

A QUANTITATIVE AS WELL AS QUALITATIVE STUDY OF CSR IN THE SELECTED COMPANIES OF IT SECTOR BASED IN INDIA

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ABSTRACT

CSR has been an emergent area of research in the recent past. Most of the scholars, academicians and practitioners have made massive contributions in this field. The reason why IT sector is chosen is because it is uniquely positioned in terms of skills, expertise and facilities that can help benefit society in the long run. The companies that have been chosen are Infosys and Wipro as these are the top two companies that have satisfied the legal requirements in the context of CSR and have stayed profitable throughout. The main purpose of this study is to understand the history, concept and background of CSR in India, analyse the CSR expenditure for the post-mandate period of Infosys and Wipro and analyse the relationship between CSR and firm performance (net profit, operating margin, ROA, ROE and market capitalisation) separately for Infosys and Wipro. Lastly, the motive is to analyse the major CSR domains of the selected two companies and comment on the similarities and differences altogether. The sources of data used in this study are secondary and empirical in nature including annual reports of the selected two companies namely; Infosys and Wipro majorly for the post-mandate period (2014-19). The CSR expenditure and the profitability ratios including return on assets and return on equity has been considered based on the review of literature of CSR and firm performance. A CSR index has been created consisting of ten parameters explained in detail in the findings and analysis section. SPSS (statistical package for social

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sciences) 23 has been used to analyse the correlation and linear regression between the independent variable (CSR index scores) and profitability measures (net profit, operating margin, ROA, ROE and market capitalisation) separately. The findings suggest that in terms of CSR expenditure Infosys contributed more than 2% towards CSR during the financial years 2016-17, 2017-18 and 2018-19 and Wipro has even gone beyond 2% in the financial years 2015-16, 2016-17, 2017-18 and 2018-19. In terms of CSR and firm performance, it can be observed that there is a negative or weak correlation and no linear relationship between the scores of CSR index and the profitability measures with respect to Infosys and Wipro as well. In terms of CSR domains, as compared to Infosys, the CSR domains that can be added to the Wipro's CSR activities can be rehabilitation of homeless and orphans and disaster management relief. The domains that can be added in the context of both the companies can be gender equality programs, women safety and dignity, enhancement of vocational skills for women and care and support for the elderly. Women can be focused more upon in terms of safety provision now-a-days.

Keywords: CSR, Firm Performance, IT Sector, Infosys, Wipro

INTRODUCTION

Corporate social responsibility (CSR) is simply the need to manage the business operations in such a way so as to make a positive impact on the society. It covers social impact, ethics and various sustainability initiatives practiced by different companies irrespective of the sector.

The successful companies can contribute towards the environment as their business has grown to such an extent where they have enough resources that they can give back to the society so that they can set a leading example for the other companies in the same sector. The traditional responsibilities of the organizations are influenced by the expectations, values, beliefs and norms of various stakeholders and that is known as being morally and ethically obligated. An effective ethical organizational culture should be maintained within the companies. It is necessary on the part of the

companies to implement the standards set by the regulatory authorities to their companies which will be discussed in detail in chapter three. There are two things that drive the CSR activities and projects of the companies irrespective of the sector; i.e. right people and right infrastructure. Over a period of time, the companies have become quite serious and dedicated towards their CSR activities, ratings given to them by the rating agencies, their budget allocation to different activities and also the policies related to their disclosure.

The reason why IT sector is chosen is because it is uniquely positioned in terms of skills, expertise and facilities that can help benefit society in the long run. CSR is a practice of self-regulation by the companies itself in terms of aspects like social, economic and environmental so as to deliver a better result in terms of community involvement and helping the poorer sections of the society. The basic purpose of this study is to analyze the CSR expenditure and CSR activities and projects undertaken by the selected two companies namely; Infosys and Wipro for five (5) years starting from 2014-19. This period is concerned with the post-mandate period (2013-19) to examine how effective the regulations towards CSR as per section 135 of the Companies Act 2013 has been in the post-mandate period and how it has affected the management perspective related to CSR including the firm performance of the selected two companies. The sources of data used are secondary and empirical in nature including annual reports, corporate websites of the selected two companies.

History and background

India in one form or the other has been practicing CSR since ancient times dating back to Mauryan history. Informal practicing of CSR has always been there in the form of charity given or programs organized by the richer sections of the society to the deprived sections of the society. CSR is somewhat related to the historical development of India.

