

AN IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE: A COMPARATIVE STUDY OF TCS AND INFOSYS

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Abstract

This study aims to investigate the effects of corporate social responsibility (CSR) on the financial performance of two significant Indian IT firms, Tata Consultancy Services Limited and Infosys Limited. Utilizing ratio analysis and regression techniques, the study compares the financial performance of these companies over an eight-year period, from 2014–15 to 2021–22. The study's primary goals are to evaluate the impact of CSR on the financial performance of the two companies and compare their respective financial results. These two businesses make up the sole sample in this study. The results of this study should shed important light on how CSR affects the financial performance of Indian IT companies. The findings might serve as a guide for policymakers and as information for businesses considering CSR initiatives. Additionally, by better understanding the link between CSR and financial performance, this study may aid stakeholders and investors in making wise investment choices.

Keywords: Corporate Social Responsibility (CSR), Financial Performance, IT Sector

INTRODUCTION

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The idea of corporate social responsibility (CSR) has grown in popularity over time as a means for companies to show that they are committed to sustainable development and to giving back to the community. CSR is the practice of a business operating in a way that is economically, socially, and environmentally sustainable while also considering the interests of all parties involved, such as shareholders, clients, staff members, suppliers, and the public.

Over time, the idea of CSR has changed, moving from a focus on charitable giving and philanthropic endeavors to a more comprehensive and strategic approach that includes a company's entire business operations. Companies are now expected to incorporate social and environmental factors into their fundamental business strategies and practices, as well as to act with accountability and transparency.

Increased public awareness and concern about the social and environmental effects of business operations has been one of the major factors contributing to the growth of CSR. Customers, investors, and staff members are placing higher demands on businesses to demonstrate their commitment to sustainability, and they are willing to pay more for goods and services that meet these criteria. As a result, businesses are beginning to realize that CSR is both morally right and practical from a business standpoint.

Environmental sustainability, social responsibility, moral business conduct, and community involvement are just a few of the activities and initiatives that are included in CSR. Environmental sustainability refers to reducing a company's environmental impact through actions like cutting back on energy and resource use, switching to renewable energy sources, and reducing waste and pollution. In addition to addressing issues like labour rights, human rights, and social justice, social responsibility involves treating employees, clients, and suppliers fairly and ethically. Achieving the highest levels of honesty and openness in all business dealings, as well as refraining from unethical or illegal behaviour, are all components of ethical business practices. In order to address social and environmental issues and to support community development initiatives, community engagement involves working with nearby communities.

Companies that embrace CSR can reap a variety of benefits, such as enhanced customer loyalty, improved brand reputation, and improved employee morale and productivity. Companies can distinguish themselves in the marketplace and draw customers who are looking for socially and environmentally responsible goods and services by exhibiting a commitment to sustainability and social responsibility. Building strong relationships with stakeholders can help businesses reduce risks and enhance long-term business performance for those who engage in ethical business practices and local communities.

CSR IN INDIA

Over the past decade, India has witnessed a significant rise in the prominence of Corporate Social Responsibility (CSR). This surge can be attributed to the Companies Act of 2013, which made it mandatory for companies meeting specific financial criteria to allocate at least 2% of their average net profits towards CSR activities.

CSR initiatives in India encompass a wide array of endeavors, spanning education, healthcare, sanitation, women's empowerment, rural development, environmental sustainability, and disaster relief. Many Indian companies have established foundations or dedicated CSR departments to oversee and manage these initiatives, which are tailored to address the needs of the local communities in which they operate.

Education holds a pivotal position in CSR efforts in India, as companies extend financial support to schools, colleges, and vocational training centers to enhance access to education and skill development. Additionally, healthcare remains a major focal point, with companies establishing hospitals, clinics, and mobile healthcare units to provide essential services to underserved communities. The improvement of sanitation facilities, through the construction of toilets and sanitation infrastructure in rural areas, is another key area of focus aimed at promoting hygiene and mitigating the spread of diseases.

Women's empowerment is a critical aspect of CSR in India, with companies endorsing initiatives such as financial literacy programs, vocational training, and entrepreneurship development to empower women and foster gender equality. Rural development also assumes significant importance, as companies support endeavours related to agricultural and livestock development, rural infrastructure improvement, and access to finance, ultimately uplifting the livelihoods of rural communities.

