) has been made mandatory for a particular class of companies. There has to be an all inclusive growth of the society with the growth of the companies. Perhaps keeping this in mind, Indian law makers brought this law. In this paper CSR practices followed by BSE Top Ten companies have been studied to understand the analysis of CSR in these companies.*

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**Keywords:** *Corporate Social Responsibility, Communication, Social Responsibilities, Customer Care Grievance, Financial Risk Management, Business Environmental Responsibility*

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## 1. Corporate Social Responsibility

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship.

***“Since corporate social responsibility and sustainability are so closely entwined, it can be said that corporate social responsibility and sustainability is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.”***

The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

## 2. Applicability

Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

- The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- The corporate social responsibility committee shall,
- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- Monitor the Corporate Social Responsibility Policy of the company from time to time.

### 3. Research Methodology

The researcher has used both (Primary data and Secondary data) the methods of data collection for her convenience. But researcher gives more emphases on secondary data because the researcher undertakes research in Corporate social responsibilities for which researcher need all Corporate Governance reports and records from the selected companies, which are in nature of secondary data.

- For the purpose of analysis and hypothesis testing mathematical and statistical tools like percentage analysis, mean and ANOVA-test have been used by the researcher.
- The tests were applied at 5% level of significance.
- Researcher has analyzed annual reports of sample units and collected data have been tabulated and each disclosure has evaluated with ONE-WAY ANOVA test.

Researcher has evaluated total disclosure made by the companies with required or expected disclosures and found that which disclosure is efficiently disclosed and which disclosure is least disclosed. Researcher has made an attempt to check efficiency of disclosure through following index formula:

$$\text{CORPORATE GOVERNANCE INDEX: } \frac{\text{ACTUAL SCORE}}{\text{EXPECTED SCORE}} * 100$$

### 4. Means of Communication

“Any act by which one person gives to or receives from another person, the information about that person’s needs, desires, perceptions, knowledge, or affective states. **Communication may be intentional or unintentional**; it may involve conventional or unconventional signals, may take linguistic or non-linguistic forms, and may occur through spoken or other modes.”

After the calculation reveals that disclosure means of communication is excellent in RIL, ITC, and Infosys are fully disclosed for the information about means of communication.

Company Name	Expected Score	Actual Score
TCS	70	40
RIL	70	70
ONGC	70	60
HDFC Bank	70	40
CIL	70	60
ITC	70	70
Infosys	70	70
SUN Pharma	70	60
SBI	70	50
HDFC Ltd.	70	50
<b>TOTAL</b>	<b>700</b>	<b>570</b>

$$\text{CORPORATE GOVERNANCE INDEX} = \frac{570}{700} * 100 = 81.43\%$$

Table No. 1 reveals that in top – ten companies disclosure of means of communication is 81.43% RIL, ITC and Infosys is better than other companies.

### 5. Various Social Responsibilities Fulfilled by Company

*No success in material terms is worthwhile unless it serves the needs or interests of the country and its people”.*

-JRD TATA

Economic growth is possible only through consumption of inputs available in the environment and society. The harnessing of natural resources has a direct impact on the economy, the environment and society at large. Corporate Social Responsibility (CSR) is a concept whereby organizations serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. Corporate social responsibility is not about just giving randomly but about bringing benefits to all the stakeholders, including customers, employees and community at large.

**Respect for Worker’s Right and Welfare:** The companies should provide the workplace environment that is safe, hygienic and humane to work.

**Woman Empowerment:** Empowering women and achieving gender equality – the goals of the Women’s Empowerment Principles - requires intentional actions and deliberate policies.

**Sport Promotion:** These include CSR initiatives and investments in the sector by leading corporate houses, and non-profit foundations.

**Employment Generated:** Jobs continue to be created, needing an educated workforce and many in sunrise sub-sectors.

**Educational Employee Training:** Employee training and development is a broad term covering multiple kinds of employee learning.

**Employee Grievance:** refers to the dissatisfaction of an employee with what he expects from the company and its management.

