

Corporate Social Responsibility and Financial Performance: Evidence from India's IT Sector

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Abstract: *The main objective of the study is to assess the impact of Corporate Social Responsibility (CSR) spend on the financial performance of the leading five Indian IT sector companies and compare their respective financial outcomes. To achieve this research aim, a comprehensive dataset of Indian IT sector firms is gathered, containing financial performance metrics and CSR - related indicators for the period spanning from 2018 - 19 to 2022 - 23. The financial performance metrics consist of crucial indicators such as Return on Assets (ROA), Profitability, Turnover, and Liquidity. The results of this investigation are expected to provide valuable insights into how CSR impacts the financial performance of Indian IT companies. These findings could serve as essential guidance for policymakers and offer strategic insights for businesses contemplating CSR initiatives. Furthermore, the study's examination of the link between CSR, even amidst the critical time of COVID - 19, and its impact on financial performance may aid stakeholders and investors in making informed investment decisions.*

Keywords: Corporate Social Responsibility (CSR), Financial Performance, IT Sector, COVID- 19

1. Introduction

1.1 Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is a crucial concept in contemporary business practices, emphasizing an organization's duty to balance economic objectives with social and environmental considerations. It involves integrating ethical practices, sustainability initiatives and community engagement into the core strategies of a company. This concise discussion highlights the significance of CSR in promoting sustainable business practices, nurturing positive stakeholder relationships and generating meaningful social impact. CSR is a dynamic and indispensable aspect of modern business operations, fostering sustainable practices, strengthening relationships with stakeholders and driving positive social outcomes. By embracing CSR, companies not only contribute to the welfare of society and the environment but also ensure a more resilient and prosperous future for themselves and the communities they serve. Embracing CSR has evolved from being an optional choice to becoming a fundamental responsibility for businesses to flourish in an increasingly mindful and interconnected global landscape.

Corporate social responsibility (CSR) has evolved from being solely philanthropic to a fundamental element of modern business models. Companies that embrace CSR initiatives actively recognize their role as responsible corporate citizens, dedicated to addressing critical social and environmental issues. The heightened awareness among consumers, investors and employees regarding ethical business practices has emphasized the significance of CSR as a key driver of competitive advantage and long - term prosperity. The typical dimensions of CSR encompass

environmental responsibility, social responsibility, and philanthropic responsibility.

Despite its substantial advantages, implementing csr programs can present challenges for organizations, including resource allocation, stakeholder alignment, and measuring the impact of initiatives. Nevertheless, by integrating technology, data analytics, and fostering stakeholder collaboration, these obstacles can be effectively tackled. CSR is projected to play an even more integral role in corporate strategies, with businesses taking on a proactive stance in addressing global challenges like climate change, social inequality, and resource scarcity.

1.2 CSR in India

The notion of CSR In India has historical roots dating back to the early 20th century, with industrialists and philanthropists initiating charitable endeavors to support the communities. However, a significant turning point occurred in 2014 when the Indian government introduced section 135 of the companies act, making CSR spending obligatory for eligible companies. According to this law, companies meeting specific financial criteria are required to allocate a minimum of 2% of their average net profits from the preceding three years towards CSR activities.

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

In CSR endeavors in India, education plays a central role, as companies provide financial assistance to schools, colleges, and vocational training centers to enhance educational access and skill development. Additionally, healthcare remains a primary focus, with companies establishing hospitals, clinics, and mobile healthcare units to deliver essential services to underserved communities. Another crucial area of concentration involves the improvement of sanitation facilities, including the construction of toilets and sanitation infrastructure in rural regions, aiming to promote hygiene and reduce the spread of diseases.

Promoting women's empowerment is a vital aspect of CSR in India, with companies endorsing initiatives like financial literacy programs, vocational training, and entrepreneurship development to empower women and promote gender equality. Rural development also holds significant importance, as companies support various initiatives related to agricultural and livestock development, rural infrastructure improvement, and facilitating access to finance, ultimately uplifting the livelihoods of rural communities.

