


**CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND ITS IMPACT ON CORPORATE PROFITABILITY: A COMPARATIVE ANALYSIS BETWEEN PUBLIC AND PRIVATE SECTOR COMPANIES IN ODISHA**

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ARTICLE INFO	ABSTRACT
<p><b>Article history:</b></p> <p><b>Received</b> 31 July 2023</p> <p><b>Accepted</b> 30 October 2023</p>	<p><b>Purpose:</b> Corporate social responsibility is commonly called social responsibility of business. CSR acts as corporate driver through which business organization makes sustainable development of the society. This study aims to investigate a comparative study on CSR practice and its impact on profitability performance between selected public and private companies operating in Odisha region.</p>
<p><b>Keywords:</b></p> <p>Corporate Social Responsibility; Profitability Performance; CSR Practices; Public Sector Companies; Private Sector Companies.</p>	<p><b>Theoretical framework:</b> The study is based on comparative analysis on CSR practice undertaken by public and private sector companies operating in Odisha after introduction of new Companies Act 2013. Researcher aims to analyze the co-variance between CSR practices and corporate profitability performance in regard to evaluating the impact of stakeholders' perception.</p>
	<p><b>Design/Methodology/Approach:</b> Researchers have selected this theme of research after extensive study of review of literature. For achievement of objective of research, researcher has adopted purposive sampling method for selecting corporate sectors who are involved in CSR obligations. Twenty companies were selected (10 from public sector and 10 from private sector) whose commercial operation in state of Odisha region. These companies are engaged in power, steel, oil, metal, coal, cement, paper, fertilizers, etc. The investigation is based on secondary data. Data have been collected from the annual reports and business responsibility reports of selected corporate entities. Descriptive statistical tools (Mean, S.D, Variance, Standard error of mean, Skewness, Co-efficient of variation, etc) have been used.</p> <p><b>Findings:</b> The end outcome of this research study reveals that CSR expenditure of private sector companies is more than public sector in odisha while public sector are more stable and consistent towards CSR expenditure over private sector companies. It is also observed that CSR practice of private sector companies extremely significant over the public sector companies towards socio economic development of the state. There is no association between budgeted and actual CSR expenditure.</p> <p><b>Research, Practical and Social implications:</b> The study of CSR practice is a vibrant issue since many years back for sustainable development. This research is of value to the researcher and practitioners of corporate social responsibility. The research study I hope immensely helpful in guiding, regulating, and adapting CSR practice of both public and private sector companies as per new provision of Companies Act of Government of India.</p> <p><b>Originality/Value:</b> The present research study CSR practices and its impact on corporate profitability have a notable global importance for the well being of society. Adequate integration between the corporate entities and the society is essential for the development and growth which enables the society to be sustainable.</p> <p>Doi: <a href="https://doi.org/10.26668/businessreview/2023.v8i11.4004">https://doi.org/10.26668/businessreview/2023.v8i11.4004</a></p>

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## PRÁTICAS DE RESPONSABILIDADE SOCIAL CORPORATIVA E SEU IMPACTO NA LUCRATIVIDADE CORPORATIVA: UMA ANÁLISE COMPARATIVA ENTRE EMPRESAS DO SETOR PÚBLICO E PRIVADO EM ODISHA

### RESUMO

**Objetivo:** A responsabilidade social corporativa é comumente chamada de responsabilidade social das empresas. A RSE atua como um motor corporativo por meio do qual a organização empresarial promove o desenvolvimento sustentável da sociedade. Este estudo tem como objetivo investigar um estudo comparativo sobre a prática de RSE e seu impacto no desempenho da lucratividade entre empresas públicas e privadas selecionadas que operam na região de Odisha.

**Enquadramento teórico:** O estudo baseia-se na análise comparativa das práticas de RSE realizadas por empresas dos sectores público e privado que operam em Odisha após a introdução da nova Lei das Sociedades de 2013. O investigador pretende analisar a covariância entre as práticas de RSE e o desempenho da rentabilidade empresarial no que diz respeito à avaliação o impacto da percepção das partes interessadas.

**Design/Metodologia/Abordagem:** Os pesquisadores selecionaram este tema de pesquisa após extenso estudo de revisão da literatura. Para atingir o objectivo da investigação, o investigador adoptou um método de amostragem proposital para seleccionar os sectores empresariais que estão envolvidos nas obrigações de RSE. Foram selecionadas vinte empresas (10 do setor público e 10 do setor privado) que operam comercialmente na região do estado de Odisha. Estas empresas estão envolvidas nos setores de energia, aço, petróleo, metal, carvão, cimento, papel, fertilizantes, etc. A investigação baseia-se em dados secundários. Os dados foram coletados dos relatórios anuais e relatórios de responsabilidade empresarial de entidades corporativas selecionadas. Ferramentas estatísticas descritivas (Média, DP, Variância, Erro padrão da média, Assimetria, Coeficiente de variação, etc) foram utilizadas.

