6.1 MAJOR FINDINGS OF THE STUDY

- Out of 300 respondents, 150 respondents each represent the perception of manufacturing sector and service sector in India regarding the implementation and impact of the Corporate Social Responsibility as per New Companies Act, 2013. When it is observed the demographic profile of the respondents, it is found that the highest number of respondents have been found by the employees who are 26 years to 35 years old. The total number of respondents of this age is 227 out of 300 respondents, 99 from manufacturing sector and 128 from service sector, which covers 75.7% of the total responses. The Chi-square value of this is (2/15.303) and the p-value is .000 which depicts that there is a significant difference between the perception of manufacturing sector and service sector in terms of their age.

- Gender of the employees is the other demographic variables which consist of Male and Female. The highest number of respondents is the males who are working in manufacturing sector with total number of 110 out of 150 respondents of the respective sector. Whereas, there are 92 responses identified by the researcher from the male employees working in service sector. The chi-square value of gender is 4.910 and the p-value is .036. Since, the p-value is below 0.05 which suggests that there is a significant difference between the gender working in manufacturing sector and service sector.

- Another demographic variable which draws researcher attention is the designation of employees from whom the data has been collected. The highest number of responses was collected from the executives, 78 from employees working in manufacturing sector and 101 from service sector. The lowest number of responses was collected from the managers working in manufacturing sector whereas the total no. of responses collected from the
managers working in service sector is 26. The chi-square value of this variable is 4/ 43.397 and p-value is .000 which is below 0.05 indicates that there is a significant difference between the type of employees of manufacturing sector and service sector.

- Education of the employees is also an important demographic variable which needs to be taken into consideration. There we can see that most of the employees are graduate only and having B.tech or B.Sc degree. The total number of respondents who have graduation degree is 147 out of which 77 belong to manufacturing sector and 70 belong to service sector. The second highest respondents were post graduates and the third highest is the people having professional degree like- M.B.A. or Engineering. There were two more classifications in this section i.e. high school and Intermediate out of which the researcher got no response. The chi-square value for this variable is .655 and p-value is 0.721 which is above 0.05 indicates that there is no significant difference between the type of employees of manufacturing sector and service sector.

- When the data was collected, it was found that most of the employees whether in manufacturing sector or service sector, dwell in urban area. Out of 300 respondents there were 254 people who belong to urban area which covers 84.7% of the total respondents. The Chi-square value for this variable is 16.566 and the p-value is .000 which is below 0.05 indicates that there is a significant difference between the type of employees of manufacturing sector and service sector.

- Another demographic variable is the level of income of the respondents. This section was divided into six parts ranges from below Rs. 10,000 to above Rs. 50,000 and the data was collected from all the sections. The highest number of respondents belongs to the income level of more than Rs. 50,000 which covers 28.3% of the total response. The Chi-square value for this variable is 21.502 and p-value is .001 which is below 0.05 indicates that there is a significant
difference between the type of employees of manufacturing sector and service sector.

- The last but not the least demographic variable which draws researcher’s attention is the work experience of the employees. As it was important to see their experience so that it may correlate with the proceeding questions regarding CSR. This section was divided into 5 parts starting from the people who are new in the industry, experience below one year to experience more than seven years. The highest number of responses we collected from the respondents who are having work experience from years 3 to 5. Out of the total percentage of the respondents 32.3% respondents come from this section only. Except that, the respondents who are having work experience from 1-3 years have also been collected 26% of the total response. The chi-square value of this variable is 22.303 and p-value is .000 which is below 0.05 indicates that there is a significant difference between the type of employees of manufacturing sector and service sector.

- To study the awareness of employees regarding the term ‘Corporate Social Responsibility’ five variables were taken to compare the level of awareness of the employees working in two different sectors. For this purpose independent sample T-test was used to find out the difference of awareness. Out of which four out of five variables were above level of significance i.e. 0.05, which indicates that the null hypothesis will be accepted and further it can be concluded that there is no significant difference between the level of awareness of employees regarding the term ‘Corporate Social Responsibility” (CSR).

