

Sports As an Initiative Under Corporate Social Responsibility Provision: An Analytical Study of Selected Indian Companies.

*Swarna Chourasia

**P.K. Gupta

Abstract:

The vision of any country lies in the hands of their youths. If these youths are not given an opportunity to exercise their talents it will be a great wastage of human resources. They have ability to create their identity and move forward. However, they will not be able to do so without the support of their government.

Indian government introduced the Corporate Social Responsibility (CSR) **clause 135** of the Companies Act, 2013 for sustainable development of society. CSR provision encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. When these corporate share a little of their prosperity for the development of country in form of providing education, food, healthcare, skill development, sport etc. this helps in overall development of country and simultaneously improvement in the future employability. The purpose of this research to analyzed the initiative taken by the Indian companies' in field of sport under the provision of Corporate Social Responsibility (Sec 135) of The Companies Act 2013. Study was carried out on a 100 Indian companies (50 from public sector and 50 from private sector and secondary data obtained from their Website, Annual report, CSR policy, CSR report, etc. of three consecutive financial years (FY 2014-15, 2015-16 and 2016-17). Four related Hypotheses were developed and subjected to statistical analysis, using the Chi-square statistical method and simple mathematical operations. Results obtained reveal that the selected Indian companies are directly engaged in CSR activities mostly in the area of Rural Development, Education (Specially Girl child), Healthcare, and sanitation and skill development. But In area of sport contribution is negligible. It was observed from the data analysis that there is inadequately improvement in the annual spending of the CSR budget on sports activity. Out of the 2% of the CSR fund, the companies are spending around 1% of the total CSR budget on sports. Moreover, it is also found that the inclination of public sector towards CSR funding in sports sector is more compared to the private sector. However, it is still a long distance to cover for both the sector to increase investment in the sports sector. The paper suggested a more pragmatic approach toward social responsibility compliance among business organizations in India. Spending only on sanitation, health and education did not meet the expected result for which government introduce the CSR provision in the companies Act 2013. If corporate share a little of their prosperity for the development sports person also, it will help them to improve their overall personality and simultaneously improves the future prospects in terms of employability.

Key words: Corporate social responsibility, The Companies Act 2013, sport development, sport.

Introduction

The vision of any country lies in the hands of their youths; they are filled with tremendous and towering ambitions. If these youths are not given an opportunity to exercise their talent it will be a great wastage of human resources. They have ability to create their identity and move forward. However, they will not be

able to do so without the support of their government. For this In India, the concept of Corporate Social Responsibility is governed by **clause 135** of the Companies Act, 2013. CSR provision encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities .When these corporate share a little of their prosperity for the development of youth in form of providing education, food, healthcare, skill development and in sport. Their overall personality improves and simultaneously improves the future prospects in terms of employability.

Sports includes all forms of competitive physical activity or games which, through casual or organized participation, aim to use, maintain or improve physical ability and skills while providing enjoyment to participants, and in some cases, entertainment for spectators.India sure punches well below its weight when it comes to sports. At every Olympic Games, rivals China and Russia walk away with multiple gold medals. For fans in India—one of the world's most populous nations and fastest growing economies—the event is an exercise in despair. High poverty levels aren't a sufficient reason either, seeing as other countries with low levels of per-capita income, such as Kenya and Jamaica, consistently fare better, he added. Indeed, education tends be the highest priority for the average Indian household instead of extra-curricular activities such as sports. A popular Hindi saying roughly translates to "if you study hard you will live like a king but if you play sports you will ruin your life." Today sport emerges as an important component of Socio-economic development of a country. The active participation in sports improves community health and productivity, reduces medical expenses, imbibes discipline in character, generates great leaders, and enhances social cohesion. The execution of a mega sporting event helps in developing infrastructure, generates employment, secure inflow of foreign capital, generates players and athletes, and thus contributes significantly to the economic development of a country. Therefore, it can be said that the impact of sports on economy and society is multi-dimensional. If we take a quick glance to any sport organization website reveals that most teams, leagues, and organizations participate in some form of societal and community outreach. Whether in the form of community improvements, employee/player volunteerism, or educational initiatives designed to target the team's locale, most organizations identify the need to embrace some form of socially responsible behavior.