**Constatações:** O resultado final deste estudo revela que as despesas de RSE das empresas do sector privado são superiores às do sector público em Odisha, enquanto o sector público é mais estável e consistente em relação às despesas de RSE do que as empresas do sector privado. Observa-se também que a prática de RSC das empresas do setor privado é extremamente significativa em relação às empresas do setor público para o desenvolvimento socioeconômico do estado. Não há associação entre despesas orçamentadas e reais de RSC.

**Pesquisa, implicações práticas e sociais:** O estudo da prática de RSE é uma questão vibrante há muitos anos para o desenvolvimento sustentável. Esta pesquisa é de valor para pesquisadores e profissionais de responsabilidade social corporativa. Espero que o estudo de pesquisa seja imensamente útil para orientar, regulamentar e adaptar as práticas de RSC de empresas do setor público e privado, de acordo com a nova disposição da Lei das Sociedades do Governo da Índia.

**Originalidade/Valor:** A presente pesquisa estuda as práticas de RSC e seu impacto na lucratividade corporativa têm uma importância global notável para o bem-estar da sociedade. A integração adequada entre as entidades corporativas e a sociedade é essencial para o desenvolvimento e crescimento que permite à sociedade ser sustentável.

**Palavras-chave:** Social Corporativo com Responsabilidade, Desempenho de Rentabilidade, Práticas de RSE, Empresas do Setor Público, Empresas do Setor Privado.

## PRÁCTICAS DE RESPONSABILIDAD SOCIAL CORPORATIVA Y SU IMPACTO EN LA RENTABILIDAD CORPORATIVA: UN ANÁLISIS COMPARATIVO ENTRE EMPRESAS DEL SECTOR PÚBLICO Y PRIVADO EN ODISHA

### RESUMEN

**Objeto:** La responsabilidad social corporativa comúnmente se denomina responsabilidad social de las empresas. La RSE actúa como motor corporativo a través del cual la organización empresarial logra el desarrollo sostenible de la sociedad. Este estudio tiene como objetivo investigar un estudio comparativo sobre la práctica de la RSE y su impacto en el desempeño de la rentabilidad entre empresas públicas y privadas seleccionadas que operan en la región de Odisha.

**Marco teórico:** el estudio se basa en un análisis comparativo de las prácticas de RSE realizado por empresas de los sectores público y privado que operan en Odisha después de la introducción de la nueva Ley de Sociedades de 2013. El investigador tiene como objetivo analizar la covarianza entre las prácticas de RSE y el desempeño de la rentabilidad corporativa con respecto a la evaluación. el impacto de la percepción de las partes interesadas.

**Diseño/Metodología/Enfoque:** Los investigadores han seleccionado este tema de investigación después de un extenso estudio de revisión de la literatura. Para lograr el objetivo de la investigación, el investigador ha adoptado un método de muestreo intencionado para seleccionar sectores empresariales que participan en obligaciones de RSE. Se seleccionaron veinte empresas (10 del sector público y 10 del sector privado) cuya operación comercial

en el estado de la región de Odisha. Estas empresas se dedican a la energía, el acero, el petróleo, el metal, el carbón, el cemento, el papel, los fertilizantes, etc. La investigación se basa en datos secundarios. Los datos se han recopilado de los informes anuales y los informes de responsabilidad empresarial de entidades corporativas seleccionadas. Se han utilizado herramientas estadísticas descriptivas (Media, D.E., Varianza, Error estándar de la media, Asimetría, Coeficiente de variación, etc).

**Hallazgos:** El resultado final de este estudio de investigación revela que el gasto en RSE de las empresas del sector privado es mayor que el del sector público en Odisha, mientras que el sector público es más estable y consistente en el gasto en RSE que el del sector privado. También se observa que la práctica de RSE de las empresas del sector privado es extremadamente significativa sobre las empresas del sector público para el desarrollo socioeconómico del estado. No existe asociación entre el gasto en RSE presupuestado y real.

**Investigación, Implicaciones prácticas y Sociales:** El estudio de la práctica de la RSE es un tema vibrante desde hace muchos años para el desarrollo sostenible. Esta investigación es valiosa para los investigadores y profesionales de la responsabilidad social corporativa. Espero que el estudio de investigación sea de inmensa ayuda para orientar, regular y adaptar la práctica de RSE de las empresas del sector público y privado según la nueva disposición de la Ley de Empresas del Gobierno de la India.

