

A Study on Corporate Social Responsibility and Financial Performance In the IT Companies

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INTRODUCTION

The field of corporate social responsibility has grown exponentially in the last decade. More than half of the Fortune 1000 companies issue corporate social responsibility (CSR) reports. A larger number of companies than at any time previous are engaged in a serious effort to define and integrate CSR into all aspects of their businesses. An increasing number of shareholders, analysts, regulators, activists, labour unions, employees, community organizations, and news media are asking companies to be accountable for an ever-changing set of CSR issues. There is increasing demand for transparency and growing expectations that corporations measure, report, and continuously improve their social, environmental, and economic performance .There has been a growing of concern for the environment and social issues. More people are becoming aware of the effect they can have on the planet .

The public pays attention to the different social initiatives taken by companies. Companies are quickly beginning to realize that to have a competitive advantage on the market they need to invest more in social issues. This is evident in the steady growth of social and environmental disclosures. Companies are becoming more transparent regarding how they are being socially responsible. Consequently, this growing concern for our environment has led to a growth in the study of corporate social responsibility (CSR). One area of focus in this field is the effect of CSR on financial .

Review of literature

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The concept of finance may include capital, funds, money and amount. But each word has a unique meaning. A broad range of subfields within finance exist due to its wide scope. Asset, money, risk and investment management aim to maximize value and minimize volatility. Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the connection between the things of record and profit and loss account. It also helps in short-term and long run forecasting and growth are often identified with the assistance of economic performance analysis. The analysis of an economic statement could be a process of evaluating the connection between the component parts of the economic statement to get a far better understanding of the firm's position and performance. The "literature" of a literature review refers to any collection of materials on a topic, not necessarily the great literary texts of the world. "Literature" could be anything from a set of government pamphlets on British colonial methods in Africa to scholarly articles on the treatment of a torn ACL. And a review does not necessarily mean that your reader wants you to give your personal opinion on whether or not you liked these sources.

A summary is a recap of the important information of the source, but a synthesis is a re-organization, or a reshuffling, of that information. It might give a new interpretation of old material or combine new with old interpretations. Or it might trace the intellectual progression of the field, including major debates. And depending on the situation, the literature review may evaluate the sources and advise the reader on the most pertinent or relevant.

Statement of Problem

Financial statement analysis is an important tool for measuring the financial performance of the company. These days analysis and interpretation of financial statements is a regular exercise to review the performance of the companies. Nowadays risk in every company is increasing day to day and the requirement of finance is more to run the business. Hence there is a need for every organization to evaluate their performance each year in order to capture a place in the market. Ratios have proven to be an effective and a very powerful analytical tool useful for measuring performance of an organization. Thus this study investigates the performance for ITC limited with the last five years financial statement.

- The affected departments of the business
- The issues your customers are facing

- The problems with current solutions and the overall market
- The problems your business may face in creating a solution or product

Ultimately, most business owners want their company's products or services to solve a problem for their core customers.

That means your problem statement is the heart of your concept. It is the very thing that gets people interested in you and your business. Eventually, it becomes the focal point.

Put simply, a problem statement defines a problem and identifies what a solution would look like. But to build a good case for the problem is to not just state the problem. You should also build an engaging story around that problem — one that people can relate to.

First, they allows you to identify and explain the problem in a concise but detailed way. This gives the reader a comprehensive view of what's going on. You can identify who the problem impacts, what the impacts are, where the problem occurs, and why and when it needs to be fixed.

Objectives of the study

- To measure ITC's overall profitability.
- To evaluate a company's ability to meet its short-term debt obligations.
- To evaluate the company's financial health and stability and to evaluate the effectiveness of management.

A research design is the arrangement of activities for the collection and analysis of the data in a manner that aim to confine relevance to the research purpose with economy in procedure. It is the structure of the investigation to obtain answers to research questions. It International Journal of Research Publication and Reviews, no 12, pp 2837-2841, December 2022.

- Maintain contact and communication between tribology societies and groups worldwide
- Facilitate exchange of views, comments and opinions on tribology matters between member societies
- Ensure that international congresses are arranged at agreed intervals
- Advise and assist in the founding of new tribology societies in countries where such do not exist
- Assist through international co-operation in matters connected with tribology science, technology and education
- To undertake such other actions within the field of tribology when at least three-quarters of all member groups so desire.

ITC intervenes in countries and works with policymakers and governments to ensure that policies and strategies facilitate trade and support economic growth.