What is CSR?

CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. "Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Applicability of CSR

The requirement will apply to any company that is incorporated in India, whether it is domestic or a subsidiary of a foreign company. Companies are subject to the CSR requirements if they have, for any financial year:

- Net worth of at least Rs. 5 billion (approximately U.S.\$80 million);
- Turnover of at least Rs. 10 billion (approximately U.S.\$160 million); or
- Net profits of at least Rs. 50 million (approximately U.S. [\$800,000) during any of the previous three financial years.

Qualifying CSR Activities

- Schedule VII of the Companies Act, 2013 provides for list of activities which may be included by companies in their CSR Policies: Activities relating to
- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement project.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- **Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports**
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste and, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- Rural development projects.

Literature Review

There have been many studies carried out related to CSR practices and evaluation. But there are very few papers published which focus on the area of development of sport through CSR activities. Some of the researcher Variety of research studies were accessed most of which were found to use qualitative research methods in their studies.

Hans M. Westerbeek & Aaron Smith (2007): Researcher present paper on topic "Sport as a vehicle for deploying corporate social responsibility" shows, how the Corporate managers and sport managers alike can enhance the economic prospects of their organizations and maximize the social benefits that they deliver to society by better harnessing the power of sport to deliver on social and community objectives.

Geoff Walters and Richard Tacon (2010): Studied on "Corporate Social Responsibility In Sport: Stakeholder Management In The UK Football Industry" which demonstrates how CSR can be implemented by sport organizations through stakeholder management strategies and CSR can inform both theoretical debates and management practice within sport organizations. The analysis of the interview data

illustrates ways in which CSR can be implemented by sport organizations through stakeholder management strategies.

P. Athanasopoulou, J. Douvis, and V. Kyriakis(2011): Corporate social responsibility (CSR) in sports: antecedents and consequences. The purpose of this research is to identify the types of CSR initiatives employed by sports organizations; their antecedents, and their consequences for the company and society. Mostly researcher conducted their research on how sport organization implemented CSR activities in their organization. In the context of India, CSR studies in sports sector development were few and limited.

Dr. Awadhesh Kumar Shirotriya conducted the research on “Corporate Social Responsibility: A Sustainable Approach for the Sports Development” The purpose of the researcher was to identify the types of CSR initiatives employed by Indian organizations for the sustainable development in field of sports. Researcher studied only 10 known and famous company of India .which I found as a limitation of study. Researcher found in his research that no single agency can bring the positive changes unless collective efforts are made for the common goal.

BrankaJajić andJelenaJajić(2011):Researchers studied the development of Corporate Social Responsibility in companies and enterprises in Serbia, especially in the function of sport and comparative overview of the situation in the region.Documentary research purpose to define the concept of corporate social responsibility, its importance in sport and to conceptualize its value based on some striking case studies carried out successfully by sport related bodies.

Research Objective

The study has been geared towards achieving the following objectives:

1. To examine the significance CSR provisions in the substantial development in sport sector.
2. To disseminate information about the public and private sector companies, how they engage themselves in attaining the substantial development in sport sector and
3. To find out the contribution of Indian companies from their CSR amount for the substantial development of sports sector.

Research Question

India sure punches well below its weight when it comes to sports. Researcher wanted to know, what was the impact of CSR provision (Clause 135) of the Company Act 2013 in contribution of CSR amount in three consecutive financial years 2014-15, 2015-16 and 2016-17 for substantial development of sport?

Research Hypothesis

After review of literature, four related Hypotheses were developed.

Ho₁: There is significant impact of CSR provision (clause 135) in contribution of CSR amount in three consecutive financial years for the development of sport.

Ha₁: There is no significant impact of CSR provision (clause 135) in contribution of CSR amount in three consecutive financial years for the development of sport.