**Originalidad/Valor:** La presente investigación estudia las prácticas de RSE y su impacto en la rentabilidad corporativa tienen una notable importancia global para el bienestar de la sociedad. Una adecuada integración entre las entidades corporativas y la sociedad es esencial para el desarrollo y crecimiento que permita que la sociedad sea sostenible.

**Palabras clave:** Responsabilidad Social Empresarial, Desempeño de Rentabilidad, Prácticas de RSE, Empresas del Sector Público, Empresas del Sector Privado.

## INTRODUCTION

Business and society both are complementary to each other. In other words business is an inseparable and embedded part of the society. Business uses various resources of society and in turn has a responsibility to contribute something in return to the society. In every country corporate sector organisation are the highest user of societal resources. Therefore, every corporate sector has the prime responsibility to discharge their social responsibility for sustainability and development. Corporate social responsibility is a form of corporate self-regulation integrated into a business model. Corporate social responsibility is also called corporate conscience, citizenship or sustainable responsible business or responsible business. CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on environment and stakeholder including consumer, employees, investors, communities and others. CSR practices of corporate-sector were voluntary before introduction of new Companies Act. The significance of CSR Rules in Indian companies Act, 2013. Under section 135 of the Companies Act “every company having a net worth of 500 crore or more or a turnover of Rs.1000 Crore or more or net profit Rs.5 Crore or more during any financial year has to spend at least 2% of its averagenet profit made during the three immediately preceding financial years on CSR activities.” In this back drop researcher has made a comparative investigation on CSR practices and its impact on profitability of Public and Private sector companies of Odisha.

## REVIEW OF LITERATURE

Literature review is called readymade and comprehensive knowledge of a particular topic that provides solid background for the research work. In other words literature review assist to the researcher in finding out the research gap. In present research available literature have been collected and reviewed for obtaining research idea on CSR practices and its impact on profitability performance: A comparative analysis between selected public and private sector in Odisha. The literature review is presented under four heads:

### Literature Review Based on Concept of CSR

**Halina CHWISTECKA-DUDEK and Aleksandra KORENKIEWICZ (2021)** in their research article state that the context of CSR and the stakeholder theory is closely associated- CSR concept designing the development strategy for the achievement of interest of selected group of stakeholders. The concept of CSR is a process as part of which the corporate managetheir relations with stakeholder in order to generate value for firm. **Saini S. and Sihmar D. (2017)** in their research article reveals the corporate social responsibility status of the country with the help of various companies like Infosys, Tech. Mahindra and Reliance. **Kaur and Tandon (2017)** reveals that CSR is the component of business strategy for good governance and development of the society and its stakeholders. Their study examined the reasons for growth of CSR in India and to examine what are potential advantages of CSR to corporate sectors.

**A. Bansal (2016)** in her research article state that CSR is a contribution to sustainable development, implying the way a company balances its economic, environmental and social objectives while addressing stakeholder expectations and increasing shareholder value. **Lawrence S. and A. J. Peter (2016)** in their research article examined that productivity growth of textile industry in Tiruppur, Tamilnadu. India's contribution towards ethics and social responsibility with the parameters of consumer protection, labour, human rights, environment aspects, welfare of employees, developing the local communities, economic aspects .**A. Hussain (2015)** in his article reveals that to what extent newly introduced mandatory corporate social responsibility under Companies Act 2013 as a social responsible initiative to bridge the welfare gap in India. This article examined to what extent companies undertake CSR activities as per schedule VII under new Companies Act 2013.

### Literature Review Based on Corporate Social Responsibility Practices

**V. R. Kadam (2021)** in his research article explains the importance of corporate social responsibility in present global era. It shows a picture about the CSR focus area in which the large-scale companies are carrying out their activities more positively for the needs and welfare of society. **S. Sarkar & P. Chattarjee (2019)** in their research state that Companies Act 2013 has completely diverse the pattern of CSR. Researchers examined the trend in CSR practices among the BSE SENSEX companies during the post mandate period. The study has found that companies have given more effort towards building CSR culture within the organisation. **Singh (2016)** in his research article explained that corporate social responsibility practices in India. It was the analysis of CSR practices of private sector banks and result was disclosed that banks are showing better performance in the area of CSR activities. This study has given more focus on three aspects like people, planet and profit. **Madhubala (2013)** has exploring initiatives and practices of CSR in the context of selected Indian companies. This study reveals that corporate sector understood that CSR as a business strategy to grab profit and welfare of people in the society. **Harish N. (2012)** has investigated in his research that to what extent CSR contribution supplement to economy in reducing income inequality, evaluation of CSR practices and various approaches followed for CSR as corporate practice. This study also examines the pros and cons associated to the companies relating to CSR practices in India.

