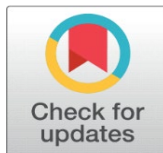


COMPARATIVE EVALUATION OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN PUBLIC AND PRIVATE SECTORS IN INDIA

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ABSTRACT

The essential purpose behind Corporate Social Responsibility is to cooperate other pro-social aspirations and improvise reputation. Conventional CSR objectives involve depreciating environmental degradation, encouraging volunteerism among the employees, and bequeathing welfare. Corporate social responsibility is a self-adjusting enterprise design that supports organizations as humanly, socially culpable to themselves, their stakeholders, and the populace they are associated with and living around. The intention of the research is to analyze the corporate social responsibility initiatives in India and comparing the initiatives by the public and the private sector. The paper opts empirical methodology to conduct a survey based on certain questionnaire and it was evaluated that the private sector is more actively participating in CSR and related social welfare activities as it was demonstrated from the survey that the private sector highly indulges in every stream and compasses the infrastructure, environment protection, education and health sector as well as rural development.

Keywords: Corporate Social Responsibility (CSR), CSR in Public Sector, CSR in Private Sector, Indian Companies Act, 2013

1. INTRODUCTION

Corporate social responsibility (CSR) is a comprehensive approach that can bring diverse attributes depending on the corporation and its working methodology. Through CSR activities, benevolence, and enlistee purposes, a business can serve the community while encouraging and endeavoring its brand (Ward, H. et al., 2007). As essential as CSR is for society, it is evenly estimable for the organization. These initiatives can shape healthy linkages among the workers and the organization, heighten morale, and serve both representative and executive character of the organization more coherently with the world.

1) Need of CSR Implementation

Many organizations illustrate CSR as an indispensable part of their brand vision, believing that consumers will be more predisposed to do business with a brand they recognize to be more ethical (Srivastava, G., 2019). With this vision, CSR activities can be a prominent determinant of corporate public relations. Simultaneously some organization

originators are also motivated to involve themselves in CSR exercises due to their persuasions. Responsible business practices are driven by many internal factors and many external factors.

2) The Impact of CSR

The journey towards a socially responsible organisation has an impression in numerous dimensions. For instance, organizations take diverse initiatives to preserve the environment and pave towards sustainability by practicing and formulating renewable energy sources or purchasing carbon offsets (Garg, P., 2016). By maintaining the supply chain, attempts have also been made to reduce dependence on unethical undertakings, such as child labour, social inequality, and gender inequality. Although CSR plans have become more prevalent among large organizations in past few years small businesses also carry CSR practices through small-scale programs such as donating to local charities and sponsoring social events (Doke, D. D., & Dadas, A. B).

1.1. BACKGROUND

Corporate social responsibility is a self-adjusting enterprise design that supports organizations as humanly, socially culpable to themselves, their stakeholders, and the populace they are associated with and living around. By exercising corporate social responsibility, which is also termed organizational citizenship, firms can understand the variety of influences they can have on the community encompassing social, financial, and environmental (Madhu Bala, 2015). CSR describes practices and strategies initiated by organizations that are intended to impact the system arbitrarily. The essential purpose behind CSR is for cooperation to attempt other pro-social aspirations and maximize reputation at the same time. For instance, conventional CSR objectives involve depreciating environmental degradation, encouraging volunteerism among firm employees, and bequeathing to welfare (Mahapatra, M., 2019).

1) Under the Companies Act, 1956:

It was the first company act after independence formulated in the year 1956, in which there was no provision of CSR. However, the concept was initiated in the year 2009 when the Ministry of Corporate Affairs introduced a volunteer guideline. Under which the CSR activities are exclusively volunteering to proclaim what the company would like to do beyond any statutory obligation (Aspal, P. K., & Singh, M., 2020).

2) Provisions under the Companies Act, 2013:

Indian new Companies Act, 2013 introduced several new provisions which transformed the face of Indian corporate houses and serve as the benchmark for CSR in Indian context. One of such provisions introduced was under section 135 of the companies Act with proclaims that the threshold limit for applicability of corporate social responsibility to a company should be under the three criteria (Bordoloi, M., & Mukherjee, K., 2017)-

- The net worth of an organization should lie in the range of 5 billion or more.
- Turnover of a company to be 10 billion or more.
- The net profit of a company should be 50 million or more in a financial year.

