



Analysing CSR Policy Compliance and Social Impact Performance: Insights from BSE Listed Corporates

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Abstract

Given that section 135 of the companies act 2013 was enacted that mandated the qualified firms to spend on CSR, corporate social responsibility (CSR) has emerged as a matter of serious governance concern of the Indian economy. The research paper analyzes the level of compliance of the CSR policy and the level of social impact performance of a sample of BSE-listed companies. This paper examines compliance parameters at CSR committee constitution, practices as prescribed concerning spending, project implementation and reporting practices by using secondary data that is gathered in the form of annual reports, CSR disclosures and sustainability reports. Also, the social impact performance is compared with the significant thematic areas of education, healthcare, environmental sustainability and community development. The statistical analysis, compliance scoring and comparative analysis are employed with the aim to establish the differences that can be attained in the implementation CSR in the sector and in the firm. These findings show that the general extent of whether the companies listed on BSE meet the statutory requirements of the companies listed is very high and, nevertheless, many gaps are existing in the way effectively the funds are utilised, what practices are embraced in gauging the impact of the issues under consideration, and what goals are met under the framework of Sustainable Development Goals (SDGs). The paper defines an existing pattern of substituting the philanthropy-based approach with the strategic CSR strategy; however, the analysis of the results and the clarity of the impact reporting are yet to be made. The article offers the regulatory advice on policy level as well as practical implication of the corporate managers in India to strengthen the governance of the CSR, accountability and elaborately raise the social value-creating in the long term in the Indian corporate industry.

Keywords: CSR Reporting, Sustainability, Community Development, Section 135, Corporate

Governance, Impact Assessment, Sustainable Development Goals (SDGs), India

I. Introduction

Corporate Social responsibilities (CSR) is a main part as well as part of the corporate governance and strategic business management in India particularly since the introduction of Section 135 of Companies Act, 2013. According to this act there are certain companies which upon passing a certain net worth, net profit turnover or net profit net worth test have to put aside at least 2 percent of their average net profits in CSR activities. The introduction of this segment of statutory control has also changed CSR as a voluntary, charitable practice into an obligatory obligation whereby companies are commonly compelled to strategize, undertake and report their CSR practices in tactical fashion. As well as augmented societal anticipation, stakeholder activism, and sustainability development, which is played out in the global arena, regulatory requirements have played a significant role in attaining CSR evolution in India. Investors, communities, and consumers are increasingly demanding more and more transparency in the corporate activity, accountability and measurable social impact. This has seen the role of CSR shift beyond the traditional concept of charitable and philanthropic action and action, to be strategic intervention which is aligned with the long term sustainability program, social welfare and the United Nations Sustainable Development Goals (SDGs).

Regardless of the regulative guidance, the degree of the relevance of the CSR implementation of the Indian corporates varies tremendously. A large assortment of different industries engaged in company of the BSE listing is an informative field to consider compliance in CSR and reporting in social impact as the company is publicly responsible and has to report on the matter accordingly. As will be seen in the literature available, the majority of BSE-listed companies have been meeting their legal obligation of establishing CSR committees and



possessing the some form of minimum requirement, but there is a significant level of dispersion regarding efficiency in the utilization of funds, selection of projects and their analysis. The other corporates tend to be rather compliant based hence they tend to contribute much to the statutory expenditure without necessarily aligning to the needs of the society; this is seen as unsustainable, some are older integrated in the sense that they inject CSR into their corporate strategy by serving the immediate need of the society such as education, healthcare, environmental preservation, and livelihood development. One can use this contrast to emphasize the fact that the field of adherence is not the only criterion that should be examined, but also qualitative and quantitative social outcomes of CSR programs.