### Literature Review Based on Public and Private Sector

**Nurhalisa & Hernawati E. (2023)** has evaluated the effect of ownership structure and board of management to disclose the CSR practices of business entity, they concluded that corporate ownership has negative effect on CSR disclosure and board of management has no relation towards CSR disclosure of a business unit. A corporate ownership, board gender diversity has no effect as regard to CSR disclosure. **Sharma and Kundu (2014)** has been explored that CSR initiatives of selected public and private sector companies in India. The outcome of their research was that CSR practices and fund utilization by selected companies on the basis of parameter issued by Ministry of Corporate Affairs India (MCAI). This study revealed that both public and private sector companies have same proportionate role towards CSR initiatives **Bala (2014)** analysed on public and private sector companies and MNCs by applying factor analysis on CSR practices. Researcher found that there is no significant variation in the components of CSR practices between these corporate entities. **Reddy et al. (2017)** has conducted a research and found that selected Information Technology (IT)

companies prefer environmental sustainability to other area of CSR. Community development is the least preferable to these companies. **Sarkar, Chatterjee and Biswas (2019)** has analysed the CSR practices of leading private sector and public sector companies in India. They make a comparative analysis of CSR practices of both sectors and also compare the degree of overall compliance achieved by them.

**Srivastava V. & Srivastava R. (2019)** in their research article revealed that CSR practices undertaken by public and private sector companies in India. The outcome of their research primarily addressing the SDGs relating to health, education, work and economic growth, gender equality, water and sanitation and environmental issue. This study also indicates that private sector companies in India need to follow the CSR practices of public sector companies in India. There is a need to bridge the gap in resources allocation for CSR activities between public and private sector corporates.

### **Literature Review Based on CSR and Corporate Profitability**

**H.A Riyadh, M.A. Ai-shmam& J.I. Firdaus (2022)** Corporate Social Responsibility and GCG Disclosure on Firm value with profitability. The basic objective of their research study is to investigate the CSR and GCG's impact on value creation of the enterprise as well as impact of profitability position on strength & weakness of CSR practice and GCG. They observed that CSR practices and managerial ownership affected by the firm value.

**Susruth (2017)** studied the level of CSR initiatives taken by the Indian companies and its influence on the performance of the companies. Based on suitable statistical measures, he concluded that there exists a positive relationship between CSR and firm performance. **Sawant and Patil (2017)** concluded that actual CSR expenditure differs significantly from the mandated 2% for the sample companies over the sample period. Industries such as Pharma, Auto, Oil and Gas, FMCG and Chemical are the major defaulters. **Mitra et al. (2015)**, based on an in depth factor analysis on select companies opined that CSR has a significant positive association with firm performance **Bansal and Rai (2014)** found that there was remarkable increase in CSR spending over the years by corporate firms even before the mandate. However, CSR spending pattern was largely different across industries.

### **RESEARCH GAP**

After careful and thorough investigation of existing literature, researcher observed some fuel to make his research.

- All the studies on CSR based on International and National level.
- None of the studies have undertaken at state level particularly in Odisha.
- Not a single study has attempted to analyse the CSR activities as specified in schedule VII under new Companies Act.
- Comparative analysis between Public and Private sector companies on CSR practices in Odisha is almost intangible.

Keeping the above research gap in mind, the researcher has decided to make a research on the topic “Corporate Social responsibility practices and its impact on profitability: A comparative analysis between Public and Private sector companies in Odisha.

## **STATEMENT OF THE PROBLEM**

Corporate-Social Responsibility Practices for corporate sector were voluntary till introduction of new Companies Act. Now CSR is mandatory with effect from the FY 1<sup>st</sup> April 2014 for specific companies who come under the criteria under sub-section 1 of section 135 to comply with the provisions relevant to corporate social responsibility. Above section notified that companies with net worth of rupees five hundred crores or more, or net profit of rupees five crores or more shall spend at least 2% of their average net profits during the three immediately preceding financial year towards CSR expenditure under various activities covered under schedule VII of Companies Act. Researcher aims to investigate that to what extent both Public and Private sector companies in Odisha are meeting their obligations towards CSR activities specified under schedule VII as per new Companies Act, 2013.

Researcher has formulated following questions to give the real shape in his research.

- I. To what extent the CSR practices are undertaken by Public and Private sector companies in Odisha.
- II. To access what is the impact of CSR Practices on Profitability of the business.