If the organization fulfils any of these claws, it has to formulate a CSR committee comprising three or more directors as a member with a minimum of one independent director. The committee has a responsibility to make specific criteria that at least two per cent of an average preceding three years profit should be acquired to approve CSR activities.

3) Provisions under the amendment of Companies Act in 2019

Under this provision, the company needs to transfer the unspent amount of prescribed range of CSR as in schedule VII of the act within the given fiscal year's end. Within three years, that amount might be utilized from the date of transfer; in any case.

1.2. LITERATURE REVIEW

CSR activities are growing and rising trends in the corporate atmosphere may be seen. It is comparatively a novel notion, and it has developed as a significant analysis region over the last few years. The economic and social performance of a firm is the sound support of sustainable improvement and growth. The main intention of the research (Aspal, P. K. & Singh, M., 2020) is to analyze the characteristics and scope of CSR acknowledgment in Indian corporations from 2014

to 2016. The research demonstrates the disclosure under various dimensions comprising employee welfare, and community welfare, consumer issues, product and environment development. The outcome shows that the percentage of the companies revealing CSR has been recognized to be intensified over the years, along with the petroleum and gasoline production is in the top spot in courses of CSR disclosure, and the chemical and leather manufacturing exist at the bottom section. Another research (Ramesh, B., & Mendes, S., 2015) tries to investigate the model of the Indian banking industry and its contribution regarding CSR activities involving how much they spend and their future expenditure with the compulsory CSR, which has been enforced on the Indian banking sector from the year 2014. The outcome demonstrates that the private banking sector is the higher contributing industry in CSR compared to public sector banks. Other studies (Chopra, I. P., 2017) try to measure and compare the corporate social performance over the three years from 2014 to 2016 time period and identify the best and the worst bank performer based on practice and expenditure. The results demonstrate that the banking sector is immediately involved in CSR exercises, specifically in the concerned area comprising rural growth, education, social well-being, women and children development, public well-being, and so on. CSR in India has been continuously impressed by the diverse social, political, and worldwide level guidelines and the announcement declared by several jurisdictions. The paper evaluates the companies Act 2013, which acts as a historical event to drastically change CSR practice in India (Kadyan, J. S., 2020).

The prerequisite of the law made it mandatory for distinct classes of the firm to support social funding to the vulnerable section for upliftment and betterment of livelihood. Moreover, the public and the private sector have their protocol and management criteria to implement CSR, and the paper intends to analyze them comparatively. Another study (Ali, W. et al., 2017) is based on the primary empirical analysis of seventy-six articles based on CSR revelation in advanced and emerging realms. The outcome demonstrates that organization determinants like the firm's size, service sector, profitability, governance, and mechanism predominantly appeared to derive the CSR reporting agenda.

The CSR approach, which is considered at subduing risk, enhances brand value, improves transparency, and has a pleasant and optimistic influence on the organization's economic wellness. The research determined the association between CSR activities and economic achievement by implementing several exploratory methodologies to recognize trends and exercises and analytical methods by utilizing various regression modeling procedures. The research outcome illustrates that firm benefits have the root condition and indispensable impact and relationship with the CSR disclosure.

1.3. RESEARCH OBJECTIVE

The objective of the research is to analyze and compare the areas of the corporate social responsibility initiatives by the public and the private sector in India.

2. METHODOLOGY

2.1. RESEARCH DESIGN

The topic is related to evaluating the Corporate Social Responsibility in India between Public and Private Sector and for that quantitative suited the best. 100 respondents, 50 from each sector were targeted and their responses were collected through a questionnaire.

Primary Data

Primary data is usually collected from real-time sources such as surveys, questionnaires, experiments, and interviews. This type of data is not concentrated on exploring the existing articles that means it is singular and peculiar. This is because specific types of theories and methodology are used in every research. In this research, the researcher implements primary data to obtain accurate results. In this research, the investigator has conducted a Google survey, including close-ended questions. Primary data contributes a lot in achieving results. It is very reliable considering objectives. Through research, investigators examined in-depth Corporate Social Responsibility in India between the Public and Private Sector. A total of 83 participants had given their responses to the specific questionnaire based on the research question to obtain a smooth output.