- After analyzing the awareness regarding CSR it was important to test if there is any difference in the awareness of employees regarding the CSR initiatives taken by their respective companies. For this purpose independent sample T-test was used to see the difference of awareness. Out of which four out of four variables were above level of significance i.e. 0.05, which indicates that the null hypothesis will be accepted and further it can be concluded that there is no significant difference between the level of awareness of employees regarding the CSR initiatives taken by their companies.
The next section of the questionnaire shows the level of awareness of employees working in two different sectors, for the awareness regarding new amendment for CSR in the New Companies Act, 2013. For this purpose nine variables were taken out of which the p-value of eight variables were above 0.05 which is the level of significance on the basis of which this can be concluded that there is no significant difference between the level of awareness of employees regarding the CSR initiatives taken by their companies.

To study the problems and challenges faced by the companies of two different sectors in the implementation of new regulation of CSR, the researcher has tried to study the perception of employees by dividing challenges into two main parts: Internal Challenges, External Challenges. The internal problems and challenges faced by companies, belonging to both manufacturing sector and service sector individually, in implementing the new CSR norm mentioned in Companies Act, 2013. The study has drawn that there are four types of internal challenges which the companies are facing and these challenges have included the issues starting from planning a good CSR policy to executing and also taking collective measures related to it. These challenges have been combined in S4 i.e. Structural, Strategic, Stakeholder and System challenges. From the table above this can be noticed that the employees working in manufacturing sector have agreed that they are facing many internal challenges and it’s the same case with the employees working in service sector.

The other part elaborates the external challenges which the companies have to face while implementing the new CSR policy. The challenges have also been divided into four parts which is Social, Legal, Economic and Environmental challenges. Almost 60% (52.67+18.67) employees are working in manufacturing sector and 60% (43.65+16.5) employees working in Service sector have agreed that they have been facing challenges related to society while implementing CSR policy.
To study the impact of new CSR policy as per New Companies Act, 2013, both primary and secondary data were taken. The source of primary data was the response of the employees working in two different sectors i.e. manufacturing sector and service sector and the secondary data was collected through various research papers, articles, journals, websites and annual reports of the companies. These data were collected and factor analysis was run for primary data specifically with the intention to study the validity of the variables for the purpose of analyzing the impact of CSR. Over all, EFA and CFA were performed before applying any statistical tool to fulfill the objective.

The factor analysis was conducted on 26 items with orthogonal rotation (varimax). The KMO measure is found 0.947. An initial analysis was run to obtain Eigen value for each component in the data. four factors have Eigen value over Kaiser Criterion of 1 and in combination explaining 80.423% of the total variance. The study has identified 4 major factors for studying the impact of CSR activities performed by the companies. These factors are: Social impact, Economic Impact, Environmental Impact and Company impact. Out of all the factors explored, Social impact emerged as the most important factor having the highest Eigen value of 10.962 and explaining maximum variance of 54.810%.

A one way ANOVA was conducted to study the impact of age of employees on the impact of CSR. The analysis of variance showed that the influence of the age of employees on the awareness regarding the impact of CSR is not significant, F (2,297) =.315, p= 0.730, which suggests that there is no significant difference between the mean score or employees having different age. Since the p value is more than 0.05, the null hypothesis can be accepted at 5% level of significance. Hence it is concluded that there is no significant effect on the impact of age of employees on the impact of CSR.

Since there is only one dependent variable and two independent variables, for this reason T-Test has been used to find any significant difference between impact of gender on measuring impact of CSR. It is found that the p-value is greater than 0.05 when equal variances not assumed (0.983). Since p value is
greater than 0.05, the null hypothesis can’t be rejected at 5% level of significance. Hence, it can be concluded that there is no significant difference between the gender of employees working in Manufacturing sector and service sector with regard to the impact of CSR.