Ho₂: In the three consecutive financial years (FY2014-15, 2015-16 and 2016-17) there are no differences between public and private sector in contribution of CSR amount in sport sector.

Ha₂: In the three financial years (FY2014-15, 2015-16 and 2016-17) there are differences between public and private sector in contribution of CSR amount in sport sector.

Research Methodology

Research Design: This descriptive research purpose to analyze the initiative taken by the Indian companies' in field of sport under the provision of Corporate Social Responsibility (Sec 135) of The Companies Act 2013. Through by testing formulated hypothesis.

Sample: Study was carried out randomly selected sample of 100 Indian companies (50 from public sector and 50 from private sector).

Data Collection: Analysis done on Secondary data obtained from their Website, Annual report, CSR policy, CSR report, etc. of three consecutive financial years (FY 2014-15, FY 15-16 and FY 16-17).

Statistical Tool: Four related Hypotheses were developed and subjected to statistical analysis, using Chi-square statistical method and simple mathematics calculation.

Data Analysis And Intrepretation

Hypothesis Testing

Ho₁: There is significant impact of CSR provision (clause 135) in contribution of CSR amount in three consecutive financial years for the development of sport.

H₁: There is no significant impact of CSR provision (clause 135) in contribution of CSR amount in three consecutive financial years for the development of sport.

Result:

- **FY 2014-15:** After Chi-square statistical analysis done, it is found that $\chi^2=21.16 > \text{Critical Value}=3.8415$ at Significance Level $\alpha=.05$ and Degree of freedom=1. Hence, Null Hypothesis **Ho rejected** and alternative hypothesis accepted. Therefore there is no significant impact of CSR provision (clause 135) in contribution of CSR amount in financial year 2014-15 for the development of sport.
- **FY 2015-16:** After Chi-square statistical analysis done, it is found that $\chi^2=10.24 > \text{Critical Value}=3.8415$ at Significance Level $\alpha=.05$ and Degree of freedom=1. Hence, Null Hypothesis **Ho rejected** and alternative hypothesis accepted. Therefore there is no significant impact of CSR provision (clause 135) in contribution of CSR amount in financial year 2015-16 for the development of sport.
- **FY 2016-17:** After Chi-square statistical analysis done, it is found that $\chi^2=12.96 > \text{Critical Value}=3.8415$ at Significance Level $\alpha=.05$ and Degree of freedom=1. Hence, Null Hypothesis **Ho rejected** and alternative hypothesis accepted. Therefore there is no significant impact of CSR provision (clause 135) in contribution of CSR amount in financial year 2016-17 for the development of sport.

Ho₂: In the three consecutive financial years (FY2014-15, 15-16 and 16-17) there are no differences between public and private sector in contribution of CSR amount in sport sector.

H₂: In the three financial years (FY2014-15, 15-16 and 16-17) there are differences between public and private sector in contribution of CSR amount in sport sector.

Results:

- **FY 2014-15:** After Chi –square statistical analysis done, it is found that $\chi^2=66.68 > \text{Critical Value}=3.8415$ at Significance Level $\alpha=.05$ and Degree of freedom=1.Hence,**Null Hypothesis Ho rejected** and alternative hypothesis accepted. Therefore There is no significant impact of CSR provision (clause 135) in contribution of CSR amount in financial year 2014-15 for development in sport.
- **FY 2015-16:** After Chi –square statistical analysis done, it is found that $\chi^2=64.58 > \text{Critical Value}=3.8415$ at Significance Level $\alpha=.05$ and Degree of freedom=1.Hence,**Null Hypothesis Ho rejected** and alternative hypothesis accepted. Therefore there is no significant impact of CSR provision (clause 135) in contribution of CSR amount in financial year 2015-16 for development in sport.
- **FY 2016-17:** After Chi –square statistical analysis done, it is found that $\chi^2=60.57 > \text{Critical Value}=3.8415$ at Significance Level $\alpha=.05$ and Degree of freedom=1.Hence, **Null Hypothesis Ho rejected** and alternative hypothesis accepted. Therefore There is no significant impact of CSR provision (clause 135) in contribution of CSR amount in financial year 2016-17 for development in sport