Secondary Data

The secondary is data which many scholars use in their research. In simple terms, some investigators have already collected and documented for its persistence and not for the current research challenge. It is accessible from various sources such as government publications, books, journal articles, websites, and reports. These are concentrated on

exploring the existing articles. They are less reliable and less suitable. They are less reliant and less appropriate. The researcher has used secondary data to upgrade the knowledge. To conduct this study, secondary data is also crucial as a primary empirical method. It assists in enhancing the knowledge and plays a significant role in determining the hypothesis.

Difference between CSR of the Public and Private sector

The prominent factors demonstrate the contribution toward corporate social responsibility made by the private and public sectors. The data is obtained from the survey, which indicates that the private sector is proactively participating in CSR while the public sector is lagging far apart. The t-test is also applied to determine the outcome based on the comparison of both sectors.

Factors	Private sector	Public sector
Environment protection	34%	11%
Gender Equality	61%	8.3%
Education	66%	8.3%
Health	58%	5.5%
Pandemic assistance	72%	8.3%
Infrastructure development	47%	11%
Rural upliftment	30%	5.6%

T test

P-value and analytical importance:

The two-tailed P value = 0.0004

By conservative standards, this variation is recognized to be notably statistically important. Assurance interval:

The average of Private sector - Public Sector = 44.286

95% confidence interval of this variation: From 29.125 to 59.446 Intermediate values implement in calculations:

$t = 7.1477$

$df = 6$

Standard error of variation = 6.196

When the value of P is near to 0.5, then it demonstrates that Hypothesis H0 (Null hypothesis) is correct; however, when the value of P is bending far away from the mean value, then it is assumed that Hypothesis H1 (alternative hypothesis) is correct.

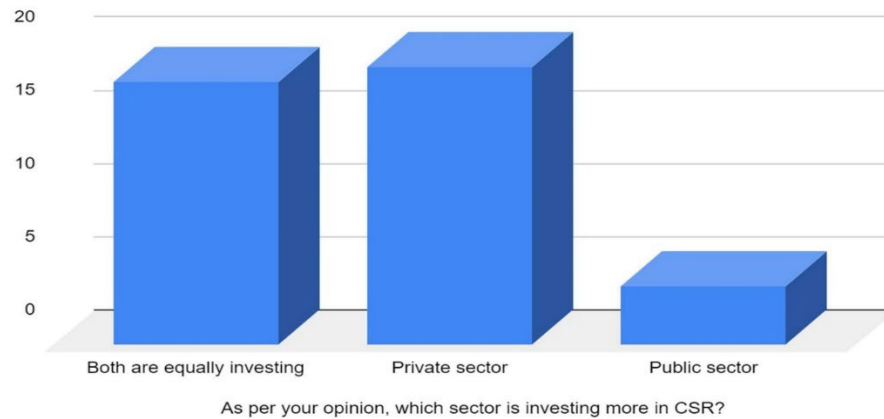
The above description shows that the value of $P=0.004$ means H0 is correct and accepted, and H1 is rejected.

Hence, H0, that is, there is a significant difference between the CSR of the Public and Private Sector is accepted. While H1, there is no difference in CSR between the Public and Private Sectors is rejected. This shows a significant and clear difference in the activities and investment measures taken by the private and the public sectors. The survey responses showed that the private companies invested more in infrastructure development, followed by the health sector and in environment protection and conserving measures. It is also observed that the private sector investment is also done in education, and gender equality measures initiatives.

Contribution to CSR by both the sector

The survey demonstrates that about 43.9 % of the respondents believe that both sectors have equally invested; however, around 46.3 % of the respondents were inclined towards the private sector and said that the private sector is investing more in CSR as compared to the public sector. The survey also illustrates that about 9.8 % of the participants believe that the public sector is investing more in CSR.

As per your opinion, which sector is investing more in CSR?



Another prominent question was asked based on the perception that private companies invest more resources in a distinct category. The responses showed that about 46.3 % of the respondents favoured that the companies had invested more in infrastructure development, followed by 22% of the participants who voted for the health sector and observed that private sector companies invest more in the health sector. Around 14.6% of the respondents had shown that the private sector invests in environment protection and conserving measures. While 12.2% of the respondents believe in the private sector investment in education, only 4.2 % favour gender equality measures initiatives taken by the private sector.