Environmental sustainability has garnered increased attention in the realm of CSR practices in India, compelling companies to invest in renewable energy, energy efficiency, waste management, and other measures to reduce their carbon footprint and contribute to India's sustainable development goals. Moreover, disaster relief emerges as another significant aspect of CSR in India, with companies providing financial aid and material support to communities affected by natural disasters such as floods, earthquakes, and cyclones.

In conclusion, CSR has become an integral element of the business strategies adopted by numerous Indian companies, as they see it as an opportunity to give back to the communities they operate in while building strong relationships with their stakeholders. Although there is scope for improvement in the quality and impact of CSR initiatives, the growing emphasis on CSR in India is a positive development that fosters sustainable development and social progress throughout the country.

A recent report based on the data of fy - 22 - 23 suggested that CSR spending made by companies across different sectors contributed a mammoth amount of around 2633 crores combined in total.

1.3 Financial Performance

To conduct a comprehensive analysis of a company's financial performance, several key financial ratios and metrics are commonly used. These ratios provide valuable insights into the company's profitability, liquidity, efficiency, solvency, and overall financial health. This study uses following measurement tools to check financial performance of selected it companies.

Table A: Financial performance analysis

Sr. No.	Performance Indicators	Measurement Tool
1	Profitability	Net Profit Margin
2	Return	Return of Assets
3	Sales Efficiency	Total Turnover
4	Liquidity	Quick Ratio

These ratios were analyzed over multiple periods to identify trends and patterns in the Indian it sector companies' financial performance.

2. Literature Review

According to a study conducted by **Khushboo Chaturvedi et al. (2021)**, it was discovered that 74% of the variance in Return on Assets (ROA) can be attributed to the selected independent variables. Similarly, in the case of Net Interest Margin (NIM), approximately 70% of the variation in NIM can be explained by the chosen independent variables. When banks participate in Corporate Social Responsibility (CSR) initiatives, they can generate higher profits from their assets. A higher ROA indicates better financial performance for the bank, benefiting stakeholders who enjoy a greater rate of return. Presently, there is an increasing body of research demonstrating how integrating CSR into business operations leads to significant financial returns on investments. Customers and other stakeholders value organizations that act as catalysts for societal growth and development. The findings indicate a positive correlation between higher levels of CSR and a higher ROA. Additionally, banks with sufficient capital to cover unexpected losses and a strong liquidity position, characterized by readily available cash, also experience improvements in ROA. Likewise, CSR expenditure has a positive impact on Net Interest Margin (NIM) as it enhances the net interest income earned on interest - bearing assets.

Famiyeh (2017) conducted a study in Ghana using Structural Equation Modeling (SEM) to examine the relationship between Corporate Social Responsibility (CSR), competitive operational activities, and overall organizational performance. The study revealed that when organizations engaged in CSR efforts, there was a simultaneous increase in Return on Investment, sales volume, and market share.

In another study by **Batra and Bahri (2018)** on 20 banks listed on the Bombay Stock Exchange (BSE), the impact of financial indicators on CSR expenditure was investigated using correlation and multiple regressions. The findings indicated that Profit after taxes (PAT) had a positive influence on CSR. This implies that as profits increase, CSR activities also tend to rise. The study concluded that Indian banks perceive CSR as a means not only to enhance their reputation but also to promote increased customer satisfaction, investor loyalty, and foster financial growth.

Wu and Shen (2013) found a positive association between CSR and financial performance, specifically in terms of Return on Assets, Return on Equity, Net Interest Income, and non - interest income.

In a study conducted by **Akanksha Shukla et al. (2022)**, the findings suggested that the disclosure of CSR activities

partially mediates the relationship between Corporate Social Responsibility Engagement (CSRE) and financial performance. This indicates that the disclosure of CSR activities by firms significantly contributes to the connection between CSRE and the profitability of the firm.