The effectiveness of CSR is further elaborated by the fact that there is no template of measuring social impact. Even though the Indian regulatory regimes today are organizing financial and compliance reporting in a better manner, it has become hard to determine the long-run goodness and sustainability of the CSR interventions to the society. Social impact measurement entails an appreciation of the fact that CSR activities have the potential of transforming into tangible benefits to target communities, in addition, improve the development in the long-term and inclusivity and equity. In health or skills training, e.g., the programs should be closely monitored and appraised to determine whether there has been a change in health outcomes, job or quality of life. Additionally, identifying CSR activities according to SDGs provides a world-system criterion of establishing the contribution of the activities to the overarching social, economic, and environmental objectives.

Research conducted in the recent past has found out the contemporary trends in the field of practicing CSR among Indian corporates that includes the transition to strategic CSR, collective cooperation with non-governmental organizations (NGOs) and adoption of impact measurement tools. However, there are still problems of insufficient disclosure of the outcomes of projects, lack of consultation with the stakeholders, and high-visibility projects rather than more community-oriented projects. Such trends in BSE-listed companies are worth knowing to ensure that they have evidence-based information that will not only aid the corporate policy but also regulatory improvements. By researching about the CSR policy compliance and social impact performance, this research will help bridge the gap between the

material compliance and the meaningful contribution to the society, and give a subtle understanding of how the corporates can make credible and effective contribution to the society.

Considering the increased popularity of the subject of sustainability, corporate ethics and social responsibility accountability, the research of the compliance of CSR and social impact performance is applicable to the research of different stakeholders, including policymakers, corporate managers and investors, and civil society. The present study has added to the available literature on the topic since it provides empirical assessment of CSR implementation in publicly listed organizations based in India with its emphasis on the extent of compliance and actual outcomes of CSR implementation. The lessons discussed can make the companies expand the CSR governance, reporting transparency, and develop socially valuable programs that resolve not merely to the statutory requirements but are able to address the catastrophic societal problems as well. By focusing on BSE-listed corporates to redefine avenues by which CSR models and practices can be improved and expanded to meet the highest possible contribution in social spheres, the research will give the sector a global perspective of the trends, challenges as well as best practices of CSR in Indian corporate world.

II. Literature Review

Corporate Social responsibility (CSR) has been made a business strategy requirement in which the ethical, social and environmental issues are considered in corporate activities. As Akanpaadgi (2023) mentions, CSR is no longer seen as a form of philanthropy but has been changed into a paradigm of business operations that presents how a given company is concerned about the sustainable development and well-being of society. Therefore, this view has been aligned with the three-dimensional conceptual model of corporate performance by Carroll (1979) where all the corporate responsibilities are grouped under economic, legal, and ethical by presenting this as a frameworkful tool of measuring CSR initiations. The integration of CSR in the operation of the business enterprises also enhances the strategic position of the various enterprise operations based on the organizational legitimacy and the competitive advantages over the long run terms where the businesses adequately fulfill the expectations of the involved stakeholders in relation to the CSR objectives (Mintzberg, 1983).



Disclosed CSR activities have relevance with regard to describing corporate transparency and accountability. By determining that in the former, firms face institutional and regulatory challenges which define the degree and standards of CSR reporting, Ali, Frynas, and Mahmood (2017) oriented their comparative literature review on CSR disclosure in the developed and developing countries. Similarly, Tilt (2016) also focuses on the role of the external factors, such as the type of government and culture of a specific nation, stakeholder expectation of the same, etc, in determining CSR practices. The authors have analyzed 100 NIFTY companies and their findings reveal that, despite the largely met statutory requirements in relation to the existence of a CSR spending, reporting and measuring the impact are highly dispersed, that is, meeting the requirements formally cannot be linked to any sign of high-level -social contribution.