A one way ANOVA was conducted to study the impact of type of employees on the impact of CSR. There was a significant effect of type of employees on impact of CSR, F (4,295) = 9.482, p=.000. As the sample sizes were hugely different and population variances not equal, Hochberg post-hoc test was employed for multiple paired comparison. The test revealed that the impact of CSR was statistically different for trainees-officers (p= 0.025), trainees-executive assistant (p=0.03), trainees-assistant managers (p=.000) and executive assistant-assistant managers (p=.000). There was no statistically significant group between other groups.

A one way ANOVA was conducted to study the impact of income of employees on the impact of CSR. There was a significant effect of income of employees on impact of CSR, F (5,294) = 6.403, p=.000. As the population variances were not equal, Games-Howell post-hoc test was employed for multiple paired comparison. The test revealed that the impact of CSR was statistically different for below ₹ 10000 (p= 0.000), ₹ 10,001 -20,000 (p=0.000), ₹ 20,001-30,000 (p=.002), ₹ 30,001-40,000 (p=.000), ₹ 40,001-50,000 (.000) More than ₹ 50,000 (p=.005). Altogether, in every group there is statistically significant effect on other groups.

A one way ANOVA was conducted to study the impact of experience of employees on the impact of CSR. The analysis of variance showed that the influence of the experience of employees on the awareness regarding the impact of CSR is not significant, F (4,295) =1.665, p= 0.158, which suggests that there is no significant difference between the mean score or employees having different years of experience. Since, the p value is more than 0.05, the null hypothesis can be accepted at 5% level of significance. Hence, it is concluded
that there is no significant effect on the impact of experience of employees on the impact of CSR.

- A one way ANOVA was conducted to study the impact of area of residence of employees on the impact of CSR. The analysis of variance showed that the influence of the area of residence of employees on the awareness regarding the impact of CSR is not significant, $F (2,297) =2.325, p= 0.100$, Which suggests that there is no significant difference between the mean score or employees having different areas of residence. Since, the p value is more than 0.05, the null hypothesis can be accepted at 5% level of significance. Hence, it can be concluded that there is no significant effect on the impact of area of residence of employees on the impact of CSR.

- Since there is only one dependent variable and two independent variables, for this reason T-Test has been used to find any significant difference between impact of employees’ working in different type of company on measuring impact of CSR. The above table reveals that the p-value is greater than 0.05 when equal variances not assumed (0.262). Since, the p value is greater than 0.05, the null hypothesis can’t be rejected at 5% level of significance. Hence, it is concluded that there is no significant difference between the employees working in Manufacturing sector and service sector with regard to the impact of CSR.

- When it comes to measuring the impact of CSR on financial performance of both manufacturing companies and service companies, regression analysis was done for this purpose and various financial indicators were taken for measuring financial performance. When the impact of CSR on ROA for manufacturing companies have been taken, it was found that $r^2$ equals to .306, indicating that only 30% of the dependent variable (ROA) can be predicted by the independent variable (Impact of CSR). The adjusted $r^2$ shows value of .253 indicating that model is poor fit for the study as figure is less than 0.6 For these data, F is 5.74, which is significant at $p<.001$(because the value in the column labeled Sig. is less than .001). Therefore, it is concluded that our regression model results in
significantly better prediction of ROA than if we used the mean value of ROA. In short, the regression model overall predicts ROA significantly well.

- For these data, R has a value of .502 and because there is only one predictor, this value represents the simple correlation between CSR expenditure and the ROCE. The \( R^2 \) is .252, which tells us that ROCE of the company can account for 25.2% of the variation in CSR expenditure. In this table, the most important part is F-ratio. For these data, F is 4.40, which is significant at p < .001 (because the value in the column labeled Sig. is less than .001). Therefore, it is concluded that regression model results in significantly better prediction of ROCE than if the mean value of ROCE is used.

- In the case of ROE, the value of R is .469, the value of \( R^2 \) is 0.220 and the adjusted \( R^2 \) is .160. Whereas, the beta value is 0.469 and the t-value is 1.913. Further, the p-value is .078 which is above 0.05 (level of significance). These values suggest that there is no significant impact of CSR on ROE in case of manufacturing companies.