Wen - Chung et. al (2019) The research explores the correlation between financial performance indexes, Return on Assets (ROA) and Return on Sales (ROS), and Corporate Social Responsibility (CSR). The study categorizes the findings into four key points: 1. an effective CSR management system facilitates communication with stakeholders, resolves CSR - related disputes, and nurtures long - term partnerships. 2. Implementing market responsibility enables enterprises to drive industrial development, advocate fair competition, and ensure sustained benefits throughout the value chain. 3. Some private enterprises overlook the shift in management paradigms, fearing CSR will increase costs and reduce operating income in the short term. 4. Undertaking environmental responsibility incurs expenses that may not show immediate results, possibly leading to a decline in financial performance.

Maqbool et. al (2018) suggested that CSR exerts positive impact on financial performance of Banks.

3. Significance of the Study

Indian businesses should give serious consideration to the results of a study conducted by Indian authors concerning the impact of corporate social responsibility (CSR) on financial performance. The study holds significant importance for several reasons:

1) Enhanced Understanding of CSR - Financial Performance Link: The study contributes positively to our comprehension of the relationship between CSR and financial performance, particularly in the Indian context. Through empirical evidence, it demonstrates how CSR initiatives can augment a company's revenue and profits. This newfound knowledge empowers business leaders to recognize the pivotal role of CSR in achieving financial success.

2) Guidance for Improving Financial Performance: For businesses aspiring to enhance their financial performance, the study offers valuable insights. It identifies specific CSR activities, such as employee welfare programs and environmental conservation efforts, that are likely to yield positive effects. Armed with this knowledge, businesses can select CSR initiatives that lead to the most significant financial benefits.

3) Increased Awareness of CSR's Value: The study fosters greater awareness among Indian businesses regarding the importance of CSR. It emphasizes that CSR should be considered a strategic investment rather than a mere discretionary practice, capable of driving a company's financial prosperity. This realization motivates companies to prioritize CSR as an integral part of their overall business strategy.

4) Strengthened Stakeholder Relationships: The study underscores the value of nurturing stakeholder relationships through CSR initiatives. By engaging in CSR activities, companies can build trust and establish a positive reputation with their clients, employees, and other stakeholders. Long - term benefits include increased customer loyalty and an improved corporate image.

5) Beyond Financial Gains: The study emphasizes that CSR initiatives can produce not only financial advantages but also meaningful social and environmental outcomes. By focusing on projects like rural development and environmental conservation, businesses can align their objectives with sustainable practices and make a positive contribution to society and the environment.

In conclusion, the study's findings on the impact of CSR on financial performance, as conducted by Indian authors, have profound implications. It raises awareness about the value of CSR, strengthens stakeholder relationships, deepens our understanding of the CSR - finance connection, and highlights the potential for positive social and environmental impacts. Moreover, the study provides valuable guidance for enhancing financial performance, encouraging Indian companies to view CSR as a strategic investment for sustainable growth.

4. 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 analyze the impact of CSR on financial performance of selected IT companies of India

4.2 Sample Size

In this research study, 5 major IT companies based that their Market Capitalization as on 01 - 04 - 2023 in India have been taken;

- 1) TCS
- 2) Infosys
- 3) Tech Mahindra
- 4) HCL Tech
- 5) Wipro

4.3 Sources of Data

Secondary sources such as annual reports, journals, online databases from finance websites have been utilized to get valuable data pertaining to CSR and financial performance in India.

4.4 Period of the Data Coverage

5 years (2018 - 19 to 2022 - 23) of financial data of selected five IT companies in India have been considered in this study. The significance of the study lies in the use of latest data including last fiscal financials. Also, the study tries to identify the impact of CSR spend on Financial performance

especially in Covid - 19 times and hence a bigger picture is available about the deep - rooted impacts of COVID- 19.