## **RELEVANCE OF THE STUDY**

Corporate Social Responsibility is a vibrant subject in present context in developing economy. Business organisations are part of society and they have positive attitude towards the need of society. So every corporate sector duty and responsibility is to protect and improve the welfare of society as a whole along with its own interest (Shrivatsava 1995). CSR is a practice whereby concerns provide an importance to society, stakeholder, customers, employees, shareholders, communities and the environment. The concept is well-timed and important in

this new millennium, as firms attempt to be seen as being “sustainable” or ‘socially responsible’ in nature due to the demands of target in stakeholder (Cornelius et al). The society plays vital role in the success of any organisation. Hence no organisation can sustain without satisfying the responsibility of the society. So study on CSR practice and profitability performance between public & private sector companies in Odisha is quite appropriate, relevant and contextual.

### OBJECTIVES OF THE STUDY

- To examine CSR practices undertaken by Public and Private sector companies in Odisha.
- To know amount of CSR spending by selected companies.
- To make comparative analysis of different CSR activities undertaken by corporate sectors in Odisha.

### HYPOTHESIS OF THE STUDY

*I. H<sub>0</sub>: There is no variation between CSR practices of Public and Private sector companies in Odisha.*

*II. H<sub>1</sub>: Both Public and Private sector companies given equal importance on CSR activities practices as contained in schedule VII of the Companies Act, 2013.*

### RESEARCH METHODOLOGY

**a. Selection of Sample:** Researcher has adopted Purposive sampling method for selecting corporate sectors who are involved in CSR obligations. There are twenty companies were selected for the study i.e. ten each from the Public sector and the Private sector whose commercial operation in state of Odisha. These companies included Power, Steel, Oil, Metal, Coal, Cement, Paper, Fertilizers etc.

Table- 1 List of Public and Private Sector Companies

Sl. no	Public Sector	Sector/Area	Sl. no	Private Sector	Sector/Area
1	Hindustan Aeronautics Ltd. (HAL)	Aerospace and Defence	1	ACC Ltd.	Cement
2	Indian Oil Corporation Ltd. (IOCL)	Oil & Gas	2	DALMIA CEMENT (BHARAT) Ltd.	Cement
3	Indian Rare Earth Ltd. (IREL)	Minerals Processing	3	ESSAR OIL Ltd.	Oil



4	Mineral & Metal Trading Corporation (MMTC)	Mineral Ores	4	Indian Farmers Fertiliser Co-operative Ltd. (IFFCO)	Fertilizer
5	Mahanadi Coalfields Ltd. (MCL)	Coal	5	Indian Metals Ferro Alloys Ltd. (IMFA)	Ferro Chrome
6	National Thermal Power Corporation (NTPC)	Power(Coal Based) operation	6	J.K. Paper Ltd.	Paper
7	National Aluminium Company Ltd. (NALCO)	Aluminium & Power	7	Jindal Steel & Power Ltd.	Steel & Power
8	Odisha Power Generation Corporation (OPGC)	Power	8	Paradeep Phosphates Ltd.	Fertilizer
9	Odisha Hydro Power Corporation (OHPC)	Power	9	TATA Steel	Steel
10	Voltas Ltd.	Electronic	10	Vedanta Ltd. (VEDL)	Aluminium

Source: prepared by the author from CSR Portal GOI (2023)

**b. Sources of Data Collection:** The investigation is based on secondary data. Data is collected from the annual reports and business responsibility reports published by the corporate bodies.

**c. Period of the Study:** The data has been examined for the one financial year i.e. 2021-22.

**d. Tools and techniques used for the study:** Appropriate statistical tools and techniques like mean, SD, Rank, T-test have been used.

## DATA ANALYSIS

Table-2 showing CSR Expenditure of the Public & Private sector companies

Sl. no	Public Sector	Avg. N/P (in crore)	CSR Exp. (in crore)	%	Sl. no	Pvt. Sector	Avg. N/P (in crore)	CSR Exp. (in crore)	%
1	HAL	3942.08	78.27	1.99	1	ACC	1771.98	35.95	2.03
2	IOCL	16157.05	298.29	1.85	2	DALMIA	502.43	8.55	1.7
3	IREL	242.25	4.22	1.74	3	ESSAR OIL	579.07	5.53	0.95
4	MMTC	23.48	0.028	0.12	4	IFFCO	260.53	2.53	0.97
5	MCL	9081.11	251.75	2.77	5	IMFA	87.60	1.76	2.00
6	NTPC	14089.80	356.72	2.53	6	J.K. Paper	600.25	10.44	1.74
7	NALCO	1429.87	36.91	2.58	7	Jindal Steel & Power	8243.42	125.1	1.51
8	OPGC	22.42	1.02	4.55	8	PPL	235.13	4.70	2.00
9	OHPC	640	12.8	2.00	9	TATA STEEL	13328.66	405.97	3.05
10	VOLTAS	654.76	12.94	1.98	10	Vedanta	1875	138.12	7.36
	Average			2.21		Average			2.33