Environmental sustainability has gained increasing attention within CSR practices in India, prompting companies to invest in renewable energy, energy efficiency, waste management, and other measures to minimize their carbon footprint and contribute to India's sustainable development goals. Furthermore, disaster relief stands as another significant component of CSR in India, as companies extend financial aid and material support to communities affected by natural disasters like floods, earthquakes, and cyclones.

In conclusion, CSR has become an integral part of the business strategies employed by numerous Indian companies, who view it to give back to the communities they operate in while forging strong relationships with their stakeholders. Although there is room for improvement in terms of the quality and impact of CSR initiatives, the growing emphasis on CSR in India is a positive development that promotes sustainable development and social progress throughout the country.

A recent report based on the data of FY21-22 suggested that Top 10 most contributing companies in terms of CSR contributed a mammoth amount of around 4500 crores combined in total. Amongst these top 10 companies, TCS ranked third with a contribution of 727 crores while Infosys ranked 5th with a contribution of 344.91 crores. TCS has placed its focus on enhancing the lives of underprivileged communities through various social and environmental initiatives, while Infosys laid focus on Education, Healthcare and Environmental Conversation. These mammoth significant contributions from the IT sector leaders in India, paved way for conducting an empirical research from the data of their past CSR contributions as available and check its impact on Financial Performance of both companies.

FINANCIAL PERFORMANCE

The evaluation of a company's success in producing profits and providing value to its shareholders is referred to as financial performance. Financial statements such as income statements, balance sheets, and cash flow statements are typically examined in order to assess it. Important details about a company's earnings, costs, assets, liabilities, and cash flows are revealed by these statements.

The ability of a company to turn a profit in relation to its costs and expenses distinguishes profitability as one of the key indicators of financial performance. Common metrics for evaluating profitability include gross profit margin, operating profit margin, and net profit margin. They disclose the portion of revenue that is kept as profit after expenses are subtracted.

The ability of a company to meet its immediate financial obligations is highlighted by liquidity, another important metric of financial performance. One of the metrics used to evaluate liquidity is the current ratio. Another is the quick ratio. They reveal a business's capacity to use current assets to pay for current liabilities.

Efficiency is another important factor in financial performance because it shows how well a business uses its resources to generate income. Asset turnover ratio and inventory turnover ratio are two examples of metrics that measure how effectively a business uses its assets to generate revenue.

Apart from these metrics, shareholder returns like dividends and capital gains as well as market indicators like the company's stock price and market capitalization can be used to assess financial performance.

In general, a company's financial performance is an essential sign of its success and ability to produce value for shareholders. Although profitability, liquidity, and efficiency are important metrics, it is crucial to consider the company's strategy, goals, and the economic and industry conditions in which it operates to fully understand these metrics.

LITERATURE REVIEW

Companies are becoming more aware of the significance of their social and environmental impact, which has increased the importance of corporate social responsibility (CSR). This literature review focuses on studies carried out by Indian authors to look at the relationship between CSR and financial performance. The effect of CSR on financial performance has been the subject of debate.

Mishra and Modi (2013) analyzed a sample of 50 companies listed on the Bombay Stock Exchange (BSE) and found a positive relationship between CSR and financial performance. Their study concluded that companies engaging in CSR activities tend to have better financial performance than those who do not.

Ray and Das (2016) conducted a study using a sample of 67 companies listed on the BSE and found a positive relationship between CSR and financial performance. Their results indicated that CSR activities have a positive impact on the financial performance of Indian companies.

Srinivasan and Suresh (2018) examined a sample of 40 companies and observed a positive relationship between CSR and financial performance. Their study concluded that CSR activities have a positive impact on the financial performance of Indian companies.

Gupta and Ganguli (2020) analyzed a sample of 115 companies listed on the BSE and found a positive relationship between CSR and financial performance. Their findings suggested that companies engaging in CSR activities tend to have better financial performance compared to those who do not.

Rao and Tilt (2016) found a positive impact of CSR on the financial performance of Indian companies. Their study revealed that CSR activities contribute to increased revenue and profits by building trust and goodwill with customers, employees, and other stakeholders.

Patel and Patel (2017) focused on the pharmaceutical industry in India and found that CSR has a positive impact on financial performance. Their study indicated that companies engaging in CSR activities experience increased profitability and market share, with employee welfare programs and environmental conservation initiatives having a significant impact.

Verma and Sharma (2019) examined the Indian banking sector and found that CSR initiatives, such as financial literacy programs and support for small businesses, had a positive impact on financial performance, leading to increased profits and customer loyalty.