The ITC Next strategy for ITC's FMCG Businesses has redefined the critical pathways to growth and profitability by building a future-ready portfolio focused on fortifying and scaling mega brands, leveraging these brands to address value-added adjacencies and crafting categories of the future.

Research methodology

An Analytical research design is chosen for the study. This research is conducted to find out facts about the given topic from the answers obtained develop new and useful ways during things. ITC Limited is an Indian company headquartered in Kolkata. ITC has a diversified presence across industries such as FMCG, hotels, software, packaging, paperboards, specialty papers and agribusiness. The company has 13 businesses in 5 segments. It exports its products in 90 countries.

This has been extremely productive learning and teaching method developed and implemented by the faculty at the ITC. A group of a small number of students is comprised which constitute an evenly balanced number of weak and bright students. The group is then given a specific task relatively to their respective course work to pursue. The group in the presence of the teacher then engages itself into a simulation to complete the given task. The group is given all freedom to evolve its own method of addressing to the task. Thus the group members may adopt the electronic teaching aids which are available with the ITC in sufficient numbers or they may resort to abstract intellectual or analytical methods. The principal commitment for ITC is to ensure that its students achieve technical excellence. Therefore ITC provides a complete platform that includes expert teaching, the latest hardware and software, extensive library facilities and innovative training methodologies. ITC goes one step beyond technical proficiency, though, by focusing on minimizing the gap between the classroom and the workplace. This gap exists because although students are given specific technical and functional training in the classroom environment, they are not adequately instructed on how to apply them on a practical basis in the work environment.

Analysis and findings

ITC's financial statements show consistent growth over the years, with significant revenue, healthy profitability, and positive cash flows. However, ITC operates in a highly competitive industry, and there are various risks associated with its business operations. ITC Ltd.'s stock price gained by 4.34% on 13 Mar 2024. The stock closed at ₹404.45 per share, with a trading volume of 542,318,758 shares on the National Stock Exchange (NSE). ITC Ltd.'s stock is currently trading at ₹422.00 per share. Investors should closely monitor ITC Ltd.'s stock price movements in the coming days and weeks in response to the news. The current value of ITC Ltd. stock stands at ₹430.50, reflecting a positive percent change of 6.44 and a net gain of 26.05. This indicates that the stock price has risen by 6.44% and increased by 26.05 points compared to its previous value.

Most of the six firms were able to meet the 2% mandate and in fact spent a few lakhs more than needed, Swiss multinational, Nestle which is in eye of the Maggi-ban storm, not only missed meeting the

2% CSR spend by a wide margin, but also saw its CSR spend fall in 2014. According to its annual report, Nestle India had to spend Rs.30.7 crore in 2014, but it spent only Rs.8.5 crore in the year ended 31 December 2014. Its CSR spend fell by 64% from Rs.23.9 crore in 2013. The other multinational Hindustan Unilever Ltd, which is also facing flak from local communities in Kodaikanal over dumping mercury at the site of a thermometer plant, which it shut down 14 years ago, spent Rs.82.3 crore in fiscal 2015. HUL's CSR spend grew 40% over a year ago, and spent Rs.2.5 crore more than the 2% limit. Dabur, which met its 2% target by spending Rs.14.7 crore, showed a 29% drop in CSR spend versus last year. The highest increase in CSR spend among the six firms was seen in Godrej, as its spending rose four times to Rs.16 crore during the year. Their CSR activities include development of renewable energy and livelihood creation.

Conclusion

The CSR rules, came into force on 1 April last year under the Companies Act 2013 and companies with a net worth of Rs.500 crore or more or revenue of at least Rs.1,000 crore or a net profit of Rs.5 crore in a given fiscal year should spend 2% of the profit of the last three years on CSR activities. As more and more companies publish their annual reports, the gradual swelling of the Corporate Social Responsibility (CSR) kitty is evident from the numbers. Consumer goods companies' share to CSR rose by 57% in 2014-15, in its first year of implementation as under Companies Act 2013. Six major companies viz, ITC Ltd, Hindustan Unilever Ltd, Nestle India Ltd, Godrej Consumer Products Ltd, Dabur Ltd, Emami Ltd spent Rs.343.2 crore during the year, mostly in health, nutrition, livelihoods and sanitation initiatives. Leading the pack, the largest company by revenue, ITC Ltd had to double its CSR spending to Rs.214 crore to comply with the law. ITC's CSR itself accounted for 60% of the sector's total spending.