- **First phase (1850-1900)** - This phase of CSR was driven by voluntary and noble deeds of charity and philanthropic activities.

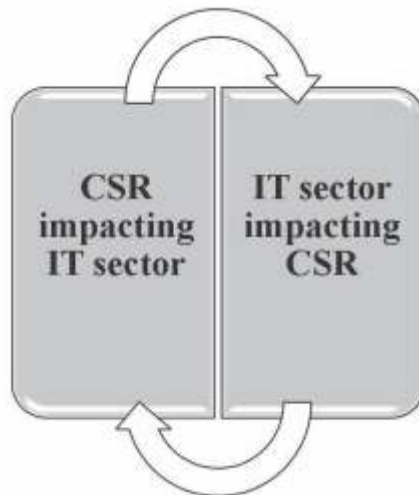
- **Second phase (1900-1960)** – This was the period of independence; all the industrialists had the dedication to work towards the betterment of the society. The concept of Trusts originated from this period where an amount was saved to build schools, colleges introduced by Mahatma Gandhi.
- **Third phase (1960-1980)** – There was a shift of expectations towards the private sector because of the corporate malpractices as the public sector was not very successful in their actions. This also led to legislation related to corporate governance, labor and issues related to the environment. *Note:* As far as current scenario is concerned, the Companies' Act 2013 was amended and a new section was added (section 135) related to the mandatory contribution of companies as 2% of the average of the profits of immediately preceding three years by the companies whose annual turnover is more than Rupees 1000 crores or whose net worth is Rupees 500 crores or whose Profit after tax is Rupees 5 crores.
- **Fourth phase (1980 onwards)** - This was the phase of LPG reforms. Businesses inculcated social responsibility as a business strategy as the withdrawal of licensing systems helped in the overall economic growth of the country. What started with basic charity is now accepted as a social responsibility.

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Relationship between CSR and IT sector

The relationship between CSR and IT sector can be divided into two categories namely; how CSR impacts the IT sector and how IT sector impacts CSR. It is discussed in a diagrammatical manner as follows:

Figure I: Relationship between CSR and IT sector



Source: Author's compilation

CSR impacting IT sector	IT sector impacting CSR
<p>CSR was considered in the Indian IT sector when this sector was recognized as it has a major role to play in the country's emergence internationally and proving India to be a strong contender among the other players in the market. CSR programs organized by the IT sector can help transform the communities by providing them with the training, techniques and skills related to different areas and help the business itself to grow. Education formed a major part of the CSR initiatives by the top IT sector companies.</p>	<p>As far as the IT sector is concerned, with the help of technology the companies can help bring a shift from the traditional mode of operating to a more transparent, effective and an efficient way in the context of CSR including the way organizations and companies interact, digitalization and the processes related to automation in the society. Moreover, it can help the companies to store and analyse data which helps in the decision making of the companies so as to match the ethical values and actions of the company. The IT sector has made a mark in CSR in the area of waste management that has gained importance over the years.</p>

REVIEW OF LITERATURE

This section consists of the existing research or vast literature in the context of CSR. The sequence of the literature can be explained with the help of a diagram below:

Figure II: Flow diagram of the research approach



Source: Author's Compilation

CSR as a concept

There are various studies that focus mainly on corporate social responsibility (CSR) as a concept from different perspectives of scholars, academicians and stakeholders. As per **Sharma et al. 2009**, the organisations can grow through being sustainable. CSR now-a-days is actually a license for the company to operate. There are various pressures or burden on the companies including societal pressure as well with respect to various issues that should be addressed on the part of the corporations. The major issues that need to be addressed considering the current scenario is that of the human rights and the environmental protection. The duty of the business corporations has shifted quite earlier from profit maximisation to wealth maximisation to addressing the needs of the stakeholders. There are various kinds of stakeholders for the business which will be discussed later in this section. The

business corporations are waking up to the need of committing resources to the society because the goal of profit maximisation has now shifted to catering to various needs of the respective shareholders (**Abd Rahim, et al, 2011**).

Drivers of CSR

Dhanesh S.G. (2015) in his study focused upon a more detailed analysis of the drivers in India. The drivers of CSR in the context of India are influenced by different concepts including philanthropic roots of CSR in India, sociocultural and traditional Indian concepts including karma and dharma inspired from the Mahabharata. Data was collected with the help of qualitative research and based on the Standard & Poor's Environmental, Social, and Governance (ESG) India Index fifty (50) companies were selected out of the five hundred (500) companies based on the market capitalization and these companies were also listed on the National Stock Exchange of India. These companies were approached and in-depth interviews were taken from the nineteen (19) senior executives who were directly involved in the shaping of CSR policies and framework for the respective companies. The results revealed mixed findings between the strategic perspective and the moral one. The concept of dharma can act as future framework within which these CSR can be better understood.