5. Data Analysis

5.1 Actual CSR Spent

Table 1: CSR Spend and % increase in spend

Company Name	CSR Spend	2022 - 23	2021 - 22	2020 - 21	2019 - 20	2018 - 19
TCS	CSR Spend (Rs. in crores)	783	727	674	602	434
	% increase in spend	8%	8%	12%	39%	
Infosys	CSR Spend (Rs. in crores)	392	345	325	360	342
	% increase in spend	14%	6%	- 10%	5%	
Tech Mah	CSR Spend (Rs. in crores)	118	112	105	118	90
	% increase in spend	6%	6%	- 11%	31%	
HCL Tech	CSR Spend (Rs. in crores)	240	219	197	175	125
	% increase in spend	10%	11%	13%	40%	
Wipro	CSR Spend (Rs. in crores)	216	222	251	182	185
	% increase in spend	- 3%	- 12%	38%	- 2%	

The table - 1 provides data on the actual Corporate Social Responsibility (CSR) expenditures of five major IT companies over the past five years.

The data clearly demonstrates that Tata Consultancy Services has consistently allocated a higher budget to CSR initiatives compared to all other companies. In the year 2022 - 23, Tata Consultancy Services recorded the highest CSR expenditure at Rs.783.00 crores, while Tech Mahindra spent lowest of all Rs.118 crores on CSR.

In the year 2019 - 20, most IT companies did exceptional spending in CSR in terms of % increase except Wipro. Wipro's CSR spending showed a decline of 2% percentage. Also, surprisingly in 2020 - 21 when most IT companies showed little or negative increase in % of CSR spend, Wipro showed a phenomenal growth of 38% especially in the peak year of COVID- 19.

In conclusion, the table highlights the shared commitment of all companies towards CSR, as evidenced by their consistent increase in CSR expenditures over time. However, for TCS, HCL, Wipro last two years have been in all red as it has seen the lowest increase in % spend as compared to their respective previous year. This also shows that IT sector is squeezing their cost sheets in terms of philanthropy due to negative sentiment of IT sector. The increase in the Net Profit Margin in terms of percentage as seen in the table below explains why the CSR spends have seen a decline or stagnancy in most IT sector companies post COVID- 19.

5.2 Net Profit Margin (%)

Table 2: NP Margin and % increase

Company Name	NP Margin	2022 - 23	2021 - 22	2020 - 21	2019 - 20	2018 - 19
TCS	NP Margin	20.54	23.81	22.77	25.33	24.4
	% increase	- 14%	5%	- 10%	4%	
Infosys	NP Margin	18.76	20.43	21	19.66	20.11
	% increase	- 8%	- 3%	7%	- 2%	
Tech Mah	NP Margin	8.85	14.14	14.3	15.51	16.09
	% increase	- 37%	- 1%	- 8%	- 4%	
HCL Tech	NP Margin	24.76	26.75	24.5	27.5	31.46
	% increase	- 7%	9%	- 11%	- 13%	
Wipro	NP Margin	13.54	20.36	20	17.22	15.82
	% increase	- 33%	2%	16%	9%	

The table illustrates the net profit margin of major IT companies over the past five years.

From the data provided, it is evident that HCL has consistently outperformed all other companies in terms of net profit margin in all years. However, its performance compared to its earlier years in terms of % increase in NP margin has seen a negative trend in the past five years just like all IT sector companies. From the profitability numbers it is well evident that especially 2022 - 23 has been a worst financial year for IT sector.

All companies experienced fluctuations in their net profit margins throughout the years. Notably, Tech Mahindra and Wipro has observed biggest dip in net profit margin in 2022 - 23. However, it is worth perceiving that all IT companies encountered instabilities in their net profit margins, likely influenced by shifts in market dynamics and unfavourable business conditions due to COVID - 19.

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.

Table 3: ROA and % increase

Company Name	Return on Assets	2022 - 23	2021 - 22	2020 - 21	2019 - 20	2018 - 19
TCS	ROA (%)	32.63	31.49	28.3	31.68	30.21
	% increase	4%	11%	- 11%	5%	
Infosys	ROA (%)	22.96	21.36	19.21	19.17	18.62
	% increase	7%	11%	0%	3%	
Tech Mah	ROA (%)	10.48	14.03	12.7	14.95	14.43
	% increase	- 25%	10%	- 15%	4%	
HCL Tech	ROA (%)	21.47	20.35	15.79	16.75	21.85
	% increase	6%	29%	- 6%	- 23%	
Wipro	ROA (%)	10.75	15.09	15.3	13.29	11.36
	% increase	- 29%	- 1%	15%	17%	

The table shows the return on assets (ROA) of major IT companies. In terms of number game, TCS has a best ROA (mostly ranging in 30s) compared to most other companies in the sector. A higher ROA generally indicates better efficiency in utilizing assets to generate profits. However, IT companies have shown fluctuations in their ROA over the

years, likely due to changes in the market and business conditions.

