

Factors Influencing Disclosure and CSR Spending in Indian Companies: An Econometric Analysis

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Abstract : The New Companies Bill-2013 in India has mandated all the companies with a certain profit to spend on Corporate Social Responsibility (CSR). Despite the Corporate Governance (CG) compliances at the strategic level the firms have to engage in social good. For both the Central Public Sector Enterprises (CPSE) and the private companies in India the need for strategic CSR focus through operational efficiency measures are mandated. In this paper the focus is to find out if the Indian companies understand their responsibility towards the society despite government making CSR mandatory. Analyzing both the CPSEs and Private companies the researchers find out which set of companies behave responsibly towards the society. Does any particular industry group(s) impact the society by disclosing their CSR spending activities. The key financial and non-financial parameters that influence CSR spending were identified and through econometric analysis methodologies (logistic regression and OLS models) the results were analyzed. The innovative methods were developed to identify if the firms operate efficiently and at the same time complying with the new CSR laws. An innovative matrix was developed to explain how companies could operate efficiently and be compliant in parallel how some of the companies can strategically realign their spending by operating efficiently.

Keywords : corporate social responsibility(CSR), corporate governance(CG), India, logit function, ordinary least squares (OLS)

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