Note: Section 135 as per the Companies' Act, 2013 states that the eligible companies having turnover of INR 1000 crores, or net worth of INR 500 crores or having a net profit after tax of INR 5 crores have to contribute 2% towards the socially responsible activities.

Mandatory role of CSR

Note: Section 135 as per the Companies' Act, 2013 states that the eligible companies having turnover of INR 1000 crores, or net worth of INR 500 crores or having a net profit after tax of INR 5 crores have to contribute 2% towards the socially responsible activities.

Now that the concept of CSR has been discussed, there are various studies that have focused on CSR in the domestic context as well as the factors that drive CSR that have been focused upon.

Dhanesh S.G. (2015) in his study examined CSR in the context of India. This academic research tends to examine the CSR in the most critical way or through a most critical approach possible (dialog perspective). The study focuses on the dialog perspective by using a dialectical approach to analyse how the actors of the organization construct meanings and the boundaries in the context of India. The data was collected with the help of in-depth interviews with nineteen (19) senior executives from sixteen (16) corporations which were identified as socially responsible based on the Standard and Poor India ESG index. The analysis revealed two main dialects namely; selflessness and selfishness which is inherent in the meaning of CSR and togetherness and separateness in the articulation of CSR boundaries in the context of India. The findings suggest that companies do not just mainly focus on the ethical aspect or the liberal aspect of CSR but the companies try to strike off a balance or establish interconnections between these which will ultimately help the corporations in the inclusive and the internal growth.

CSR and firm performance

Tirthankar Nag, Asish K. Bhattacharyya (2016) in their study examined the CSR activities and strategies of firms with the help of annual reports and linking it to accounting and marketing performance of the selected firms. Thirty companies are selected from various sectors including automobile, telecom and information and technology out of fifty companies registered with the Standard and Poor CNX Nifty 50 index of National Stock Exchange of India. The period of study in this case is five years starting from 2007 to 2011. The methodology adopted is content analysis with an already established scale and creating indexes for categories in which CSR is divided. The association and relationship between these indexes state that there is no significant impact on the performances of the firms in terms of market based and accounting based measures. Environment related disclosure of CSR is negatively

related to the performance of the terms in the context of market-based measures.

Govindrajan (2017) in his study tried to study the influence of CSR activities on the firms' efficiency of Tata groups. The methodology adopted was content and variance analysis for six years (2010-15) and by taking into account different profitability ratios including ROA and ROE. Linear regression analysis is used to test the linear relationship between CSR variables (independent variables) including CSR cost and CSR budget and profitability ratios (dependent variable). The results reveal that the financial variables are positively correlated and influenced by CSR. **Sharma, N. (2018)** in his paper focuses on the relationship between CSR practices and the firms' profitability by taking into account various measures including return on assets (ROA), return on equity (ROE), return on investment or capital employed (ROCE), gross profit ratio (GPR). The methodology includes creating an index of CSR practices and linking it to the profitability ratios of the firms. The conclusion states that there is a positive correlation between CSR practices and profitability ratios. Earlier the companies used to include CSR in their business as a symbolic gesture of gaining reputation but now it is something that cannot be ignored. CSR has been made a part of the business strategy nowadays.

Neena Sinha et al. (2018) in their research paper examined the relationship between CSR and financial performance of the small and medium enterprises (SME) industry based in Delhi NCR. The research methodology adopted included primary sources of data including a structured questionnaire consisting of twenty-two statements. Sample size included 382 SMEs. Statistical tools included AMOS-SEM (measurement and structural model). The findings suggested that there is weak but a positive relationship between CSR and financial performance. The SMEs adopt CSR not as a strategy but as an informal gesture towards the community and stakeholders in general. They follow the concept of CSR in a more religious spirit.