- In the case of ROI the R value is .437 and \( R^2 \) value is .191, which tells us that ROE of the company can account for 19.1% of the variation in CSR expenditure. The F is 3.075, which is significant at p < .001 (because the value in the column labeled Sig. is less than .001). The T-test tells us whether the b-value is different from 0 (and big relative to its standard error). The observed significance is more than .01 (.103) and therefore, concluded that CSR makes a significant contribution to ROI of manufacturing companies.

- In the case of EPS, R has a value of .489 and \( R^2 \) is .181 The F-value is 4.091 which is significant at p < .001 (because the value in the column labeled Sig. is less than .001). The observed significance is more than .01 (.064) which concludes that CSR makes a significant contribution to EPS of manufacturing companies.
The R value of PAT is .594 and R2 value is .353 which tells that PAT of the company can account for 35.3% of the variation in CSR expenditure. For these data, F is 7.084, which is significant at p<.001 (because the value in the column labeled Sig. is less than .001) the model predicts that 60.24 value will increase in PAT, which is good for manufacturing companies. The observed significance is more than .01 (.020) which concludes that CSR makes significant contribution to PAT of manufacturing companies.

In case of the impact of CSR on the financial performance of service sector companies the result has been found in case of ROA, i.e. the R value of ROA is .404 but R2 value is .163 and adjusted R2 is .099. The F-value for this analysis is 2.536 which is significant at p<.001 (because the value in the column labeled Sig. is less than .001) and t-value is 1.592. Further, the observed significance is more than .01 (.135) which concludes that CSR makes a significant contribution to ROA of manufacturing companies.

In case of ROCE, R has a value of .317 and R2 value is .032. For these data, F is 1.457, which is significant at p<.001. The beta value is .030 which interprets that if CSR is increased by one unit (1 crore, as unit of measurement), then the model predicts that .030 value will increase in ROCE, which is not very good for IT companies. The observed significance is more than .01 (.249) which concludes that CSR makes a significant contribution to ROCE of manufacturing companies.

In the case of ROE, R has a value of .346 and R2 value is .120. The F-value for these data is 1.768 and t-value is 1.330. Further, the p-value has been observed .20 which is above the level of significance that is .01, concludes that CSR makes a significant contribution to ROE of service sector companies.

In the case of ROI, the R value is .279 and R2 value is .078 which tells us that ROI of the company can account for a minimal 7.0% of the variation in CSR expenditure. The F-value is 1.101 and t-value is 1.049. The beta (.018) value represents the gradient of the regression line. The observed significance is more
than .01 (.313) which concludes that CSR makes a significant contribution to ROI of service sector companies.

- In the case of EPS, the R value is .730 and R2 value is .533 which tells us that EPS of the company can account for a significant 53.3% of the variation in CSR expenditure. The F is 14.852, which is significant at p<.001 (because the value in the column labeled Sig. is less than .001). The observed p-value is less than .01 (.002) and it is concluded that there is a significant contribution to CSR on the EPS of service sector companies.

- The R value of PAT is .788 and R2 value is .621 which tells that PAT of the company can account for 62.1% of the variation in CSR expenditure. For these data, F is 21.331, which is significant at p<.001 (because the value in the column labeled Sig. is less than .001) the model predicts that 51.661 value will increase in PAT, which is good for service sector companies. The observed significance is more than .01 (.000) and it is concluded that CSR makes significant contribution to PAT of service sector companies.

6.2 SUGGESTIONS AND RECOMMENDATIONS

Corporate Social Responsibility is an emerging activity which is at the initial stage and will grow more in the coming times. Companies Bill which is a good initiative by the Government of India for various companies to allocate certain budget for this activity but it is unclear that how much amount has to be spent on this activity. On the international front, CSR has been accepted as an important concept for image building and for the successful conduction of the business.

But in India, it has to be taken up on a more serious note than a mere tax benefiting activity. The amount projected to be spent on CSR activities should be fixed by government. Social and environmental development programs must be taken up by various companies as a part of this activity.

