



Corporate Social Responsibility of Tata Consultancy Services (TCS)

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INTRODUCTION

Corporate Social Responsibility (CSR) describes a business practice that integrates environmental and social concerns into an organization's operations and interactions with its stakeholders (Feng et al., 2021; Costa & Fonseca, 2022; Majer, 2019).

The concept of corporate social responsibility (CSR) and regulations in India.

Evaluate the influence of CSR on TCS's financial performance based on PROFIT AFTER TAX, RETURN ON EQUITY, and RETURN ON ASSET.

Tata Consultant Services, abbreviated as TCS, is one company that provides IT and consultancy services (TCS, n.d). The company is headquartered in Mumbai, India. It was formed as part of the Tata Group in 1968 (Tata, n.d). Tata Group presides itself as one of India's largest and oldest conglomerates. TCS is available in forty-six countries and provides industry services to customers (TCS, n.d). The company offers IT services such as cybersecurity, cloud services, system integration, software development, etc. It provides consulting services to assist businesses in enhancing efficiency, rationalizing operations, and implementing digital transformation strategies (Tata, n.d).



OBJECTIVES

- ❑ To research the corporate social responsibility (CSR) regulations in India
- ❑ Understand TCS's corporate social responsibility concept comprehensively and examine diverse CSR initiatives undertaken by TCS.
- ❑ Evaluate the influence of CSR on TCS's financial performance.

LITERATURE REVIEW

The literature review encompasses a selection of scholarly works from esteemed national and international journals, doctoral theses, reference books, and related sources. These sources collectively address a spectrum of topics within the realm of Corporate Social Responsibility (CSR), providing a robust foundation for the study's exploration of CSR regulations in India and the evaluation of TCS's CSR initiatives.

RESEARCH QUESTIONS

- ❑ What are the key components and compliance requirements of corporate social responsibility (CSR) regulations mandated for businesses in India?
- ❑ How comprehensively is Tata Consultancy Services (TCS) conceptualizing and implementing its Corporate Social Responsibility (CSR) initiatives?
- ❑ To what extent does CSR influence TCS's financial performance, particularly in terms of profit after tax, ROE AND ROA? Can a discernible relationship be established between CSR activities and financial outcomes for TCS?

METHODOLOGY

The thesis will have two parts. The first part will be theoretical, where we will investigate the key theoretical aspects related to corporate social responsibility. The second part is research design which is correlation quantitative to determine the association between the CSR initiatives, Indian CSR regulations, and financial performance indicators of TCS. This consists of research design, sampling and data collection techniques, and target population (TCS's financial report). Furthermore, it comprises sample size and data analysis approaches.

Research Time Frame: 2010 to 2022

METHODOLOGY

The financial performance indicators were the dependent variables. On the other hand, CSR initiatives or CSR regulations adherence were the independent variables. The number of beneficiaries of the selected CSR initiatives (IMF and YEP) of TCS was used to measure CSR programs. Additionally, CSR regulations adherence was determined based on percentage according to their impacts in specific years. FP's two indicators (ROA and ROE) are presented in ratio forms, while PAT is in crores.

METHODOLOGY

Probability sampling technique is used (systematic sampling), in which financial annual reports (target population) were selected at regular intervals of $(N/n=10/5=2)$, where N is the number of the target population, and n is the sample size). So, the financial report was chosen between 2010 and 2023 at intervals of two years, between 1(2010-2023) and K th (2010-2011). Based on this calculation, annual financial reports from these years (2010-2011, 2013-2014, 2016-2017, 2019-2020, and 2022-2023). Furthermore, data was collected using an archival data collection technique, in which the data of interest was obtained from existing annual financial reports of Tata Consultancy between 2010 and 2023. These annual financial reports were retrieved from Tata Consultancy Services Website.

METHODOLOGY

Data Analysis: After retrieving data from TCS' website, the number of CSR beneficiaries, financial performance indicators, and CSR regulations adherence were appropriately organized in Excel, ready for analysis using SPSS.

Correlation and multiple regression analysis were used to determine if there was a relationship between CSR initiatives and financial performance.