Garg, A., & Gupta, P. K. (2020) in their study which was based on the stakeholder theory examining the firm performance of various private and public sector firms after CSR was made mandatory in 2014. The methodology used is secondary in

nature and analysing the results using one-way ANOVA and post-hoc test for analysis. Firm performance of the respective firms is analysed using the firm value and market performance. The findings suggest that the public sector companies fulfilling the CSR requirements have lower firm performance. The private sector firms that fulfil the CSR requirements do not have a significantly great and impressive firm performance. The study also suggests in the end how to improve compliance of the CSR requirements. The government authorities and the regulating agencies can encourage the participation of the companies in the context of CSR. Lastly, it suggests that how can the firms improve their performance while keeping CSR in mind. This study was necessary because there are only a few studies that focuses on the firm performance after the mandatory regime in the context of CSR.

Based on the above literature and other relevant studies, the measures for measuring firm performance can be cut down to net profit, operating margin, ROA, ROE and market capitalisation)

RESEARCH OBJECTIVES

1. To understand the concept, history, and background of CSR in India.
2. To analyze the CSR expenditure for the post-mandate period (2013-19) of Infosys and Wipro.
3. To analyze the relationship between CSR and firm performance net profit, operating margin, ROA, ROE and market capitalization) separately for Infosys and Wipro.
4. To analyze the major CSR domains of the selected two companies and comment on the similarities and differences altogether.

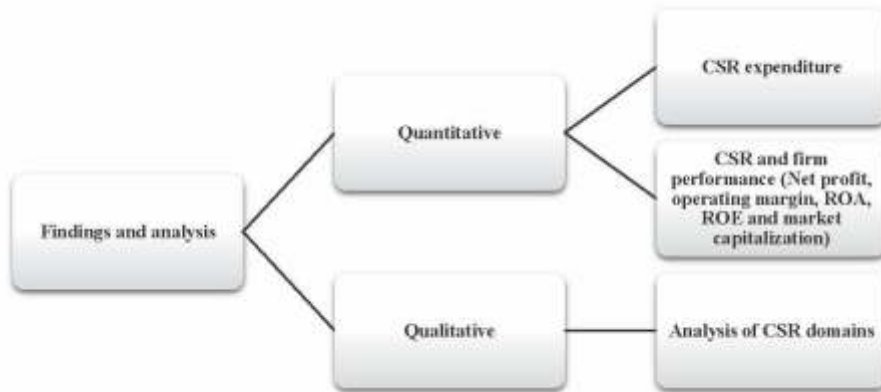
RESEARCH METHODOLOGY

The companies that have been chosen are Infosys and Wipro as these are the top two companies that have satisfied the legal requirements in the context of CSR and have stayed profitable throughout. The sources of data used in this study are secondary and empirical in nature including annual reports of the selected two companies namely; Infosys and Wipro majorly for the post-mandate period (2014-19). The CSR expenditure and the profitability ratios including return on assets and return on equity has been considered based on the review of literature of CSR and firm performance. A CSR index has been created consisting of ten parameters explained in detail in the findings and analysis section. SPSS (statistical package for social sciences) 23 has been used to analyse the correlation and linear regression between the independent variable (CSR index scores) and profitability measures including net profit, operating margin, ROA, ROE and market capitalisation separately. Lastly, the major CSR domains have also been considered for Infosys and Wipro as to how they are similar as well as different to each other.

FINDINGS AND ANALYSIS

This section is concerned with the findings and analysis related to the selected two companies namely; Infosys and Wipro. To make it simpler and understandable, it can be divided into two categories like quantitative (CSR expenditure and measuring the firm performance of these two companies and how is it impacted by CSR) and qualitative (analysing the CSR domains of the selected two companies and what additions can be made in the same).

Figure II: Categories in which findings and analysis has been divided for Infosys and Wipro



Source: Author's compilation

Quantitative aspect

To make it simpler and understandable, it can be divided into two categories like quantitative (CSR expenditure and measuring the firm performance of these two companies and how is it impacted by CSR).

CSR Expenditure

- **Infosys**

Infosys has proven to be a global leader in outsourcing, consulting and also enabling and helping clients to execute and create digital transformation in the Information & Technology (IT) sector. Infosys is one of the top companies in the IT sector that has contributed hugely towards CSR. The company undertakes the CSR activities with the help of Infosys Foundation (1996) and Infosys Foundation USA (2015).

In the context of CSR, the company has two broad objectives:

- Making a positive impact on the society through economic development and

reduction of the company's resource footprint.

- Taking responsibility for the company's actions as well taking into account the interests of different stakeholders.

Wipro

Wipro is an Indian multinational corporation which provides various services such as consulting, information technology and business process outsourcing. The journey for corporate social responsibility for the company began in 2001 with contribution towards school education and since then the company has tried to add new domains and also increased the scale and level of partnerships being formed. The company undertakes the CSR activities with the help of Wipro Foundation (2007).