However, Muttakin et al. (2018) found that the relationship between CSR and financial performance was not significant in their study of Indian manufacturing companies. They suggested that this might be due to the companies studied not fully committing to CSR and engaging in CSR activities primarily for enhancing their public image.

In conclusion, the studies conducted by Indian authors indicate a positive relationship between CSR and financial performance of Indian companies. Engaging in CSR activities tends to contribute to better financial performance. These findings align with the global trend and underscore the importance of CSR for businesses in India.

SIGNIFICANCE OF THE STUDY

Businesses that operate in India should take seriously the findings of the study conducted by Indian authors on the effect of corporate social responsibility (CSR) on financial performance. The significance of this study is highlighted by the following main points:

1. **Improved Understanding of CSR-Financial Performance Relationship:** The study makes a positive contribution to our understanding of the CSR-financial performance relationship, particularly in the Indian context. It shows, using empirical data, how CSR initiatives can enhance a company's revenue and profits. Business leaders can now better understand how crucial CSR is to producing successful financial results.
2. **Advice for Increasing Financial Performance:** For businesses looking to increase their financial performance, the study provides insightful advice. It identifies specific CSR activities, like employee welfare programs and environmental conservation efforts, that are likely to have positive effects. With the help of this knowledge, businesses can choose CSR programs that will yield the greatest financial rewards.
3. **Rising CSR Awareness:** The study helps Indian businesses become more aware of the value of CSR. It emphasizes that CSR should not be viewed as merely a discretionary or optional practice, but rather as a strategic investment capable of boosting a company's financial success. This realization motivates companies to prioritize CSR as a crucial component of their overall business strategy.
4. **Relationships with Stakeholders Are Strengthened:** The study emphasizes the value of developing relationships with stakeholders through CSR initiatives. Companies can build trust and a positive reputation with their clients, staff, and other stakeholders by participating in CSR activities. Long-term advantages for the business from these improved relationships include greater customer loyalty and improved reputation.
5. **The study emphasizes that CSR initiatives have the potential to produce advantageous social and environmental results in addition to financial gains. Companies can meaningfully contribute to society and the**

environment by concentrating on projects like rural development or environmental conservation, aligning their business objectives with sustainable practices.

Overall, the study's findings on the effect of CSR on financial performance by Indian authors have important ramifications. It increases awareness of the value of CSR, fortifies stakeholder relationships, deepens our understanding of the relationship between CSR and finance, and highlights the potential for positive social and environmental impact. It also offers advice for enhancing financial performance. This study exhorts Indian companies to adopt CSR as a tactical investment for sustained growth.

RESEARCH METHODOLOGY

4.1 RESEARCH OBJECTIVE

The research was carried out with two primary objectives in focus-

- To compare the financial performance of selected IT companies of India
- To analyse the impact of CSR on financial performance of selected IT companies of India

4.2 SAMPLE SIZE

In this research study, 2 major IT companies based that fall in the overall top 10 most CSR contributing companies in India have been taken;

1. Tata Consultancy Services Limited
2. Infosys Limited

4.3 SOURCES OF DATA

Secondary sources such as annual reports, journals, databases, government reports, and NGO reports have been utilised to get valuable information on CSR and financial performance in India.

4.4 PERIOD OF THE DATA COVERAGE

8 years of data have been taken in this study. Data from the year 2014-15 to 2021-22 have been considered in this study.

DATA ANALYSIS

5.1 ACTUAL CSR SPENT

ACTUAL CSR SPENT								
NAME	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Tata Consultancy Services Limited	727.00	674.00	602.00	434.00	400.00	379.71	294.00	219.00
Infosys Limited	344.91	325.32	359.94	342.04	312.60	289.44	202.30	239.54

The table provides data on the actual Corporate Social Responsibility (CSR) expenditures of two major IT companies, Tata Consultancy Services Limited and Infosys Limited, over the past eight years.

The data clearly demonstrates that Tata Consultancy Services has consistently allocated a higher budget to CSR initiatives compared to Infosys. In the year 2021-22, Tata Consultancy Services recorded the highest CSR expenditure at 727.00 crores, while Infosys spent 344.91 crores on CSR.

Both companies exhibit an overall upward trend in CSR spending throughout the years, with a few exceptions. In 2018-19, Tata Consultancy Services witnessed a substantial increase in CSR spending from the previous year, whereas Infosys experienced a decrease. In 2019-20, Infosys' CSR spending decreased again, while Tata Consultancy Services' spending remained relatively stable.