Intrepretation

- ❖ Results obtained reveal that the selected Indian companies are directly engaged in CSR activities mostly in the area of Rural Development, Education (Specially Girl child), Healthcare, and sanitation and skill development. But In area of sport contribution is negligible.
- ❖ It was observed from the data analysis that there is inadequately improvement in the annual spending of the CSR budget on sports activity. Out of the 2% of the CSR fund, the companies are spending around 1% of the total CSR budget on sports.
- ❖ Moreover, it is also found that the inclination of public sector towards CSR funding in sports sector is more compared to the private sector.

Table 1:Selected Indian Companies spend their CSR amount in the field of sport. (Rs)

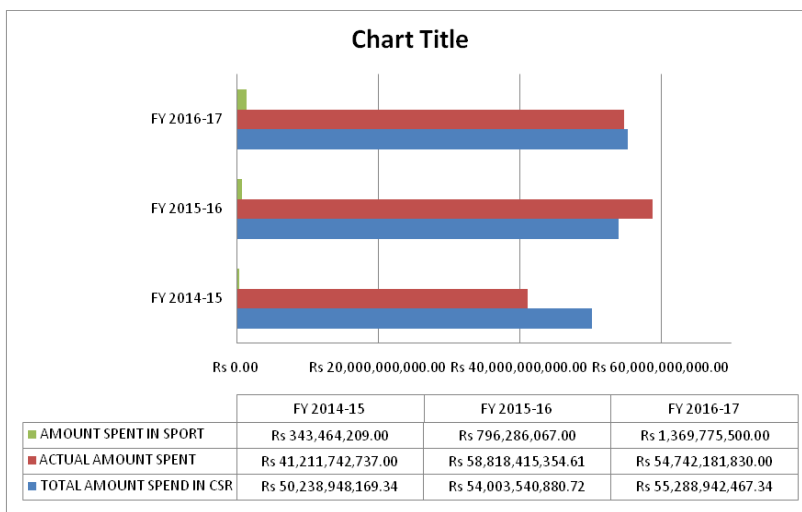


Table 2:In Financial Year 2014-15 numbers of selected Indian Companies spend their CSR amount in the field of sport.

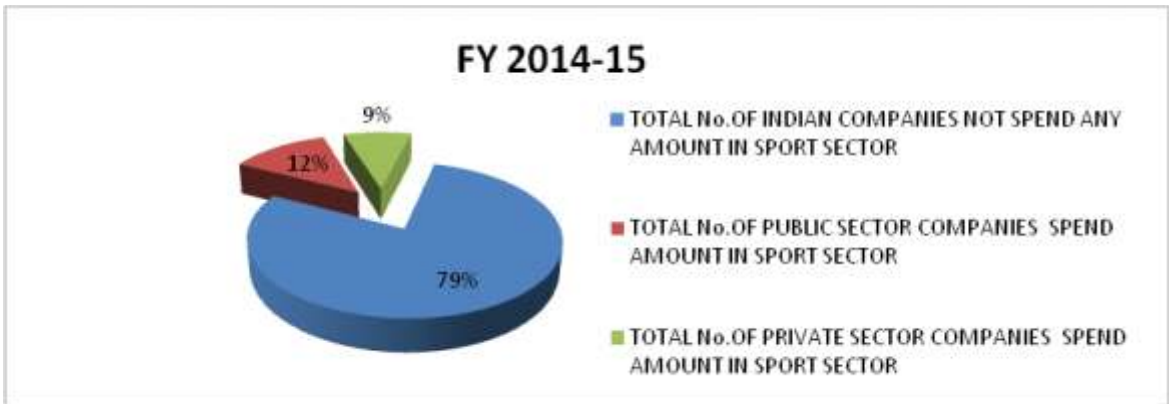


Table 3:In Financial Year 2015-16 numbers of selected Indian Companies spend their CSR amount in the field of sport.