The CSR expenditure of both these companies is shown in a tabular form for the post-mandate period (2014-19) below:

Table I: CSR expenditure of Infosys and Wipro for the post-mandate period

(Amount in crores)

Year	INFOSYS		WIPRO	
	Amount to be spent	Amount spent	Amount to be spent	Amount spent
2018-19	340	342	176.1	185.3
2017-18	310	312	183.3	186.6
2016-17	287	289	176.4	185.3
2015-16	256	202	156.0	159.8
2014-15	243	239	144.1	132.7

Source: Annual Reports of Infosys and Wipro 2014-19

As per the above table Infosys contributed more than 2% towards CSR during the

financial years 2016-17, 2017-18 and 2018-19 and Wipro has even gone beyond 2% in the financial years 2015-16, 2016-17, 2017-18 and 2018-19. The CSR expenditure during the years 2007-12 was of negligible amount because the CSR requirement of investing 2% of the average net profits of the immediately preceding three years was proposed in December 2012 for both the companies.

CSR and firm performance

As per the literature in the context of CSR and firm performance, the measures by which the firm performance can be measured comes out to be net profit, operating margin return on assets (ROA), return on equity (ROE) and market capitalisation.

Table II: Computation of measures of profitability

Net profit	Operating margin	Return on assets (ROA)	Return on equity (ROE)	Market capitalisation
Net profit/Net sales	Operating profit before interest and tax/Net sales	Net income/Total assets	Net income/Shareholders' worth	Number of outstanding shares*share price

Source: Author's compilation

To study the relationship between these two, a CSR index has been created consisting of ten parameters as follows:

- Sustainability initiatives
- Healthcare facilities
- Promoting art and culture
- Community involvement

- Philanthropic activities
- Legal compliance of CSR expenditure
- Generation of profits
- The ethical aspect of CSR
- Contribution towards disaster management relief
- Women empowerment, dignity, care and support for the elderly

The scores starting from 2015 until 2019 have been calculated out of ten. If Infosys is satisfying a specific parameter it is given a score as 1 or else 0. The reason why this period has been chosen is that the CSR domains of Infosys and Wipro started to diversify during this period itself. The scores for Infosys came out to be 6, 7, 8, 8, 8 starting from 2015-19. The scores for Wipro came out to be 5, 7, 6, 6, 6 starting from 2015-19. Independent variable is taken to be CSR index scores and dependent variables are the profitability measures; net profit, operating margin, ROA, ROE and market capitalization.

Correlation

- **Net profit**

H₀: There is no significant correlation between CSR index scores and net profit for Infosys and Wipro.

Table III

	Infosys		Wipro	
CSR Index Pearson correlation coefficient	1	-0.577	1	-0.152
Sig. value		0.309		0.807
Net profit Pearson correlation coefficient	-0.577	1	-0.152	1
Sig. value	0.309		0.807	

There is a weak correlation as the p-value and the correlation coefficient suggests
Source: Author's compilation

- **Operating margin**

H₀₂: There is no significant correlation between CSR index scores and operating margin for Infosys and Wipro.

Table IV

	Infosys		Wipro	
CSR Index Pearson correlation coefficient	1	-0.721	1	-0.05
Sig. value		0.170		0.936
Operating margin Pearson correlation coefficient	-0.721	1	-0.05	1
Sig. value	0.170		0.936	

There is a weak correlation as the p-value and the correlation coefficient suggests
Source: Author's compilation

• **ROA**

H₀₃: There is no significant correlation between CSR index scores and ROA for Infosys and Wipro.

Table V

	Infosys		Wipro	
CSR Index Pearson correlation coefficient	1	-0.669	1	-0.05
Sig. value		0.217		0.937
ROA Pearson correlation coefficient	-0.669	1	-0.05	1
Sig. value	0.217		0.937	

There is a weak correlation as the p-value and the correlation coefficient suggests
 Source: Author's compilation

• **ROE**

H₀₄: There is no significant correlation between CSR index scores and ROE for Infosys and Wipro.

Table VI

	Infosys		Wipro	
CSR Index Pearson correlation coefficient	1	-0.468	1	-0.317
Sig. value		0.197		0.603
ROE Pearson correlation coefficient	-0.468	1	-0.317	1
Sig. value	0.197		0.603	

There is a weak correlation as the p-value and the correlation coefficient suggests

Source: Author's compilation

- **Market capitalization (in percentage)**

H_{0s} : There is no significant correlation between CSR index scores and market capitalization for Infosys and Wipro.