Year 21 - 22 had been best for most IT sector companies in terms of percentage increase showing signs of recovery in Covid - 19 era. However, in 22 - 23 the growth rate seemed to have derailed for few companies like Tech Mahindra and Wipro as their ROA declined dramatically.

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 all IT companies in different years may reflect the impact of specific events or business conditions that affected their financial performance (eg. Pre and Post Covid - 19 market situation). 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.

5.4 Turnover (in CRS.)

Table 4: Turnover and % increase

Company Name	Turnover	2022 - 23	2021 - 22	2020 - 21	2019 - 20	2018 - 19
TCS	Turnover (in Crs.)	190354	160341	135963	131306	123170
	% increase	19%	18%	4%	7%	
Infosys	Turnover (in Crs.)	124014	103940	85912	79047	73107
	% increase	19%	21%	9%	8%	
Tech Mah	Turnover (in Crs.)	42657	34726	29640	29225	27219
	% increase	23%	17%	1%	7%	
HCL Tech	Turnover (in Crs.)	46276	40638	35673	32606	26012
	% increase	14%	14%	9%	25%	
Wipro	Turnover (in Crs.)	67753	59574	50299	50407	48123
	% increase	14%	18%	0%	5%	

By far, in terms of % growth in figures of Turnover as compared to its previous year's number, Year 21 - 22 and 22 - 23 have been phenomenal for almost all IT sector Companies in the study except HCL tech. However, the increase in value of Sales doesn't get reflected in the profitability of these firms during the same year. Infact the last year has been worst in terms of NP margin for these IT giants. So, the companies need to work on their efficiency in order to improve their margins. For HCL Tech, 2019 - 20 showed a biggest jump in Turnover in terms of growth rate whereas for other organizations, it showed a lowest growth rate in 2019 - 20. Overall, 2020 - 21 was slack year for all IT biggies in terms of growth in Turnover. In terms of number - game, TCS has largest turnover that reached almost 2 lakh crores in 2022 - 23 followed by Infosys, Wipro, HCL Tech and Tech Mahindra.

5.5 Quick Ratio

Table 5: Quick Ratio and % increase

Company Name	Quick Ratio	2022 - 23	2021 - 22	2020 - 21	2019 - 20	2018 - 19
TCS	Quick Ratio	2.36	2.48	2.92	3.3	4.18
	% increase	- 5%	- 15%	- 12%	- 21%	
Infosys	Quick Ratio	1.9	2.1	2.74	2.88	3
	% increase	- 10%	- 23%	- 5%	- 4%	
Tech Mah	Quick Ratio	1.81	2.56	3.36	3.16	2.28
	% increase	- 29%	- 24%	6%	39%	
HCL Tech	Quick Ratio	2.68	2.97	2.76	1.69	2.93
	% increase	- 10%	8%	63%	- 42%	
Wipro	Quick Ratio	2.86	2.23	2.5	2.77	2.94
	% increase	28%	- 11%	- 10%	- 6%	