Another question was based on the observation of the areas where the public sector invests more resources. The survey demonstrates that around 39% of the respondents feel that the public sector invests in infrastructure and development processes. Around 26.8 percent of the respondents show that public sector companies invest in environmental protection and related measures. About 22% of the participants were in favour of education, and 12.2% of the participants were in favour of health-related investment measures taken by public sector companies.

3. RESULT

In this section the research is exclusively evaluated after the survey and illustrates all the major and the minor highlights of the analysis. Corporate social responsibility is a self-adjusting enterprise design that supports organizations as humanly, socially culpable to themselves, their stakeholders and the populace they are associated with and living around. By exercising corporate social responsibility, which is likewise termed corporate citizenship, organizations can recognize the character of influence they are owning on all community features encompassing social, financial, and environmental issues. Private sector is more actively participating in CSR and related social welfare activities as it was demonstrated from the survey that the private sector highly indulges in every stream and compass infrastructure, environment protection, education and health sector as well as rural development or upliftment. As 85% of the respondents agreed that their organization puts appropriate efforts to provide education to the needy and vulnerable children through their CSR initiatives. It is also analyzed that organization immensely paid their attention to the health and wellness sector as the data revealed that around 80% of the respondents agreed that their organization paid an enormous effort for providing wellness to the vulnerable sections of the society.

As we are all aware about the vulnerable conditions aroused due to the pandemic the covid after-effects of the economic crisis, the lock down and quarantine burden enormously devastating the lower and the marginal section of the society; millions of people did not appropriately attend basic necessity for sustaining their life inadequate manner such as health, food, shelter and education. In this devastating situation companies play an indispensable role to provide such basic necessities to the vulnerable section through the means of CSR and related areas. The results demonstrate that about 85% of the participants agreed that their organization pays immense attention and is utilizing their resources during pandemic risen to provide essential help to the needy people.

Another prominent question was asked based on the perception that private companies invest more resources in a distinct category. The responses showed that the companies invested more in infrastructure and related development, followed by the health sector. Moreover, because of global warming and climate change the private sector also pays immense interest in investing in environmental protection and conserving measures. While the other prominent and

fundamental sections where the companies pay their attention are education, food security, gender equality and social development.

The observation also reveals that the public sector invests more resources in specific sectors but still lagging as compared to the private sector. The survey demonstrates that the public sector invests in infrastructure and development processes. Moreover, companies also invest in environmental protection and related measures. Other significant sectors which are always in priority for public sector are health and education.

4. CONCLUSION

The CSR achievements of a company have a decisive influence on the corporate appearance and power to become more notable when the entrance, of course, is demanded, like in the pandemic conditions. Moreover, the CSR performance of any private or public sector influences its production arbitrarily but with faint concentration, whereas it feigns the overall business preference with much more pulsar strength. Firms involved in CSR activities reduce environmental degradation, increase worker well-being, preserve ability, enhance the company's reliability, play a concrete position in society, and intensify social upliftment to provide better education, health facilities, and infrastructure development. After the act of 2013, the private sector got a green signal, and it became mandatory to do some social practice under the head of Corporate Social Responsibility. Before that, there was no such provision, and private companies did not take any initiative to perform CSR. Subsequently, when the private sector was involved in CSR activities, it demonstrated improvement by reducing the gap as it not only enhanced the awareness among the stakeholders of the company but also provided a sustainable pathway to do social welfare, which enhances the brand and value of the companies and their credential among their customers and within the company through their employees.

Organizations are taking diverse initiatives to preserve the environment and pave towards sustainability by practicing the usage of renewable energy sources or purchasing carbon offsets. By maintaining the supply chain, attempts have also been made to reduce dependence on unethical undertakings, such as child labour, social equality, and gender equality.

Eventually, it is perceived that the private sector is directly engaged in CSR activities, specifically in the concerned area comprising infrastructure development, rural development, education, community welfare, women and children development, public health, and so on. In a developing country like India, where inequality is widely spread; this is a noble attempt to give back to society appropriately to the most vulnerable section who need the assistance and encouragement to do something fruitful in their lives to sustain a better livelihood.

CONFLICT OF INTERESTS

None.

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