Table VII

	Infosys		Wipro	
CSR Index Pearson correlation coefficient	1	0.120	1	-0.453
Sig. value		0.847		0.444
Market capitalization Pearson correlation coefficient	0.120	1	-0.453	1
Sig. value	0.847		0.444	

There is a weak correlation as the p-value and the correlation coefficient suggests

Source: Author's compilation

Observations: As it can be observed from the above five tables, there is a negative or weak correlation between the scores of CSR index and the net profit, operating margin, ROA, ROE and market capitalization with respect to Infosys and Wipro as well. Also, no significant correlation can be observed between the dependent and the independent variables separately. As the p value is not less than 0.05, all the hypothesis gets accepted.

The increasing number of CSR domains and the profitability measures are not at all related. This means that the expenditure towards or the extent of CSR involvement by Infosys as well as Wipro and the firm performance in terms of ROA and ROE have no significant correlation between them. The correlation coefficient is negative, which means that when the number of CSR domains increases or the score as per the CSR index increases, the ROA or ROE fluctuates but not in a certain direction that a significant correlation can be established.

Linear regression

- **Net profit**

H₀₆: There is no linear relationship between CSR index scores and net profit of Infosys and Wipro.

Table VIII: Summary of linear regression for net profit

	Infosys		Wipro	
p-value	0.154	Accept H ₀₆	0.404	Accept H ₀₃
r	-0.577		-0.152	
R square	0.333		0.023	
Adjusted R square	0.110		-0.303	

There is no linear relationship between CSR index scores and net profit as the p-value suggests.

Source: Author's compilation

- **Operating margin**

H₀₇: There is no linear relationship between CSR index scores and operating margin of Infosys and Wipro.

Table IX: Summary of linear regression for operating margin

	Infosys		Wipro	
p-value	0.085	Accept H ₀₇	-0.468	Accept H ₀₃
r	-0.721		-0.050	
R square	0.519		0.003	
Adjusted R square	0.359		-0.330	

There is no linear relationship between CSR index scores and operating margin as the p-value suggests.

Source: Author's compilation

- **ROA**

H₀₈: There is no linear relationship between CSR index scores and ROA of Infosys and Wipro.

Table X: Summary of linear regression for return on assets

	Infosys		Wipro	
p-value	0.217	Accept H ₀₈	0.937	Accept H ₀₃
r	-0.669		-0.05	
R square	0.448		0.002	
Adjusted R square	0.264		-0.330	

There is no linear relationship between CSR index scores and ROA as the p-value suggests.

Source: Author's compilation

• **ROE**

H₀₉: There is no linear relationship between CSR index scores and ROE of Infosys and Wipro.

Table XI: Summary of linear regression for return on equity

	Infosys		Wipro	
p-value	0.427	Accept H ₀₉	0.603	Accept H ₀₃
r	-0.468		-0.317	
R square	0.219		0.10	
Adjusted R square	-0.042		-0.199	

There is no linear relationship between CSR index scores and ROE as the p-value suggests.

Source: Author's compilation

• **Market capitalization**

H₁₀: There is no linear relationship between CSR index scores and market capitalization of Infosys and Wipro.

Table XII: Summary of linear regression for market capitalization

	Infosys		Wipro	
p-value	0.424	Accept H ₁₀	0.222	Accept H ₀₃
r	0.120		-0.453	
R square	0.014		0.205	
Adjusted R square	-0.314		-0.060	

There is no linear relationship between CSR index scores and market capitalisation as the p-value suggests.