Sources: Annual Reports of the Companies (2021-22)

Table-2 represents the CSR expenditure of the selected sectors operating in Odisha. From the analysis out of ten Public sector Companies only five companies i.e. OPGC, MCL, NALCO, NTPC and OHPC has making CSR expenditure more than statutory rate (2%) for the CSR activities. The another five public sector companies i.e. HAL, IOCL, IREL, MMTC and Voltas has making expenditure below the standard rate fixed by MCA- Govt. of India as per Companies Act, 2013. In case of Private sector companies, out of 10 companies only five has making CSR expenditure more than statutory rate for CSR activities than other five private companies. The average percentage of CSR spending of Private sector companies is 2.33% which is excess than public sector undertakings.

Table-3 Descriptive Statistics of CSR Expenditure of the Public and Private sector companies

Descriptive statistics	Public sector companies	Private sector companies
Minimum	0.12	0.95
Maximum	4.55	7.36
Range	4.43	6.41
Mean	2.21	2.33
Median	1.99	1.87
Standard Deviation	1.1	1.86
Variance	1.21	3.47
Standard Error of Mean	0.35	0.59
Skewness	0.38	2.60
Co-efficient of variation (cv)	49.77%	80.03%

Sources: Author Compiled from Annual reports of companies for FY (2021-22)

Table-3 reveals the descriptive statistics of CSR expenditure of the Public and Private sector companies operating in Odisha. The mean CSR expenditure of Private sector is 2.33 which is more than Public sector companies (2.21). Public sector variance and co-efficient was 1.21 and 49.77% is less than private sector companies. Hence, Public sector companies are more consistent and homogenous towards CSR expenditure than Private sector companies.

Table-4 Showing Budgeted CSR Expenditure and Actual CSR expenditure of Public and Private Sector Companies

Public Sector					Private Sector				
Sl. No		Budgeted exp. (A) (in crores)	Actual Exp. (B) (in crores)	Difference (A-B)	Sl. No		Budgeted exp. (A) (in crores)	Actual Exp. (B) (in crores)	Difference (A-B)
1	HAL	78.84	78.27	0.57	1	ACC	38.44	35.95	2.49
2	IOCL	323.14	298.29	24.85	2	DALMIA	10.05	8.55	1.50
3	IREL	4.84	4.22	0.432	3	ESSAR OIL	11.58	5.53	6.05
4	MMTC	0.46	0.028	-	4	IFFCO	5.21	2.52	2.69
5	MCL	181.62	251.76	-	5	IMFA	1.75	1.76	-
6	NTPC	281.80	356.72	-	6	J.K Paper	12.01	10.44	1.57

7	NALCO	28.6	36.91	-	7	Jindal Steel & Power	165.7	125.1	40.6
8	OPGC	0.45	1.02	-	8	PPL	4.7	4.7	-
9	OHPC	12.80	12.80	-	9	TATA Steel	266.57	405.97	-
10	Voltas	13.10	12.94	0.16	10	Vedanta	37.5	138.12	-

Source: Annual reports of companies (2021-22)

Table-4 showing budgeted and actual CSR expenditure incurred by Public and Private sector companies during the financial year 2021-22. Out of ten Public sector companies five companies i.e. MCL, NTPC, NALCO, OPGC and OHPC have expending excess CSR expenditure than other five Public sector companies i.e. HAL, IOCL, IREL, MMTC and Volatas. IOCL indicate highest variation (24.85) between budgeted and actual expenditure. In case of Private sector companies i.e. ACC, DALMIA, ESSAR OIL, IFFCO, J.K. Paper and Jindal Steel and Power has spending less expenditure than budgeted. The other Private sector companies i.e. IMFA, PPL, TATA Steel and Vedanta were spending excess amount of CSR expenditure than budgeted.