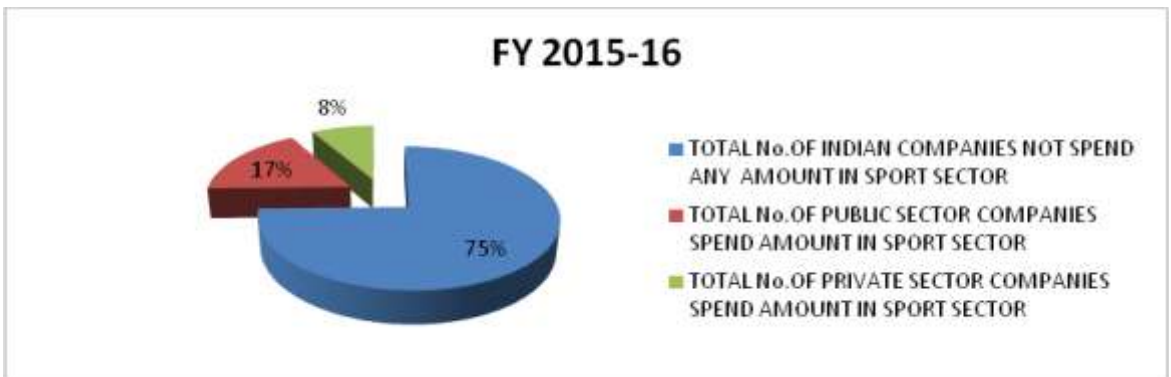
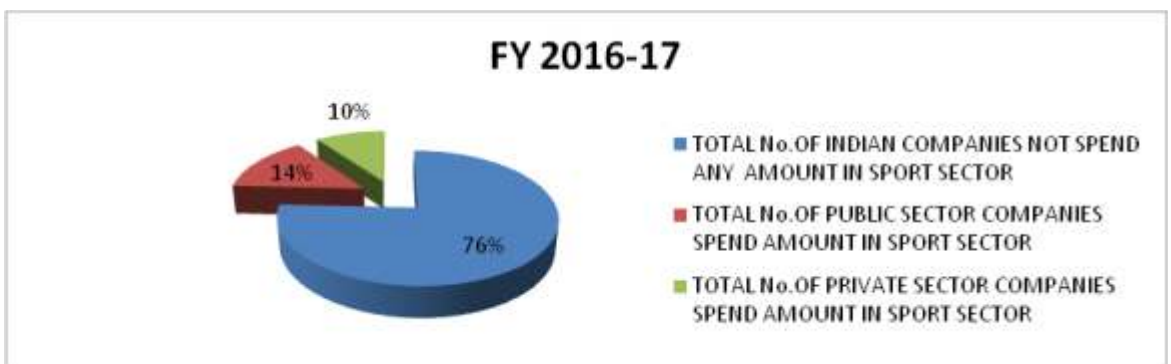


Table 4:In Financial Year 2016-17 numbers of selected Indian Companies spend their CSR amount in the field of sport.



Recommendation

Government of India take a good start toward Social welfare by introducing CSR Clause 135 in companies Act 2013, but result of this descriptive research show that still government and companies should need to modified CSR clause,the study shows that Indian companies whose major contribution to GDP are not follow the guidelines as per CSR Clause 135 mentioned in companies Act 2013. Following suggestion may be considered to make CSR Clause 135 of Companies Act as meaningful

- In the line of SEBI mandate, MCA should mandate all companies coming under the purview of section 135 to develop specific policies on ethical business practices, respect for human rights, fair sourcing and environmental responsibility and report their adherence to same, any violation of which should be appropriately punishable.
- Prime Minister's National Relief Fund should be excluded from the list of funds eligible for CSR donations. Donations to any such funds set up by central of state Government should be limited to 20-25% of the total CSR funds earmarked for a financial year.
- At least 50 per cent of the CSR funds should be channelized to work through local development organizations not created by the company to implement activities planned.
- At least 60 % of CSR funds should be invested in projects aiming at bringing long term sustainable socio-economic changes. This will ensure that CSR activities should not remain activity/ event based but rather on a long term change perspective of social justice and social development.
- Spending only on sanitation, health and education did not meet the expected result for which government introduce the CSR provision in the companies Act 2013. If corporate share a little of their prosperity for the development sportsperson also, it will help them to improve their overall personality and simultaneously improves the future prospects in terms of employability

