



# EMPIRICAL STUDY ON CSR ACTIVITIES OF SHANTHI GEARS LIMITED, COIMBATORE

**K.Yugashniprabha<sup>1</sup>**

M.Com CA,

**S.Karpagalakshmi<sup>2</sup>**

*Assistant Professor in Commerce with CA, Dr.SNS Rajalakshmi College of Arts and Science (Autonomous), Coimbatore, T.N, India*

## ABSTRACT

*Corporate social responsibility entails social and moral responsibility of the businesses towards community and planet at large. Corporate Social Responsibility or CSR of a corporation means obligation to act in a manner, which will serve the best interests of the society and which leads in the direction of positive contributions to human betterment. This study analyzes about the CSR policy of the organization and its impact on the society and whether the CSR Policy of the Shanthi Gears limited fulfills the real needs of the public in a particular region. The study is an empirical study with 50 respondents as a sample size collected using random sampling method to analyze the data with chi square, percentage analysis as statistical tools for analysis. The study concluded that there is a significant relationship between the CSR policies of the Shanthi Gears Limited and the actual needs and necessities of the public in the particular region and there is insignificant relationship between the brand image of the Shanthi Gears Ltd and the social development CSR activities performed by the Shanthi Gears Ltd. The company offers CSR activities to the public for their benefit not for brand image of it. Finally the study concluded that Shanthi Gears Limited concentrates CSR activities for social development in Coimbatore city.*

**KEYWORDS:** *Chi-Square, Human betterment*

## 1. INTRODUCTION

Corporate social responsibility entails social and moral responsibility of the businesses towards community and planet at large. Corporate Social Responsibility or CSR of a corporation means obligation to act in a manner, which will serve the best interests of the society and which leads in the direction of positive contributions to human betterment. It means that they are not doing business merely for maximizing their profits or to make their shareholders happy. The CSR policy aims to promote Economic, Social, Environmental and Cultural growth of the public at large in an equitable and sustainable manner. The Goal of the Company is to protect and nourish the interests of all its stakeholders and contribute to

sustainable development. Ethics, Values and Transparency will underpin all its interactions within the area in which it operates. All its activities serve social aspirations & needs of the Country and these will be carried out with integrity, honesty, dignity and decorum.

## POLICY OF CSR

This policy will apply to all projects/programs undertaken as part the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices. The policy will maintain compliance and alignment with the activities listed in Schedule VII and Section

135 of the Companies Act 2013 and the rules framed there under.

### 1.1 OBJECTIVES OF THE STUDY

- To know how the Shanthi Gears Limited has fulfilled its responsibility towards all stakeholders, what specific activities, programs and strategies it has set, devised and implemented for the same.
- To analyze whether CSR activities provided by the organization fulfills the real need of the public.
- To assess the various social responsible key initiatives and services taken by Shanthi Gears Limited.
- To analyze whether social responsibility programs create a good brand image of Shanthi Gears Limited among public.

### 1.2 SCOPE OF THE STUDY

The purpose of the study deals with view to analyze the various factors of CSR policy in a Shanthi Gears Limited with a hypothetical factor whether the actual needs of the public in a particular area is fulfilled by the organizations CSR policy.

### 1.3 STATEMENT OF THE PROBLEM

In this competitive world the Company's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education, healthcare and environment as the core focus areas by CSR activities to reach the people easily and create a brand identity of their Organisation among the public. Hence every company is taking necessary steps to provide the CSR activities to the public which help for betterment and growth of the society. This study is pertaining to find out whether the CSR Policy of the Shanthi Gears Limited fulfills the real needs of the public in that particular region.

### 1.4 RESEARCH METHODOLOGY

#### i) SAMPLING DESIGN

By adopting random sampling method 50 respondents are randomly selected among the population of 500 public who benefit from the CSR activities carried by the Shanthi Gears Limited.

#### ii) METHODS OF DATA COLLECTION

This study is empirical in nature based on survey method. The first-hand information for this Study was collected from the company. As an essential part of the study, the primary data were collected from 50 respondents of the particular area.

#### iii) TOOLS FOR ANALYSIS

In order analyze the CSR activities of Shanthi Gears Limited various statistical tools like chi-square and percentage analysis were used.

### 1.5 LIMITATIONS

Every company highlights their CSR activities either through annual reports, sustainability report or

through media. But do they really do CSR activity in a proper way and is it institutionalized in the organization. Do companies have a holistic view of CSR; what is the focus area of companies in doing CSR and also the behavior of managers towards accepting CSR and undertaking CSR in a system and what are the areas in which they focus the social programs for the community where they have their CSR operations. Hence the study tests only CSR activities whether implemented in Shanthi Gears Limited, Coimbatore and also tests it benefits utilized by the public.