Table-5 CSR Activities undertaken by Public and Private Sector companies

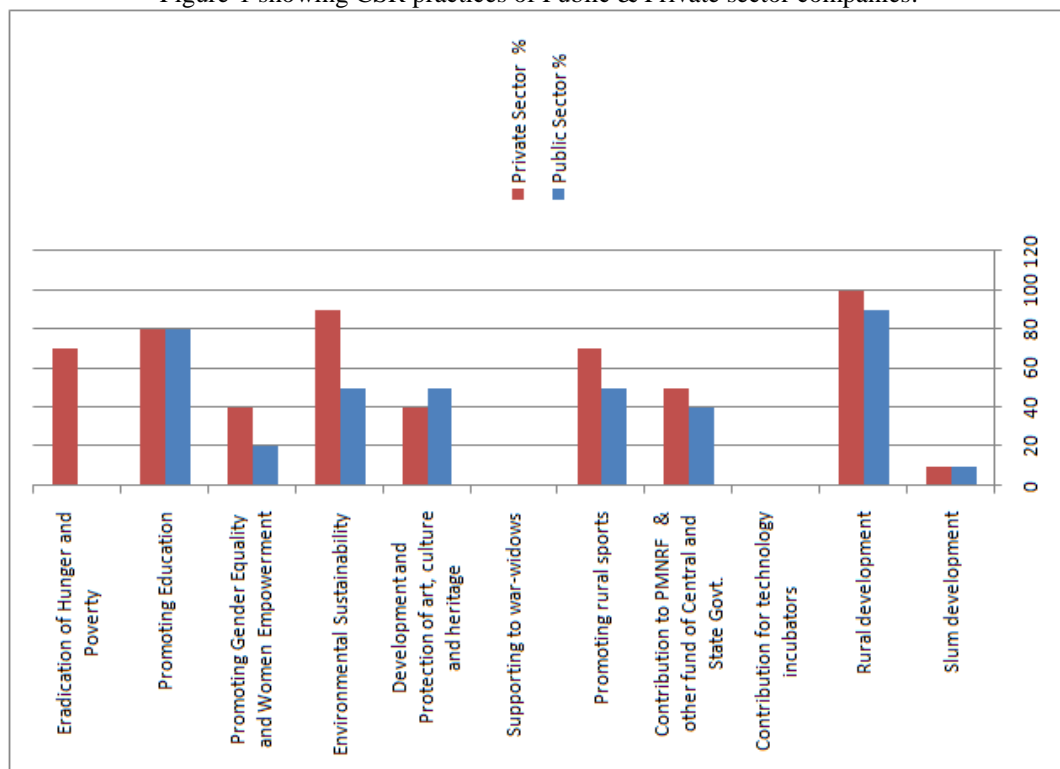
	Eradication of Hunger and Poverty	Promoting Education	Promoting Gender Equality and Women Empowerment	Environmental Sustainability	Development and Protection of art, culture and heritage	Supporting to war-widows	Promoting rural sports	Contribution to PMNRF & other fund of Central and State Govt.	Contribution for technology incubators	Rural development	Slum development
<b>Public Sector Companies</b>											
HAL	N	Y	N	N	Y	N	Y	N	N	Y	N
IOCL	N	N	N	Y	N	N	N	N	N	Y	N
IREL	N	N	N	Y	N	N	N	N	N	Y	N
MMTC	N	Y	N	N	Y	N	N	Y	N	Y	N
MCL	N	Y	N	Y	N	N	Y	N	N	Y	N
NTPC	N	Y	Y	N	N	N	Y	Y	N	Y	N
NALCO	N	Y	N	Y	N	N	Y	Y	N	Y	N
OPGC	N	Y	Y	Y	Y	N	Y	N	N	Y	N
OHPC	N	Y	N	N	Y	N	N	Y	N	N	N
Voltas	N	Y	N	N	Y	N	N	N	N	Y	Y
<b>Total</b>	<b>0</b>	<b>8</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>9</b>	<b>1</b>
<b>Pvt. Sector Companies</b>											
ACC	N	Y	N	Y	N	N	Y	N	N	Y	N
DALMIA	Y	N	N	Y	N	N	N	Y	N	Y	N
ESSAR OIL	Y	Y	N	Y	Y	N	Y	N	N	Y	N
IFFCO	Y	Y	Y	Y	N	N	N	Y	N	Y	N
IMFA	Y	Y	Y	Y	N	N	Y	Y	N	Y	N
J.K Paper	Y	N	N	Y	N	N	N	N	N	Y	N
Jindal Steel & Power	Y	Y	N	Y	Y	N	Y	N	N	Y	N
PPL	Y	Y	Y	Y	Y	N	Y	Y	N	Y	N

TATA Steel	N	Y	N	N	N	N	Y	Y	N	Y	N
Vedanta	N	Y	Y	Y	Y	N	Y	N	N	Y	Y
<b>Total</b>	<b>7</b>	<b>8</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>0</b>	<b>7</b>	<b>5</b>	<b>0</b>	<b>10</b>	<b>1</b>
Public Sector %	0	80	20	50	50	0	50	40	0	90	10
Private Sector %	70	80	40	90	40	0	70	50	0	100	10

Sources: Primary Survey (2021-22)

Table- 5 represents CSR Practices undertaken by Public and private sector companies as per schedule VII of Companies Act, 2013. Companies Act mandate 11 activities i.e. Eradication of hunger & poverty, promoting education, promoting gender equalities & women empowerment, Environmental sustainability, Development and protection of art, culture & heritage, supporting to war-widows, Promoting rural sports, contribution to Prime Minister's National Relief Fund and other fund set up by central and state govt., contribution to technology incubators, rural development and Slum development etc. Researcher assigned '1' for contributing in the CSR activities and '0' otherwise. It reveals that majority Public sector companies have been carrying out CSR activities for promotion of education and rural development which is followed by environmental sustainability, development of art, culture and heritage and rural sports. The private sector companies are extensively involvement in their CSR activities for rural development and environmental sustainability which is followed by education and rural sports. It also revealed that there is positive association (Co-efficient of correlation = 0.773) of CSR activities in between Public and private sector companies in Odisha.