Conclusion

Introduction of CSR provision in the Companies Act 2013 in India is a welcome step; it will certainly engage companies to seriously contemplate social responsibility. Research shows that still there is a need for better CSR activities by the Indian companies, which is possible by adding more and more social development issues link with corporate sector. Sports can regard the corporate social responsibility in both active and passive ways. Passively, it means that for instance local amateur clubs are financially helped by local firms. It can also be that a firm supports sport activities of a school or of an institute which takes care of mentally disabled people. Actively, some famous sportsmen can support a cause either financially or by helping its promotion. We argue that sport offers a bridge across social and economic gaps, an opportunity to improve the quality of life, and a stimulus to encourage large and profitable businesses to share a little of their prosperity. The analysis shows that, these Indian Companies are making efforts for the implementation of CSR, but are restricted within certain fields. There is a need for better CSR activities by the Indian companies, which is possible by adding more and more social development issues link with corporate sector

References

- Asocio(June 2004), Policy Paper on Corporate Social Responsibility
- Athanasopoulou P, Douvis J, And Kyriakis V (2011) ,“Corporate social responsibility (CSR) in sports: antecedents and consequences” African Journal of Hospitality, Tourism and Leisure Vol. 1 (4) - (2011) ISSN: 2223-814X

- Carroll, A. B. (1999) ,“Corporate social responsibility evolutions of a definitional construct” Business & society, 38(3), 268-295.
- Chandran Nyshka(2016), “Why Is India So Bad At Sport?” An Article Available At <https://www.cnbc.com/2016/08/19/lack-of-sporting-culture-institutional-support-and-inequality-blamed-for-indias-poor-olympic-record.html>
- C.S Nitin Kumar (2014), “A Study of CSR Rules under Companies Act 2013”, Volume 2, and Issue5 May 2014
- FilizozBerrin and FisneMucahit,(2011), “Corporate Social Responsibility: A Study of Striking
- Corporate Social Responsibility Practices in Sport Management” Procedia Social and Behavioral Sciences 24 (2011) 1405–1417
- Global Reporting Initiative Guidelines, Available At: <Http://Www.Globalreporting.Org/Home> (Accessed 28 January 2009).
- Hazka Jan Proc (2014),“Corporate Social Responsibility and Sport: Some Examples from Football” Ceskakinantropologie 2014, vol. 18, no. 3, p. 9 –
- IbrahimaHafedhandAlmarshed O Sultan, “Sporting Event asa Corporate Social Responsibility Strategy” Selection and/or Peer-Review under Responsibility of Symbiosis Institute Of Management Studies.DOI: 10.1016/S2212-5671(14)00170-1
- JajicBranka AndJajicJelena(2015),“Corporate Social Responsibility And Sport” JEL classification: L83, M14
- Shirotriya, A. K. (2015), “Corporate Social Responsibility: A Sustainable Approach for the SportsDevelopment”, International Research Journal of Physical Education and Sports Sciences (Online), 1 (2).
- Walters Geoff and TaconRichard (September 1 2010), “Corporate Social Responsibility in Sport: Stakeholder Management in the UK Football Industry” Journal of Management and Organization
- Weems Anthony J, Garner Justin R, Oshiro Kristi, AndSingerJohn N (2011), “Corporate Social Responsibility: Considerations for SportManagement in the Age of Neoliberalism”International Journal of Exercise Science 10(6): 900-914, 2017
- Westerbeek Hans M&SmithAaron (2007), “Sport As A Vehicle For Deploying Corporate Social Responsibility”Journal of Corporate Citizenship, Volume 2007, Number 25, March 2007