METHODOLOGY

$$PAT = \beta_0 + \beta_1 IMF + \beta_2 YEP + \beta_3 CSRRA + \varepsilon$$

Equation 3

$$ROA = \beta_0 + \beta_1 IMF + \beta_2 YEP + \beta_3 CSRRA + \varepsilon$$

Equation 4

$$ROE = \beta_0 + \beta_1 IMF + \beta_2 YEP + \beta_3 CSRRA + \varepsilon$$

Equation 5

In these equations, ε defines the error term, β_0 , β_1 , β_2 , and β_3 are the coefficients representing changes in dependent variables (PAT, ROA, and ROE) for one-unit differences in independent variables (IMF, YEP, and CSRRA).

HYPOTHESIS

Ho

□ Ho = There is a positive relationship between CSR activities undertaken by TCS and government CSR regulations on its financial performance.

H_A

□ H_A = There is a negative correlation between CSR activities undertaken by TCS and government CSR regulations on its financial performance.

SELECTED CHAPTER:

TCS's CSR Initiatives

- "The initiatives outlined exemplify Tata Consultancy Services' (TCS) comprehensive approach to corporate social responsibility, encompassing technological innovation, education and skill development, community engagement, environmental sustainability, and ethical business practices. TCS is committed to creating a positive impact on society and the environment while delivering top-tier IT and consulting services worldwide."

SELECTED CHAPTER

CSR in INDIA

In India, laws and regulations promoting corporate social responsibility were established as early as the 1900s (Mitra, 2019). This is when the history of CSR regulations began. However, CSR guidelines were not made mandatory for some Indian companies until the Companies Act of 2013. This law signaled a dramatic change in the nation's approach to corporate social responsibility, making it more formalized and regulated. This law required businesses that met specific financial requirements to set aside at least 2% of their average net profit for corporate social responsibility (CSR) initiatives. The law came into effect on April 1, 2014. India became the first nation to require CSR through a statutory provision, so this was a historic moment in the country's



SELECTED CHAPTER

TCS's CSR Initiatives

- **go Innovate Together**
- **Literacy as a Service**
- **Ignite My Future**
- **Youth Employment Program**
- **BridgelIT**



RESULTS

The correlation analysis established a solid and moderate positive relationship between CSR initiatives and financial performance. Two of the CSR initiative indicators (PAT and ROA) showed a strong positive relationship with all CSR initiative indicators (YEP, IMF, and CSRRA). However, ROE revealed moderate and strong positive correlations with CSR initiatives (IMF and YEP) and CSRRA, respectively.

On the other hand, multiple regression analyses revealed mixed findings (positive and negative relationship between the variables). For instance, there was a positive relationship between PAT and CSR initiatives except YEP. For one unit change in IMF, there is an increase of 23.879 and an increase of 67612.352 of CSRRA in profit after tax (PAT). Moreover, for a one-unit change in YEP, there is a decrease of 17.089 in PAT. However, ROA has a positive association only with IMF. Return on equity showed a positive association between IMF and but a negative correlation with IMF and CSRRA.

CONCLUSIONS

The present research assessed the CSR practices in India and the impacts of CSR initiatives on the financial performance of TCS. As a result, the study scrutinized the CSR Act 2013 in India, also known as the Companies Act 2013, significantly impacted corporate social responsibility practices in India. It mandated companies to allocate a portion of their profits to CSR activities, leading to increased investment in education, healthcare, and environmental sustainability. The Act also encouraged transparency in CSR initiatives and active community engagement, resulting in a proactive approach to social and environmental issues. This has fostered a culture of responsible business practices, contributing to the nation's overall development.

CONCLUSIONS

The correlation analysis established a solid and moderate positive relationship between CSR initiatives and financial performance.

Multiple regression analyses revealed mixed findings (positive and negative relationship between the variables). There was a positive relationship between PAT and CSR initiatives except YEP. However, ROA has a positive association only with IMF. Return on equity showed a positive association between IMF and but a negative correlation with IMF and CSRRA.

CONCLUSIONS

The study examined the correlation between TCS's CSR initiatives and its financial performance, finding positive associations. However, multiple regression analyses revealed mixed results, highlighting the need for further research to understand the nuances of the relationship between CSR and financial performance.

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