Figure-1 showing CSR practices of Public & Private sector companies:



Source: Primary Source

Table-6 Number of Directors in the CSR Committee

Sl. no	Public Sector Companies	No	Sl. no	Private Sector Companies	No
1	HAL	6	1	ACC	4
2	IOCL	9	2	DALMIA	4
3	IREL	3	3	ESSAR OIL	4
4	MMTC	4	4	IFFCO	4
5	MCL	-	5	IMFA	5
6	NTPC	5	6	J.K. Paper	3
7	NALCO	5	7	Jindal Steel & Power	-
8	OPGC	3	8	PPL	3
9	OHPC	4	9	TATA STEEL	4
10	VOLTAS	4	10	Vedanta	5
	Average	4.12		Average	4.0

Source: Annual reports of Companies (2021-22)

Table-6 reveals the number of director in the CSR committee of Public and private sector companies. As per Companies Act 2013 it is mandatory that companies must form CSR committee to investigate and suggest the CSR policy and decide the CSR activities and also recommend the amount of expenditure to be spent on CSR activities. The main responsibility of CSR committee is to make CSR activities accountability and transparency for the legal requirement and creating good image and reputation.

Table-7 Descriptive Statistics of Number of directors in the CSR committee

Descriptive statistics	Public sector companies	Private sector companies
Minimum	3	3
Maximum	9	5
Range	6	2
Number	10	10
Sum	41.2	40
Mean	4.12	4.0
Median	4	4
Standard Deviation	1.85	0.70
Variance	3.44	0.5
Co-efficient of variance (cv)	45.04	17.67

Source: Author complied

Table-7 represents descriptive statistics of number of directors in the CSR committee on the above table, reveals that the average number of director in CSR committee is maximum in Public sector companies (4.12) as compared to Private sector companies (4.0). As per Companies Act there should be at least three directors appointed in the CSR committee in which at least one director shall be independent director. In Public sector company IOCL the maximum number of directors is 9 and Private sector company Vedanta is 5.

## FINDINGS OF THE STUDY

Corporate social responsibility in India is mandatory after introduction of new Companies Act, 2013. After careful investigation by the researcher, it is observed that

- Average CSR expenditure of Private sector companies is higher than Public sector companies operating in Odisha.
- Public Sector companies are more stable and consistent towards CSR expenditure over the Private Sector companies.
- Private sector companies extremely accountable towards rural development over the Public sector companies.
- There is positive association of CSR practices among the companies as recommended in Schedule VII of Companies Act, 2013.
- Budgeted and Actual CSR expenditure variance found from the both sector of companies.
- Slum development and supporting to war-widows are the societal issues but not yet given any attention from the companies.

## SUGGESTIONS

CSR expenditure is a noble corporate strategy. Being business organisation uses resources of society should have positive attitude to contribute something in return for the betterment of society. Every sector companies should make CSR expenditure after careful investigation of social issue. As far as possible, both Public and private sector companies should spend CSR expenditure as statutory specified. It is advisable to govt. to impose penalty if these specified amount is not spent by corporate sector on CSR activities. Therefore every corporate sector should have slogan “Responsibility to society, Responsibility to organisation.”

## CONCLUSION

Corporate Social Responsibility is now mandatory in India for all sector of companies irrespective of the nature of ownership. The non-compliance of CSR activities will not legally punishable but will cause loss of reputational worth of the company. Researcher in his investigation make a comparative analysis of 10 each Public and private sector companies operating commercial activities in Odisha for evaluating CSR practices of them and impact on profitability. It is observed that both sector CSR practices varies each other. For Private sector companies, CSR practices has found quite high over the public sector companies in majority



cases. Hence, CSR practices and its impact on profitability has no uniformity among both sector companies in Odisha to make the state vibrant.

### LIMITATIONS OF THE STUDY

The short-coming of this research study is that it is based on secondary data. The sample design consists of only 20 companies (10 from Public sector and 10 from Private sector) operating in Odisha state. The study carried out only one year data (2021-22) on CSR practices and its impact on profitability.

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