In conclusion, the table highlights the shared commitment of both companies towards CSR, as evidenced by their consistent increase in CSR expenditures over time. However, it is notable that Tata Consultancy Services has consistently outspent Infosys in this regard.

5.2 NET PROFIT MARGIN (%)

NET PROFIT MARGIN (%)								
NAME	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Tata Consultancy Services	23.81	22.77	25.33	24.40	25.92	25.51	26.87	26.17

Limited								
Infosys Limited	20.43	21.00	19.66	20.11	26.08	23.30	23.51	25.71

The table illustrates the net profit margin of Tata Consultancy Services Limited and Infosys Limited, two major IT companies, over the past eight years.

From the data provided, it is evident that Tata Consultancy Services consistently outperformed Infosys in terms of net profit margin in all years, with the exception of 2017-18 when Infosys recorded a higher net profit margin. In the most recent year, 2021-22, Tata Consultancy Services achieved a net profit margin of 23.81%, whereas Infosys attained a net profit margin of 20.43%.

Both companies experienced fluctuations in their net profit margins throughout the years. Notably, Infosys witnessed a significant decline in net profit margin in 2017-18 but subsequently recovered in 2018-19. Similarly, Tata Consultancy Services observed a dip in net profit margin in 2020-21 but rebounded in 2021-22.

Overall, the table indicates that Tata Consultancy Services consistently maintained a higher net profit margin compared to Infosys, indicating superior profitability for the former. However, it is worth noting that both companies encountered fluctuations in their net profit margins, likely influenced by shifts in market dynamics and business conditions.

5.3 RETURN ON ASSETS (%)

Return on Assets (ROA) is a financial metric that measures a company's profitability by evaluating its ability to generate earnings from its assets. It is calculated by dividing net income by average total assets.

RETURN ON ASSETS (%)								
NAME	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Tata Consultancy Services Limited	31.49	28.30	31.68	30.21	27.72	26.35	29.80	30.53
Infosys Limited	21.36	19.21	19.17	18.62	21.29	17.29	17.45	19.67

The table shows the return on assets (ROA) of two major IT companies, Tata Consultancy Services Limited and Infosys Limited, over the past eight years. It can be seen that, Tata Consultancy Services has had a consistently higher ROA than Infosys in every year. In 2021-22, Tata Consultancy Services had a ROA of 31.49%, while Infosys had a ROA of 21.36%.

Both companies have shown fluctuations in their ROA over the years.

Tata Consultancy Services had a significant drop in ROA in 2020-21 but then recovered in 2021-22. Infosys had a drop in ROA in 2017-18 but then recovered in 2018-19.

Since Tata Consultancy Services consistently had a higher ROA than Infosys over the past eight years, it suggests that Tata Consultancy Services was more effective in generating earnings relative to its assets compared to Infosys during that period. A higher ROA generally indicates better efficiency in utilizing assets to generate profits. However, both companies have shown fluctuations in their ROA over the years, likely due to changes in the market and business conditions.

Fluctuations in ROA can be influenced by various factors such as changes in revenue, expenses, asset utilization, and market conditions. The drop and subsequent recovery in ROA for both companies in different years may reflect the impact of specific events or business conditions that affected their financial performance. It's important to note that ROA is just one measure of financial performance, and it should be considered alongside other financial indicators and qualitative factors to gain a comprehensive understanding of a company's overall performance and profitability and it can be considered as one of the limitations of this study.

5.4 IMPACT OF CSR ON NET PROFIT MARGIN OF TCS

H0: There is no significant impact of CSR amount spent by TCS on its Net Profit Margin (%)

H1: There is impact of CSR amount spent by TCS on its Net Profit Margin (%)

SUMMARY OUTPUT

Regression Statistics	
	0.8266060
Multiple R	59
R Square	0.6832775

		77
Adjusted R Square	R	0.6304905
Standard Error		0.8205206
Observations		8

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>				
Regression	1	8.714625	8.7146	12.944	0.011397				
Residual	6	4.039525	0.6732						
Total	7	12.75415	54						

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	27.946893	0.843445	33.134	5.03E-08	25.88306	30.0107	25.88306	30.01073
X Variable 1	0.0061117	0.001699	3.5977	0.0113	-0.01027	-	-0.01027	-0.00196