Source: Author's compilation

Observations: As it can be observed from the above five tables, there is no linear relationship between the scores of CSR index and the net profit, operating margin, ROA, ROE and market capitalization with respect to Infosys and Wipro as well. Also, no significant relationship can be observed between the dependent and the independent variables separately. As the p value is not less than 0.05, all the hypothesis gets accepted. The r square value in case of Infosys is 0.333 which means that 33.3% of change in the dependent variable (net profit) in this case can be predicted by the independent variable (CSR Index) which is not satisfactory. The r square value in case of Wipro is 0.023 which means that 2.3% of change in the dependent variable (net profit) in this case can be predicted by the independent variable (CSR Index) which is very weak and less. The r square value in case of Infosys is 0.519 which means that 51.9% of change in the dependent variable (operating margin) in this case can be predicted by the independent variable (CSR Index) which is satisfactory. The r square value in case of Wipro is 0.003 which means that 0.3% of change in the dependent variable (operating margin) in this case can be predicted by the independent variable (CSR Index) which is very weak and less. The r square value in case of Infosys is 0.448 which means that 44.8% of change in the dependent variable (ROA) in this case can be predicted by the independent variable (CSR Index) which is still satisfactory. The r square value in case of Wipro is 0.02 which means that 2% of change in the dependent variable (ROA) in this case can be predicted by the independent variable (CSR Index) which is very weak and less. The r square value in case of Infosys is 0.219 which means that 21.9% of change in the dependent variable (ROE) in this case can be predicted by the independent variable (CSR Index) which is not satisfactory. The r square value in case of Wipro is 0.10 which means that 10% of change in the dependent variable (ROE) in this case can be predicted by the independent variable (CSR Index) which is very weak and less. The r square value in case of Infosys is 0.014 which means that 1.4% of change in the dependent variable (market capitalization) in this case can be predicted by the independent variable (CSR Index) which is not satisfactory. The r square value in case of Wipro is 0.203 which means that 20.3% of change in the dependent variable (market capitalization) in this case can be predicted by the independent variable

(CSR Index) which is very weak and less.

The score of the CSR index is having a moderately negative correlation with the profitability measures (ROA and ROE) and nonlinear relationship between the dependent and independent variables.

The findings of the study are consistent with the results revealed in the study named by Sharma, N. (2018) where there was a weak correlation and no linear relationship between CSR practices (independent variable) and profitability measures (dependent variables - ROA and ROE). Garg, A., & Gupta, P. K. (2020) in their study which was based on the stakeholder theory examining the firm performance of various private and public sector firms after CSR was made mandatory in 2014. The methodology used is secondary in nature and analysing the results using one-way ANOVA and post-hoc test for analysis. Firm performance of the respective firms is analysed using the firm value and market performance. The findings suggest that the public sector companies fulfilling the CSR requirements have lower firm performance. The private sector firms that fulfil the CSR requirements do not have a significantly great and impressive firm performance. The study also suggests in the end how to improve compliance of the CSR requirements. The government authorities and the regulating agencies can encourage the participation of the companies in the context of CSR. Lastly, it suggests that how can the firms improve their performance while keeping CSR in mind. This study was necessary because there are only a few studies that focuses on the firm performance after the mandatory regime in the context of CSR.

On the other hand, the findings are contrary to the study named by McGuire, J., Sundgren, A., and Schneeweis, T. (1988) where the accounting-based measure that is ROA (dependent variable) was a better predictor of the social responsibility (independent variable) of the firms.

However, overall results of the present study show that the increasing number of CSR domains is a weak predictor of ROA and ROE. The reason behind this is that

profit of the company depends on other variables and not just CSR domains. The most common factors that affect PAT includes direct costs, overhead costs, enterprise mix, and the number of units produced. The level of assets and capital employed in the company also affects the profitability measures chosen. It is affected by the costs and the expenses of the company but not the costs associated with increasing CSR domains in the context of Infosys as the number of CSR domains increased in the post-mandate period still there is no significant impact on profitability measures including ROA and ROE.

Qualitative aspect

This is concerned with the CSR domains and analyzing what are the similarities and the differences between them when it comes to Infosys and Wipro.

Table VII: CSR domains common between Infosys and Wipro

TITLE
Education
Rural Development
Healthcare
Sustainability
Art and culture
Protection of national heritage sites and urban spaces
Hunger and poverty eradication

Source: Annual reports of Infosys and Wipro 2014-19

Potential CSR domains for Infosys and Wipro

The already existing domains for Infosys and Wipro as per schedule VII of the

Companies' Act, 2013 are satisfactory but the additions in the form of more relevant domains can be made. As compared to Infosys, the CSR domains that can be added to the Wipro's CSR activities can be rehabilitation of homeless and orphans and disaster management relief.

Infosys and Wipro have inculcated the CSR domains as per schedule VII of section 135 of the Companies Act, 2013. The relevant CSR domains as per the current scenario can be added by both of these companies.

The domains that can be added in the context of both the companies can be gender equality programs, women safety and dignity, enhancement of vocational skills for women and care and support for the elderly. The companies apart from the community involvement should focus upon different segments of the society in terms of demographic characteristics such as age including children, adults and the older people because every segment of the society deserves equal attention. Women can be focused more upon in terms of safety provision now-a-days.