Companies can take up various issues happening in the society and work on that under CSR. Ideally, the companies should not and cannot work on CSR activities
alone, if cooperation and contribution from employees is absent. Stakeholders should be encouraged to contribute in the promotion of CSR activities. Conferences, seminars, workshops and training sessions should be conducted by various companies in order to spread knowledge and awareness in this sector. It is also important to review the existing policies which are being laid by various companies and implementation must also be put in that way so that the desired result could be achieved.

Development of new civil society organizations with a social purpose is called for. Such organizations will be dependent primarily on corporate rather than donor money, and be focused on particular issues, such as sanitation, clean water, child and maternal health and so on. Law makers have a responsibility to create the enabling conditions for such organizations to form and thrive, which draws us to our last point. The CSR clause in the Indian Companies Bill is unique, and the first for a big economy. Critics might see it as a 2 percent tax, but that will be the case only if we miss this golden opportunity to set a new model for how businesses can make a real contribution to society's critical problems.

Further, there are few recommendations by the researcher in the hope of changing some unnoticed sections related to CSR impact and implementation in the future:

1- To establish a good future of anything, we have to establish a good foundation in present. The same case is with CSR. While in the western world in the universities and management schools there has been a practice of a minimum curriculum on Ethics and CSR, in the developing countries like India we don’t find much evidence of such practices. That’s why it is the high time to mention the practical knowledge of business ethics and functioning of CSR in the management students so that they can contribute their knowledge and services in building nation.

2- There is a need for training and development of a large pool of voluntary sector personnel and co-operatives so that they can get substantively involved; non-governmental organizations in many cases have played an important role in initiating several innovative programmes and activities in the social sector.
However, a lot more is required to have them further involved in as professional a manner as possible.

3- There should be a nationalized body which looks after all the CSR activities performed in the country and give a report to government about the real picture of the activities done by the company and also investigate if it is indeed proving helpful to beneficiaries or not. This will help in multiple ways:

- The companies will take CSR seriously and will not be able to misguide the investors by only publishing report in annual report.
- The actual assessment of expenditure could be checked and auditing could be done by body.
- A good coordination could be established between the company and the government by which both can help each other for achieving one common purpose.
- By this way, companies can reach to those remote areas too where CSR is needed and due to unnoticed area they are not able to get benefits.

4- While collecting data, many respondents suggested about CSR auditing but according to researcher there is a need for effective and reliable auditing in CSR. As, in order to comply with higher standards of CSR, Some firms have undergone active research and auditing on the firms they hired in their supply chain. Discrepancies between reality and audit results do exist. Taking Foxconn as example, after several tragic incidents of workers suicide, Apple decided to investigate the work condition of those related factories. Its investigation report shows that there are no issues of overtime work, no child or forced labour which is in the contrary to what the NGOs claim. Ironically after reassurance of good working conditions in the investigation report, the suicide incidents have not stopped, which just shows that the conditions have not stopped, which just shows that the condition have not been improved. One very crucial difficulty in auditing is that the factory can always hide the bad things since they know what they look for. Workers could also be under pressure and not tell the truth. Since difficulties exist while carrying out
active auditing, its effectiveness and reliability is therefore questionable. (Chandrasekar, 2013)

5- Many cases are there where the companies hired an agency or a CSR partner to work on CSR fund, the company has released initial tranches of fund but the implementing partner could not utilized the fund on the right time and by the time companies realized that their partner NGOs did not have capacities to implement the project, the financial year is about to over.

6- Many companies do not have skilled manpower and technical knowhow to develop effective CSR technique. This is required in terms to develop effective CSR policies and strategies. The expenditure that has been made on CSR is directly linked to the CSR policies which are being formulated. If companies start hiring skilled people who can give better result in CSR, this may be a win-win situation for everybody as from one side it will open a lot of job opportunities for unemployed or underpaid people and from the other side the CSR may work more effectively and may give greater results for the society.