INTERPRETATION

Multiple R = 0.8266, which indicates that there is a linear relationship between CSR amount spent by TCS and its Net Profit Margin (%)

From the ANOVA table the data reflects that, p-value 0.011 which is lower than specified α of 0.05. It suggests that the null hypothesis is rejected and there is significant impact of CSR amount spent by TCS on its Net Profit Margin (%)

Regression Equation for TCS can be framed as follows-

Net Profit Margin (%) = 27.946 - 0.00611 * CSR amount spent

5.5 IMPACT OF CSR ON NET PROFIT MARGIN OF INFOSYS

H0: There is no significant impact of CSR amount spent by Infosys on its Net Profit Margin (%)

H1: There is impact of CSR amount spent by Infosys on its Net Profit Margin (%)

SUMMARY OUTPUT

Regression Statistics

		0.66830
Multiple R		8
		0.44663
R Square		5
Adjusted R Square	R	0.35440
Standard Error		8
Observations		2.03920
		9
		8

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>				
Regression	1	20.137970	20.137	4.8427	0.070042				
Residual	6	24.950229	4.1583						
Total	7	45.0882	72						

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	31.7272	4.2657523	7.4376	0.0003	21.28936	42.1652	21.28936	42.1652
X Variable 1	0.03064	0.0139212	-	0.0700	-0.0647	0.00342	-0.0647	0.003429

Multiple R = 0.668, which indicates that there is a linear relationship between CSR amount spent by Infosys and its Net Profit Margin (%). Though the value is not as high as in case of TCS. From the ANOVA table the data reflects that, p-value 0.070 which is higher than specified α of 0.05. It suggests that the study fails to reject the null hypothesis and that there is no significant impact of CSR amount spent by Infosys on its Net Profit Margin (%)

Regression Equation for Infosys can be framed as follows-
Net Profit Margin (%) = 31.72728 - 0.03064 * CSR amount spent

5.6 OVERALL IMPACT OF CSR ON NET PROFIT MARGIN (%) OF BOTH COMPANIES COMBINED

H0: There is no significant impact of CSR amount spent on Net Profit Margin (%)
H1: There is impact of CSR amount spent on Net Profit Margin (%)

SUMMARY OUTPUT

<i>Regression Statistics</i>						
Multiple R		0.854405				
R Square		0.730008				
Adjusted R Square		0.68501				
Standard Error		1.001641				
Observations		8				
<i>ANOVA</i>						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression	1	16.27618	16.27618	16.2229	0.006898	
Residual	6	6.019706	1.003284			
Total	7	22.29589				
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	28.90943	1.320343	21.89539	5.93E-07	25.67867	32.14019
X Variable 1	-0.01334	0.003311	-4.02777	0.006898	-0.02144	-0.00523

INTERPRETATION

Multiple R = 0.8544, which indicates that there is linear relationship between CSR amount spent and Net Profit Margin (%)

From the ANOVA table, it can be seen that p-value 0.0068 which is lower than specified α of 0.05. So it is suggested that null hypothesis is rejected and there is impact of CSR amount spent on Net Profit Margin (%)

Regression Equation,
Net Profit Margin (%) = 28.90 - 0.01334 * CSR amount spent

5.7 IMPACT OF CSR ON RETURN ON ASSETS (%) OF TCS

H0 : There is no impact of CSR amount spent on Return on Assets (%) of TCS
H1 : There is impact of CSR amount spent on Return on Assets (%) of TCS

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.260078
R Square	0.067640
Adjusted R Square	0.087752
Standard Error	1.966956
Observations	8

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	1.684095	1.6840	0.4352	0.533896			
Residual	6	23.2135	3.8689					
Total	7	24.8976	17					

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	28.25740	2.02191	13.975	8.37E-06	23.30997	33.2048	23.30997	33.20484
X Variable 1	0.002686	0.004072	0.6597	0.5338	-0.00728	0.01265	-0.00728	0.012651

Multiple R = 0.26, which indicates that there is a little linear relationship between CSR amount spent by TCS and its Return on Assets (%). Even the R square value is around 0.067 which indicates that CSR explains very little variation in the value of Return on Assets as in case of TCS.

From the ANOVA table the data reflects that, p-value 0.533 which is higher than specified α of 0.05. It suggests that the study fails to reject the null hypothesis and that there is no significant impact of CSR amount spent by TCS on its Return on Assets (%).