Table- 2 Disclosure Of Various Social Responsibilities Fulfilled by Top Ten Companies of BSE- 100		
Company Name	Expected Score	Actual Score
TCS	90	50
RIL	90	90
ONGC	90	90
HDFC Bank	90	60
CIL	90	80
ITC	90	80
Infosys	90	90
SUN Pharma	90	70
SBI	90	80
HDFC Ltd.	90	80
<b>TOTAL</b>	<b>900</b>	<b>770</b>

$$\text{CORPORATE GOVERNANCE INDEX} = \frac{770}{900} * 100 = 85.56 \%$$

Table No. 2 reveals that in Top – ten companies disclosure about Social Responsibilities fulfilled by company is 85.56%. RIL, ONGC and Infosys disclosure is better than other companies

### 1. Customer Care Grievance

It is responsibility of the corporate to take care the interest of all stakeholders including Customers, shareholders, creditors, supplier, employees, project affecting persons and of course the society where it operates.

**Increased Sales and Customer Loyalty:** The customers also recognize those companies which are socially responsible.

**Complaint Received During the year:** A customer complaint highlights problems with employees or internal processes and you can fix them before further problems arise and cause a bad customer experience.

**Complaint Resolved:** The complaint is closed as Resolved because the provider has met the member's request for resolution to the complaint (as outlined on the Complaint Resolution Process complaint form).

**Complaint Pending:** The complaint is currently in process. No final outcome has been determined.

**Frequently Asked Questions (FAQ) or Questions and Answers (Q&A),** are listed questions and answers, all supposed to be commonly asked in some context, and pertaining to a particular topic.

**The Securities and Exchange Board of India (SEBI)** has set up a toll-free helpline (1800-22-7575) for investors.

**Investor Education and Protection Fund (IEPF):** is for promotion of investors' awareness and protection of the interests of investors.

**Investor Relation Department (IRD):** The Sarbanes-Oxley Act, also known as the Public Company Accounting Reform and Investor Protection Act, was passed in 2002, increasing reporting requirements for publicly traded companies.

<b>Table- 3 Disclosure of Various Social Responsibilities Fulfilled by Top Ten Companies of BSE- 100</b>		
<b>Company Name</b>	<b>Expected Score</b>	<b>Actual Score</b>
<b>TCS</b>	80	80
<b>RIL</b>	80	70
<b>ONGC</b>	80	70
<b>HDFC Bank</b>	80	50
<b>CIL</b>	80	70
<b>ITC</b>	80	80
<b>Infosys</b>	80	60
<b>SUN Pharma</b>	80	60
<b>SBI</b>	80	50
<b>HDFC Ltd.</b>	80	70
<b>TOTAL</b>	<b>800</b>	<b>660</b>

$$\text{CORPORATE GOVERNANCE INDEX} = \frac{660}{800} * 100 = 82.50\%$$

Table No 3 reveals that in Top – ten companies disclosure about Customer Care Grievance is 82.50%.

## 2. Financial Risk Management

Financial Risk Management is the practice of economic value in a firm by using financial instruments to manage exposure to risk, particularly credit risk and market risk. Other types include Foreign exchange risk, Shape risk, Volatility risk, Sector risk, Liquidity risk, Inflation risk, etc. Similar to general risk management, financial risk management requires identifying its sources, measuring it, and plans to address them.

**Profit Risk** is a risk management tool that focuses on understanding concentrations within the income statement and assessing the risk associated with those concentrations from a net income perspective.

**Legal Risk Management** refers to the process of evaluating alternative regulatory and non-regulatory responses to risk and selecting among them. Even with the legal realm, this process requires knowledge of the legal, economic and social factors, as well as knowledge of the business world in which legal teams operate.

**Risk Management and Internal Control** help organizations understand the risks they are exposed to, put controls in place to counter threats, and effectively pursue their objectives.