The literature suggests that Quick Ratio has a significant effect on stock returns. Liquidity ratios are employed to assess a company's capacity to fulfil its short - term obligations by means of financial metrics. This research focused on the employment of the quick ratio, a supplementary metric to the current ratio, for liquidity analysis. The divergence between the current ratio and the quick ratio lies solely in the computation of the quick ratio, which excludes inventory from the calculation. The major reason being inventory's protracted conversion period into cash and its associated uncertainty. Thus, the inventory component is omitted from the calculation. The favorable discharge of short - term debt by a company bears advantageous consequences for investors, as it tends to yield higher stock returns. This also underscores the influence of the quick ratio even on stock returns and the literature supports the argument. For Wipro, last financial year has been great in terms of growth in Quick Ratio while most other companies have seen a decline in Quick Ratio compared to 21 - 22. IT sector have seen a bit of a liquidity crunch in the past two financial year and corporations like TCS and Infosys have seen a considerable decline year on year in Quick Ratio in the past five years. That's why even the lucrative offer of Buyback of shares failed to push up and stabilize the stock price of TCS. Also, as compared to 2018 - 19 with 2022 - 23, all top 5 IT giants have seen a drop in their Quick Ratio. This continuous decline is an alarm for IT sector and its management.

5.6 Impact of CSR on net profit margin of selected it companies

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

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

TCS

CSR - - - >NP (p value)

0.207103309

Hypothesis Testing & Interpretation

The data reflects that p - value 0.207 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by TCS on its Net Profit Margin (%)

R

Multiple R = 0.679408537, which indicates that there is a linear relationship between CSR amount spent by TCS and its Net Profit Margin (%)

Regression Equation

Net Profit Margin (%) = $29.31341382 - 0.009228903 \times \text{CSR amount spent}$

INFOSYS

CSR - - - >NP (p value)

0.003220795

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.00322 which is lower than specified α of 0.05. It suggests that we reject the null hypothesis and that there is significant impact of CSR amount spent by Infosys on its Net Profit Margin (%)

R

Multiple R = 0.980653797, which indicates that there is a significant linear relationship between CSR amount spent by Infosys and its Net Profit Margin (%)

Regression Equation

Net Profit Margin (%) = $31.71218726 - 0.033225759 \times \text{CSR amount spent}$

TECH MAHINDRA

CSR - - - >NP (p value)

0.33901973

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.3390 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by Tech Mahindra on its Net Profit Margin (%)

R

Multiple R = 0.547942541, which indicates that there is a linear relationship between CSR amount spent by Tech Mahindra and its Net Profit Margin (%)

Regression Equation

Net Profit Margin (%) = $28.58219433 - 0.136275884 \times \text{CSR amount spent}$

HCL TECH

CSR - - - >NP (p value)

0.05244533

Hypothesis Testing & Interpretation

The data reflects that p - value 0.0524 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis by narrow margin and that there is no significant impact of CSR amount spent by HCL TECH on its Net Profit Margin (%)

R

Multiple R = 0.874352213, which indicates that there is a significant linear relationship between CSR amount spent by HCL Tech and its Net Profit Margin (%)

Regression Equation

Net Profit Margin (%) = $37.59079767 - 0.055422582 \times \text{CSR amount spent}$

WIPRO

CSR - - - >NP (p value)

0.392135202

Hypothesis Testing & Interpretation

The data reflects that p - value 0.3921 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by WIPRO on its Net Profit Margin (%)

R

Multiple R =

0.49897285, which indicates that there is a somewhat linear relationship between CSR amount spent by Wipro and its Net Profit Margin (%)

Regression Equation

Net Profit Margin (%) = $6.80316105 + 0.0501366 \times \text{CSR amount spent}$

5.7 Impact of CSR on return on assets (%) of selected IT companies

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

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

TCS

CSR - - - >ROA (p value)

0.553792546

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.5537 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by TCS on its Return on Assets (%)

R

Multiple R = 0.358269719, which indicates that there is insignificant linear relationship between CSR amount spent by TCS and its Return on Assets (%)

Regression Equation

Return on Assets (%) = $28.00638677 + 0.004434182 \times \text{CSR amount spent}$

INFOSYS

CSR - - - >ROA (p value)

0.156621918

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.1566 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by Infosys on its Return on Assets (%)

R

Multiple R = 0.735537929, which indicates that there is a significant linear relationship between CSR amount spent by Infosys and its Return on Assets (%)