CONCLUDING REMARKS AND RECOMMENDATIONS

CSR can help can establish or tarnish a company's image and build its brand. Social responsibility empowers employees to leverage the corporate resources at their disposal to do good. Formal corporate social responsibility programs can boost employee morale and lead to greater productivity in the workforce ultimately leading to employee satisfaction and achievement of the organisational goals and also economic development as a whole. Most of the scholars, academicians and practitioners have made massive contributions in this field. The reason why IT sector is chosen is because it is uniquely positioned in terms of skills, expertise and facilities that can help benefit society in the long run. The companies that have been chosen are Infosys and Wipro as these are the top two companies that have satisfied the legal requirements in the context of CSR and have stayed profitable throughout. The main purpose of this study is to understand the concept, history and background of CSR in India, analyze the CSR expenditure for the post-mandate

period (2013-19) of Infosys and Wipro and analyze the relationship between CSR and firm performance net profit, operating margin, ROA, ROE and market capitalisation) separately for Infosys and Wipro. Lastly, the motive is to analyze the major CSR domains of the selected two companies and comment on the similarities and differences altogether. The sources of data used in this study are secondary and empirical in nature including annual reports of the selected two companies namely; Infosys and Wipro majorly for the post-mandate period (2014-19). The CSR expenditure and the profitability ratios including return on assets and return on equity has been considered based on the review of literature of CSR and firm performance. A CSR index has been created consisting of ten parameters explained in detail in the findings and analysis section. SPSS (statistical package for social sciences) 23 has been used to analyse the correlation and linear regression between the independent variable (CSR index scores) and profitability measures net profit, operating margin, ROA, ROE and market capitalisation) separately.

The findings suggest that in terms of CSR expenditure Infosys contributed more than 2% towards CSR during the financial years 2016-17, 2017-18 and 2018-19 and Wipro has even gone beyond 2% in the financial years 2015-16, 2016-17, 2017-18 and 2018-19. The CSR expenditure during the years 2007-12 was of negligible amount because the CSR requirement of investing 2% of the average net profits of the immediately preceding three years was proposed in December 2012 for both the companies. In terms of CSR and firm performance, it can be observed that there is a negative or weak correlation and no linear relationship between the scores of CSR index and the profitability measures with respect to Infosys and Wipro as well. As the data has been considered for just five years, the findings are not able to suggest a clear picture between the independent and the dependent variables. In terms of CSR domains, the already existing domains for Infosys and Wipro as per schedule VII of the Companies' Act, 2013 are satisfactory but the additions in the form of more relevant domains can be made. As compared to Infosys, the CSR domains that can be added to the Wipro's CSR activities can be rehabilitation of homeless and orphans and disaster management relief.

The domains that can be added in the context of both the companies can be gender equality programs, women safety and dignity, enhancement of vocational skills for women and care and support for the elderly. The companies apart from the community involvement should focus upon different segments of the society in terms of demographic characteristics such as age including children, adults and the older people because every segment of the society deserves equal attention. Women can be focused more upon in terms of safety provision now-a-days.

If the Annual Reports are taken into consideration, it shows just the statements and the reflections about the company's efforts related to each section and not just CSR. There is a greater need to objectify and show the statistics in the form of numbers and figures. This makes it quite difficult to differentiate between the self praises of the company and the actual efforts put in by the companies. A proper format should be followed by the companies so as to help in the analysis and comparison of the CSR projects and initiatives taken so as the comparison between the CSR activities of the companies becomes easier and understandable. The limitations of the study are that when it comes to the companies that have been selected, it is only two in number and the measures with the help of which the CSR and firm performance has been evaluated consists only of the profitability measures. When the future research agenda is considered, other measures could have been added like the market based or the accounting-based measures so that more extensive research can be done in the context of CSR and the IT sector. Also, the data has been collected only for the years 2014-19.

The implications of this paper are that the selected two companies namely; Infosys and Wipro are no doubt two of the top companies in the IT sector but based on the analysis of the present study, it can be said that the self praises in the context of CSR is not sufficient. There are other factors as well which practically impact the profitability of the respective companies explained in the analysis section. An overall approach should be adopted when it comes to measuring and comparing the profitability of the companies irrespective of the sector. Maybe a better extent of CSR involvement is necessary to establish a significant relationship between CSR and firm performance in the context of Infosys and Wipro.

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