<b>Company Name</b>	<b>Expected Score</b>	<b>Actual Score</b>
<b>TCS</b>	40	10
<b>RIL</b>	40	20
<b>ONGC</b>	40	20
<b>HDFC Bank</b>	40	30
<b>CIL</b>	40	20
<b>ITC</b>	40	30
<b>Infosys</b>	40	40
<b>SUN Pharma</b>	40	20
<b>SBI</b>	40	30
<b>HDFC Ltd.</b>	40	30
<b>TOTAL</b>	<b>400</b>	<b>250</b>

$$\text{CORPORATE GOVERNANCE INDEX} = \frac{250}{400} * 100 = 62.50\%$$

Table No 4 reveals that in Top – ten companies disclosure about Financial Risk Management is 62.50%. Infosys disclosure is better than other companies.

### 3. Business Environmental Responsibility

The companies are required to utilize the Planet i.e., Natural Capital in a well manner so that it cannot be wasted, excess utilized which is also required for the other states or countries and also requires to be preserve for the future generation.

*“Earth provides enough to satisfy every man’s needs, but not every man’s greed.”*  
- Mahatma Gandhi

Here researcher has evaluate the Business Environmental Responsibility they can used 5 major points, which are effected to environment.

**Audit of Environment:** There are three main types of audits which are environmental compliance audits, environmental management audits to verify whether an organisation meets its stated objectives, and, functional environmental audits such as for water and electricity.

**Pollution Control:** Pollution prevention is a major global concern because of the harmful effects of pollution on a person’s health and on the environment.

**Project Location and Development:** Project management is the discipline of initiating, planning, executing, controlling, and closing the work of a team to achieve specific goals and meet specific success criteria.

**Forest and Plantation of Tress:** Industrial plantations are actively managed for the commercial production of forest products. Industrial plantations are usually large-scale.

**Plants for Child Labour:** The social scenario, however, changed radically with the advent of industrialization and urbanization under the impact of the newly generated centrifugal and centripetal forces; there was an unbroken stream of the rural poor migrating to urban centre in search of livelihood.

Company Name	Expected Score	Actual Score
TCS	50	30
RIL	50	50
ONGC	50	50
HDFC Bank	50	50
CIL	50	40
ITC	50	50
Infosys	50	50
SUN Pharma	50	50
SBI	50	30
HDFC Ltd.	50	50
<b>TOTAL</b>	<b>500</b>	<b>450</b>

Table No 5 reveals that in Top – ten companies disclosure about of Responsibility of Environment Safety is 90%.

**6. Analysis of Parameter Wise Disclosures**

The summary of disclosure about Customer Care / Grievance and Social Responsibility in various units has been summarized as under:

Name of Company	Total of Parameter wise Score(B)	Expected Score (A)	B/A %
TCS	210	330	63.64
RIL	300	330	90.91
ONGC	290	330	87.88
HDFC Bank	230	330	69.70
CIL	270	330	81.82
ITC	310	330	93.94
INFOSYS	310	330	93.94
SUN Pharma	260	330	78.79
SBI	240	330	72.73
HDFC Ltd.	280	330	84.85

Further researcher would like to know the level of significant difference of corporate governance index regarding Customer Care / Grievance and Social Responsibility. For this purpose researcher has used one – way ANOVA Test.

## 7. Hypothesis Testing

**H<sub>0</sub> (Null Hypothesis):** There would be no significant difference in corporate governance disclose index of customer care and social Responsibility among sample units.

**H<sub>1</sub> (Alternative Hypothesis):** There would be significant difference in corporate governance disclosed index customer care and social Responsibility among sample units.

ANOVA table for hypothesis testing					
Source of variance	SS	D.F.	MS	f-ratio	5% limit (table value)
Between sample	21.6	(10-1)=9	21.6/9=2.4	2.4/4.51=0.53	F(9,40)=2.124
Within sample	180.4	(50-10)=40	180.4/40=4.51		
Total	202	(50-1)=49			

Table above table shows that the calculated value of F is 0.53 which is less than the value of 2.124 at 5% level with d.f. being  $V_1 = 9$  and  $V_2 = 40$  and hence could have arise due to chance. This analysis supports the null hypothesis of no difference in sample means. We may, therefore concluded that the difference in wheat output due to varieties is insignificant and is just a matter of chance. The hypothesis is accepted.

## References

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