Regression Equation

Return on Assets (%) = $1.145337733 + 0.054199823 \times \text{CSR amount spent}$

TECH MAHINDRA

CSR - - - >ROA (p value)

0.592270885

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.5922 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by Tech Mahindra on its Return on Assets (%)

R

Multiple R = 0.326105531, which indicates that there is insignificant linear relationship between CSR amount spent by Tech Mahindra and its Return on Assets (%)

Regression Equation

Return on Assets (%) = $18.81167197 - 0.050570466 \times \text{CSR amount spent}$

HCL TECH**CSR - - - >ROA (p value)**

0.967065998

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.9670 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis by narrow margin and that there is no significant impact of CSR amount spent by HCL TECH on its Return on Assets (%)

R

Multiple R = 0.02586919, which indicates that there is extremely insignificant linear relationship between CSR amount spent by HCL Tech and its Return on Assets (%)

Regression Equation

Return on Assets (%) = 19.55376672 - 0.001630579* CSR amount spent

WIPRO**CSR - - - >ROA (p value)**

0.307353251

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.3073 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by WIPRO on its Return on Assets (%)

R

Multiple R = 0.578038009, which indicates that there is a somewhat linear relationship between CSR amount spent by Wipro and its Return on Assets (%)

Regression Equation

Return on Assets (%) = 4.255044963 + 0.042170117* CSR amount spent

5.8 Impact of CSR on turnover of selected it companies

H0: There is no impact of CSR amount spent on Turnover of selected IT Companies

H1: There is impact of CSR amount spent on Turnover of selected IT Companies

TCS**CSR - - - >TURNOVER (p value)**

0.071877494

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.0718 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by TCS on its Turnover

R

Multiple R = 0.84448496, which indicates that there is a significant linear relationship between CSR amount spent by TCS and its Turnover

Regression Equation

Turnover = 38214.94005 + 170.8258695* CSR amount spent

INFOSYS**CSR - - - >TURNOVER (p value)**

0.198686253

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.1987 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by Infosys on its Turnover

R

Multiple R = 0.688470179, which indicates that there is a significant linear relationship between CSR amount spent by Infosys and its Turnover

Regression Equation

Turnover = - 109054.7867 + 573.3868944 * CSR amount spent

TECH MAHINDRA**CSR - - - >TURNOVER (p value)**

0.26599149

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.2660 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by Tech Mahindra on its Turnover

R

Multiple R = 0.618587576, which indicates that there is significant linear relationship between CSR amount spent by Tech Mahindra and its Turnover

Regression Equation

Turnover = - 3477.062394 + 332.9571073 * CSR amount spent

HCL TECH**CSR - - - >TURNOVER (p value)****0.002323023****Hypothesis Testing & Interpretation**

The data reflects that, p - value 0.0023 which is lesser than specified α of 0.05. It suggests that we reject the null hypothesis and that there is a significant impact of CSR amount spent by HCL TECH on its Turnover

R

Multiple R = 0.984446662, which indicates that there is a significant linear relationship between CSR amount spent by HCL Tech and its Turnover

Regression Equation

Turnover = 3416.714125 + 171.6751353 * CSR amount spent

WIPRO**CSR - - - >TURNOVER (p value)**

0.693070121

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.6930 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by WIPRO on its Turnover

R

Multiple R = 0.243490008, which indicates that there is insignificant linear relationship between CSR amount spent by Wipro and its Turnover

Regression Equation

Turnover = 40342.13296 + 70.52419024 * CSR amount spent

5.9 Impact of CSR on quick ratio of selected IT companies

H0: There is no impact of CSR amount spent on Quick Ratio of selected IT Companies

H1: There is impact of CSR amount spent on Quick Ratio of selected IT Companies

TCS

CSR - - - > QUICK RATIO (p value)

0.000381506

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.0038 which is lower than specified α of 0.05. It suggests that we reject the null hypothesis and that there is a significant impact of CSR amount spent by TCS on its Quick Ratio

R

Multiple R = 0.99534077, which indicates that there is a significantly strong linear relationship between CSR amount spent by TCS and its Quick Ratio