Regression Equation for TCS can be framed as follows-
Return on Assets (%) = 28.2574 + 0.002686 * CSR amount spent

5.8 IMPACT OF CSR ON RETURN ON ASSETS (%) OF INFOSYS

H0 : There is no impact of CSR amount spent on Return on Assets (%) of Infosys

H1 : There is impact of CSR amount spent on Return on Assets (%) of Infosys

SUMMARY OUTPUT

Regression Statistics

Multiple R	0.43863
R Square	0.19239
Adjusted R Square	0.05779
Standard Error	1.48012
Observations	8

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	3.131513	3.131513	1.4294	0.276965			
Residual	6	13.14464	2.190772					
Total	7	16.27615	792					

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	15.6089	3.096226	5.041289	0.0023	8.032778	23.1851	8.032778	23.18516
X Variable 1	0.01208	0.010105	1.195579	0.2769	-0.01264	0.03680	-0.01264	0.036806

Multiple R = 0.43, which indicates that there is some (yet not very strong) linear relationship between CSR amount spent by Infosys and its Return on Assets (%). Even the R square value is around 0.1923 which indicates that CSR explains around 19% variation in the value of Return on Assets as in case of Infosys.

From the ANOVA table the data reflects that, p-value 0.276 which is higher than specified α of 0.05. It suggests that the study fails to reject the null hypothesis and that there is no significant impact of CSR amount spent by Infosys on its Return on Assets (%).

Regression Equation for Infosys can be framed as follows-
Return on Assets (%) = 15.60897 + 0.012081 * CSR amount spent

5.9 OVERALL IMPACT OF CSR ON RETURN ON ASSETS (%) OF BOTH COMPANIES COMBINED

H0 : There is no impact of CSR amount spent on Return on Assets (%)

H1 : There is impact of CSR amount spent on Return on Assets (%)

SUMMARY OUTPUT

<i>Regression Statistics</i>						
Multiple R		0.411343				
R Square		0.169203				
Adjusted R Square		0.030737				
Standard Error		1.358251				
Observations		8				
<i>ANOVA</i>						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression	1	2.254363	2.254363	1.221979	0.311317	
Residual	6	11.06907	1.844846			
Total	7	13.32344				
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	22.47708	1.79042	12.55408	1.56E-05	18.09608	26.85808
X Variable 1	0.004964	0.00449	1.105432	0.311317	-0.00602	0.015951

INTERPRETATION

Multiple R = 0.4113, which indicates that there is no linear relationship between CSR amount spent and Return on Assets (%). The R Square value is 0.169 suggesting that only 17% of the variation in Return on Assets (%) value is explained by the CSR spends of both companies.

From the ANOVA table, it can be seen that p-value 0.3113 which is higher than specified α of 0.05. So it is suggested that null hypothesis failed to be rejected and there is no significant impact of combined CSR amount spent by both IT giants on their Return on Assets (%).

CONCLUSION

Both Tata Consultancy Services Limited and Infosys Limited are prominent IT companies that prioritize corporate social responsibility (CSR) initiatives. Their CSR spending has shown a consistent upward trend over the years. However, Tata Consultancy Services has consistently allocated a higher budget for CSR compared to Infosys. In terms of profitability, Tata Consultancy Services has consistently outperformed Infosys, boasting higher net profit margins and return on assets (ROA). This indicates superior profitability and efficiency in utilizing their assets to generate profits. While both companies have experienced fluctuations in their financial performance over time, likely influenced by market and business conditions, Tata Consultancy Services has maintained a more stable advantage in terms of profitability and CSR expenditure.

Table showing Impact of CSR spend on two parameters of Financial Performance-

	TCS	Infosys
Net Profit Margin (%)	Significant Impact	No Significant Impact
Return on Assets (%)	No Significant Impact	No Significant Impact

Also in terms of Overall Combined Analysis, it can be concluded that CSR spending has an influence on the net profit margin of companies, but does not significantly affect the return on assets. The data suggests that although CSR spending has increased over time, its impact on the return on assets has not been substantial. This implies that other factors, such as the efficient utilization of assets, may have a greater impact on the return on assets. However, CSR spending has consistently affected the net profit margin of companies, with Tata Consultancy Services demonstrating a higher net profit margin than Infosys, which can be attributed to its higher CSR spending. Therefore, while CSR spending may not directly impact the return on assets, it can

contribute to a company's overall success by positively influencing its net profit margin and corporate reputation.

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