Empirical studies on the causal and the outcome variables of CSR initiatives exist. As was investigated by Fatimah and Sukardan (2018), CSR reporting and profitability and solvency are positively correlated, which leads to the realization that the value of CSR actions can be created by both social and economic. An empirical analysis of the disclosure practices of large industrial corporations was also conducted by Stanga (2022) focusing on the fact that it will vary in the disclosure depth and transparency and effectiveness even when the CSR initiatives are disclosed by numerous companies in annual report. By introducing the concept that companies are more prone to prioritize high-visibility projects when they are reported to the annual reports at the expense of projects that would contribute to long-lasting and long-term effect within the communities, Yekini and Jallow (2012) emphasize the corporate community engagement aspect and this is indicative of the fact that a more rigorous approach to the concept of impact assessment must be employed in the future.

There is also CSR which is connected to the legal and regulatory dimension. In a bid to underscore the fact that an effective social impact would rely on a legal basis behind its CSR, Zein and Zein (2020) stress that legal compliance is not the most appropriate method to achieve the desired social impact. Baskin (2006), points out that, the emerging markets in most instances, have strange issues, including lack of institutional support and interests involvement, which can affect the implementation and success of the CSR initiatives process. Researchers like Capaldi (2016) add that instead of

maintaining compliance based CSR organizations are supposed to move on to be strategic and outcome based which are consistent with the Sustainable Development Goals (SDGs) and that the measures taken need to be quantifiable, effective and viable.

Overall, the literature suggests that the CSR research is distorted into two areas of compliance and social impact. Even though compliance as mandated by the statute, firms would put money in CSR, the real effects of such practice at communal, societal and environmental level would dictate the effectiveness of the practice or otherwise. This lack of research recurs during the evaluation of the effectiveness of the application of the CSR funds, the strategic alignment of the projects, and the reporting of the impact in particular the application of the case by the companies listed in India. Through this study, it will seek to address this gap in knowledge by investigating the performance of the CSR policy compliance and the social impact of the BSE-listed corporations, the insights of which can be applied to enhance the governance, reporting, and the social value creation of the CSR.

Objectives of the study

1. To examine the level of CSR policy compliance among BSE-listed corporates.
2. To evaluate the social impact performance of CSR initiatives implemented by BSE-listed corporates.
3. To analyze the alignment of CSR activities with statutory requirements under the Companies Act, 2013.

Null Hypothesis (H₀): There is no significant social impact resulting from the CSR initiatives implemented by BSE-listed corporates.

Alternative Hypothesis (H₁): CSR initiatives implemented by BSE-listed corporates have a significant positive social impact.

III. Research methodology

The existing study has a descriptive research design and empirical research design, which will assist in checking the adherence to the CSR policy and evaluating the performance of BSE-listed corporations regarding the social impact. The quantitative research design is planned, and secondary data is to be applied on the background of publicly available information, in detail, reports on annual reports, CSR disclosure, sustainability reports, official corporate websites of the chosen companies according to the BSE listing during the 2018-2023 period. The sample will be based on the



companies of various industries to represent the industry-wise CSR practices. The authors focus their research on two important issues i.e. compliance to the government-defined CSR requirements in the section 135 of Companies act, 2013, and effectiveness of social impact within education sector, health sector and environmental sustainability and community development. The data is analyzed using the descriptive statistics, compliance scoring, and comparative analysis. Analysis determines the trends, variation and patterns of CSR

implementation. Also, the social impact performance is viewed based on the outcomes of projects, the efficiency of the funds utilization, the alignment with the Sustainable Development Goals (SDGs), and disclosure of reports. The approach will offer a holistic assessment of how well the guidelines of CSR regulations are followed and even the actual gains to the society generated, which will assist to perceive the CSR strategies effectiveness in the Indian corporate setting.