Regression Equation

Quick Ratio = 6.533193082 - 0.005411791 * CSR amount spent

INFOSYS

CSR - - - > QUICK RATIO (p value)

0.286939221

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.286 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by Infosys on its Quick Ratio

R

Multiple R = 0.597859733, which indicates that there is a linear relationship between CSR amount spent by Infosys and its Quick Ratio

Regression Equation

Quick Ratio = 6.690713419 - 0.011812287 * CSR amount spent

TECH MAHINDRA

CSR - - - > QUICK RATIO (p value)

0.962243468

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.9622 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by Tech Mahindra on its Quick Ratio

R

Multiple R = 0.029658259, which indicates that there is a negligible linear relationship between CSR amount spent by Tech Mahindra and its Quick Ratio

Regression Equation

Quick Ratio = 2.456906428 + 0.001630186 * CSR amount spent

HCL TECH

CSR - - - > QUICK RATIO (p value)

0.890493304

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.8904 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis by narrow margin and that there is no significant impact of CSR amount spent by HCL TECH on its Quick Ratio

R

Multiple R = 0.086112904, which indicates that there is a negligible linear relationship between CSR amount spent by HCL Tech and its Quick Ratio

Regression Equation

Quick Ratio = 2.410376877 + 0.001023133 * CSR amount spent

WIPRO

CSR - - - > QUICK RATIO (p value)

0.271340574

Hypothesis Testing & Interpretation

The data reflects that, p - value 0.2713 which is higher than specified α of 0.05. It suggests that we fail to reject the null hypothesis and that there is no significant impact of CSR amount spent by WIPRO on its Quick Ratio

R

Multiple R = 0.613254837, which indicates that there is a somewhat linear relationship between CSR amount spent by Wipro and its Quick Ratio

Regression Equation

Quick Ratio = 3.983434789 - 0.006268638 * CSR amount spent

6. Conclusion

All five companies are prominent IT companies that prioritize corporate social responsibility (CSR) initiatives. Tata Consultancy Services being the largest organization amongst all naturally has consistently allocated a higher budget for CSR compared to others in terms of numbers. In terms of profitability, HCL Tech has consistently outperformed others, boasting higher net profit margins. This indicates superior profitability and efficiency in utilizing their assets to generate profits. While all companies have experienced fluctuations in their financial performance post Covid - 19, influenced by negative sentiments in IT industry market and business conditions, Tech Mahindra is the utmost impacted organization and Infosys has maintained a more stable advantage in terms of profitability.

Table showing Impact of CSR spend on four parameters of Financial Performance –

Table 6: Impact of CSR on various parameters of Financial Performance

Companies	NP Margin	ROA	Turnover	Quick Ratio
	Impact	Impact	Impact	Impact
TCS	No Significant Impact	No Significant Impact	No Significant Impact	Significant Impact
INFOSYS	Significant Impact	No Significant Impact	No Significant Impact	No Significant Impact
TECH MAHINDRA	No Significant Impact	No Significant Impact	No Significant Impact	No Significant Impact
HCL TECH	No Significant Impact	No Significant Impact	Significant Impact	No Significant Impact
WIPRO	No Significant Impact	No Significant Impact	No Significant Impact	No Significant Impact

As its clearly visible from the table, in case of Net Profit Margin; CSR significantly impacts Infosys's profitability. In

case of ROA, not a single organization's CSR impacts its ROA. However, 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.

In case of Turnover, HCL Tech's sales are impacted by its CSR spend. In case of TCS, its Quick Ratio is impacted by its CSR. Also, during Covid - 19 times, since the IT sector has taken a hit, the financial performance of all these companies have been going through a rough patch. This study checks growth rate as compared to the previous year to identify the deep impacts on Financial performance. To improve the situation, organizations need to focus on the essentials. For example, a simple stress on efficient utilization of assets, may have a greater impact on the return on assets. Also taking an overall look into the four financial parameters, it seems that Infosys and TCS have decoded the art of stability to certain extent.

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