7- The policies which are being formulated and implemented must be evaluated in order to attain the desired result. The organization that has invested on CSR activity must analyze the impact of a particular CSR activity on the society or the targeted section. But in India the scenario is opaque. Companies spend money on CSR activities only for personal gains and publicity. The long term benefits of CSR are not taken into account. Although the Government has tried to cover all the loopholes in Companies Act, 2013 but a frequent evaluation is also need by them too to function all the policies in order.

8- There is no governing body to check as to how much amount has been spent on CSR activities and no regulation, of any sort is available or lined. Hence after five years, it is high time to make a governing body which work is to check the actual amount spent by the companies under CSR with the amount mentioned in their annual reports, so that the companies may not befool its stakeholders in any manner.
6.3 CONCLUSION

Traditionally, this has been the responsibility of the government, but since public delivery of goods and services has been riddled with corruption and bureaucratic inefficiency and the welfare schemes are plugged with leakages, CSR is being seen as an alternative to governmental provision of merit goods. CSR will increase availability of funds for welfare activities and may lead to delivery of goods and services to the people in a cost-effective manner. The clause on environmental sustainability will help in bringing down pollution and emission of greenhouse gases and will help in compliance with international norms and regulations. Therefore, the clause on CSR is a step towards achieving social and environmental sustainability, which will benefit society in future.

It is therefore, suggested that all the agencies and institutions including the multilateral institutions assisting social sector development in India would relook at the cumulative experience of promoting corporate social action in as transparent and accountable manner as possible. The public enterprises need to do more than the mandated corporate social responsibility programs and the corporate sector should aim at involving the multiple stakeholders. The larger issues and long run ramifications of public policy on corporate social action for stakeholders and society need to be integrated into a coherent plan of action in the future. There has been a lot of debate on the impact of the 73rd and 74th amendments to the Constitution of India; one of the disturbing aspects of the debate is the uneven and tardy progress in respect of several schemes of public welfare due largely to such issues as corruption and deficiencies in institutional infrastructure. Therefore, there is urgent need for tripartite action on the part of government, public enterprises and the corporate sector. There is fortunately no dearth of talented opinion makers and several activists but they need to be harassed and put in place to create a suitable platform such that the movement for internalizing and institutionalizing corporate social responsibility becomes a durable one.
6.4 SCOPE FOR FURTHER RESEARCH

- The study has taken those companies have been as sample which are very big in terms of size, market capitalization, turnover and number of employees working and also doing CSR for very long time. But further one can study a comparative analysis of the big companies which are spending crore of rupees under CSR activities and small companies which are not able to contribute that much under CSR. and their financial performance can be measured so that it may find out if there is any significant impact of CSR on the financial performance of the companies or not.

- The study has been focused on the impact of CSR on the financial performance of the company but CSR is not the only variable which may affect the financial performance. There may be various other factors to affect financial performance and this can be future scope of study that which factor is affecting more on the financial performance and then it can be further analyzed the proportion of CSR in this part.

- In this study the impact and implementation have been measured on the basis of and analyzed after the new amendment made in Companies Act, 2013. But a further research can also be done taking comparative analysis on the impact and implementation before and after new Companies Act, 2013, and can be found if there is any significant difference lies or not.

- A new study may be focused on impact of CSR on social upliftment of different categories of people living in India as it is claimed and accepted that the CSR practices performed by the companies affect each and every section of the society either directly or indirectly. That’s why this may also be an area of research.

- During the secondary data collection, the researcher went through the annual reports of all the relative companies. Out of which she drew out the fact that The third IT company in this research work, ‘WIPRO’ has been spending maximum amount of CSR money in Education. According to Researcher, This can be a
further scope of study, to find out the possible reasons behind this and to see the actual work done by this company for changing the education scenario of the country. And can verify if their efforts are making any difference indeed.

- A new study can be focused on problems and challenges of performing CSR activities within India and with other countries outside India.

- A new study may be initiated on finding relation between impact of profit earned by companies and their CSR implementation.

- A future study may be focused on CSR spending and rural development in India.

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