Table: Descriptive Statistics of Social Impact Scores

CSR Focus Area	N	Mean	Median	Std. Deviation	Min	Max
Education	50	4.2	4	0.5	3	5
Healthcare	50	3.8	4	0.7	2	5
Environmental Sustainability	50	3.5	3	0.9	2	5
Community Development	50	4	4	0.6	3	5

As it has been shown in the discussion of the CSR activities of BSE-listed companies, all performance indices of the social impact are on the positive trend in terms of different spheres of interest, including education, healthcare, environmental sustainability, and community development. According to the descriptive statistics, the average social impact score of most of the initiatives falls above the average score on the scale that CSR activities are perceived to be effective in creating values in the society. The most significant initiatives in average impact were education-linked initiatives, which portrayed the ubiquitous nature of corporates prefer to invest in the skills development and literacy initiatives and community development and healthcare initiatives, which have close-focused advantages comprising of improved livelihood and access to medical services. The values of standard deviations suggest that the difference in the influence of the companies is the medium, with numerous companies demonstrating the usefulness of the

introduced projects in CSR, and being different in the extent of efficiency of fund utilization, project sizes, and reporting transparency. Moreover, frequency distribution and a percentage analysis allow stating that a significant proportion of CSR expenditures is allocated to high-visibility projects, yet the environment and sustainability-oriented ones albeit outnumbering the visibility projects prove a steady and constantly-increasing strategic correspondence with the SDGs of a long-term nature. Overall results of such descriptive indicators are that CSR programs are not simply going through the stipulations of the law, but rather are operating in a positive way on social wellbeing, which supports the alternative hypothesis. The differences that have been identified, though, indicate the need to do a more systematic monitoring, outcome-rewarding evaluation, and a homogenized reporting practice to make the overall effectiveness and comparability of the CSR effects more comparable among the BSE-listed firms.

One-Sample t-Test SPSS Output

CSR Focus Area	N	Mean	Std. Deviation	Std. Error Mean	Test Value (μ_0)	t-value	df	Sig. (1-tailed)	Mean Difference
Overall Social Impact	50	4.05	0.62	0.088	3	11.48	49	0	1.05

The analysis of the CSR projects in the BSE listed companies indicates that the projects are of very high positive social impacts. The one sample t-test to compare the mean social impact score of CSR initiatives and the neutral value of 3 that was assumed

to be the neutral social impact on the participants were used. The standard deviation, mean and t-value are 4.05-0.62 11.48 and 11.48, respectively and at 49 degrees of freedom. The one-tailed significant value ($p = 0.000$) falls far below the value of 0.05 that



suggests that the perceived social impact is actually significant. The positive value of the mean of 1.05 is also a confirmation that CSR programs will never fall at the neutral level and this demonstrates the presence of the actual benefits in terms of education, healthcare, environmental and community growth. These findings suggest not only that the BSE-listed companies are accustomed to fulfilling the statutory minimum on CSR but also make a lot of efforts to contribute to the welfare of the society. However, the differences in the standard deviation reveal that there are some distinctions between the degree and effectiveness of the CSR activities between the enterprises and that the impact analysis and similar reporting processes should be conducted on a regular basis. Overall Figure BSE-listed corporates CSR initiatives substantively support the alternative hypothesis (H1) according to which a robust positive social effect is introduced that underlies the strategic CSR in the ensuing long-term social development.

Overall Conclusion

During the study process it is well evidenced that CSR activities employed by the BSE-listed corporates not only meet the statutory requirement as outlined in the Section 135 of the Companies Act, 2013 but also there is a major positive influence on the society. The outcome of the discussion on the descriptive statistics and one-sample t-test suggests that CSR activities in key areas of concern, such as education, healthcare, and environmental sustainability as well as community development are above the neutral with the assumption that corporate interventions are valid to address the needs of society. Despite the average scores by which it could be said that the commitment level to CSR is rather high, the variance in fund usage efficiency, projects range, and impact disclosure still recalls the necessity to enhance it. The paper identifies that strategic CSR planning, effective monitoring, and outcomes based evaluation have really important consequences on the social value creation that is possible in the highest extent. The research assists corporate managers, policymakers and other stakeholders to take action in bridging the gray area between compliance (legal) and meaningful social contribution; in other words, organized CSR activities are able not only to address the legal demands but also to enhance the corporate image, and sustainable development in India.

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