### 2. REVIEW OF LITERATURE

**2.1.1. Ana Tkalac Vercic and Dubravka Sincic coric (2018)** in their article "The relationship between reputation, employer branding and corporate social responsibility". The main goal of the study was to contribute to the understanding of corporate reputation and its connections with perceived corporate social responsibility and employer brands. The results show that students assign good reputation to those organizations that are perceived as socially responsible and with a good employer brand. Reputation, at least according to the results, seems to be the umbrella concept that encompasses both perceived corporate social responsibility and perceived employer brands.

**2.1.2. Dr.P.Marishkumar (2017)** in his paper "An Empirical Study on Corporate Social Responsibility of Commercial Banks with Special Reference to Central Tamilnadu" was based on the importance of CSR in Indian banking industry and how it is in association to other industries even in the same sector. The study reveals that the commercial banks spend nearly Rs. 5 lakhs on CSR activities to improve the welfare of the people and the banks feels more responsible for social issues and financial inclusion in the central part to fulfill their social responsibility while environmental issues remain unaddressed based on the need and expectations of the customers and also general public in that area.

**2.1.3. Hassan M. Hafez (2016)** in his article "corporate social responsibility and Firm value: an empirical study of an Emerging economy" examined the impact of corporate social responsibility on firm value and financial performance of the Egyptian companies listed in the EGX30 of the Egyptian Stock exchange in the year 2007 till 2014. The findings revealed that there is a positive significance between CSR and financial performance and there is an insignificant negative relation between CSR and the market-to-book-value, in other words there is a negative relationship between CSR and firm value in Egypt.

**2.1.4. Nagib Salem Bayoud, Marie Kavanagh, Geoff Slaughter (2012)** in their article "An empirical study of the relationship between corporate social

responsibility Disclosure and organizational Performance” examines the relationship between corporate social responsibility disclosure (CSR) and Organizational performance in terms of financial performance, employee commitment and corporate Reputation in Libyan companies through stakeholder’s pressures. This paper reveals that level of CSR in the annual reports has a positive relationship with organizational performance in terms of financial performance and corporate reputation, while there is not significant relationship between level of CSR and employee commitment. So it is indicated that companies exhibit greater concern to improve financial performance and corporate reputation via an increase of CSR information in annual reports.

**2.1.5.Mehran Nejati and Sasan Ghasemi (2011)** in their article “Corporate social responsibility in Iran from the perspective of employees “.The result of this research has shown a relatively low mean score for participation in CSR dimensions by the investigated

Iranian organizations from the perspective of employees. Besides, it indicated that private organizations significantly performed public organizations in the CSR activities toward customers. It also revealed that the investigated manufacturing organizations had a significantly higher mean score in CSR toward customers and government, as compared to service organizations.

**3. ANALYSIS AND INTERPRETRATION**

Tools used for analysis and interpretation are

1. Percentage method
2. Chi- square test

**3.1. PERCENTAGE METHOD**

By percentage method, we can simplify the data in terms of percentage and reducing all of them to a 0 to 100 range. Though the use of percentage, the data are reduced in the standard from which facilities the relative comparison and easy understanding.

$$\text{Percentage} = \frac{\text{Number of responses}}{\text{Total number of respondents}} \times 100$$

**3.2 .CHI-SQUARE TEST**

Chi-square is a statistical measure used in the context of sampling analysis. It is applied to test the goodness of fit, to verify the distribution of observed data with assumed theoretical distribution. The quality of chi-square describes the magnitude of discrepancy between theory and observation. Before applying chi-square the following conditions should be satisfied.

1. The data must be expressed in original units.
2. The total number of observations must be reasonable large.
3. The expected frequency of any cell must not be less than 5.
4. Each number of observations must be independent of each other.

**STEPS INVOLVED IN APPLYING CHI-SQUARE**

1. Calculation of expected frequencies

**FORMULA**

$$\text{Expectation Frequency} = \frac{\begin{matrix} \text{(Row total for the row of that cell) X} \\ \text{(Column total for the column of that cell)} \end{matrix}}{\text{Grand Total}}$$

2. Calculated the difference between observed frequency and expected frequency and the square of that i.e., (O-E) <sup>2</sup> with the corresponding expected frequency.
3. Divide the quantity (O-E) <sup>2</sup> with the corresponding expected frequency.
4. Find the summation -Chi-square as such should be compared with relevant table value chi-square at 5%level of significance.

**FORMULA**

$$\Sigma \frac{(O-E)^2}{E}$$

Where,  
 O = Observed frequency.  
 E = Expected frequency.  
 Degree of Freedom = (c-1) (r-1).

**4. DATA ANALYSIS AND INTERPRETATION**

**4.1 PERCENTAGE ANALYSIS**

**TABLE NO: 4.1.1**

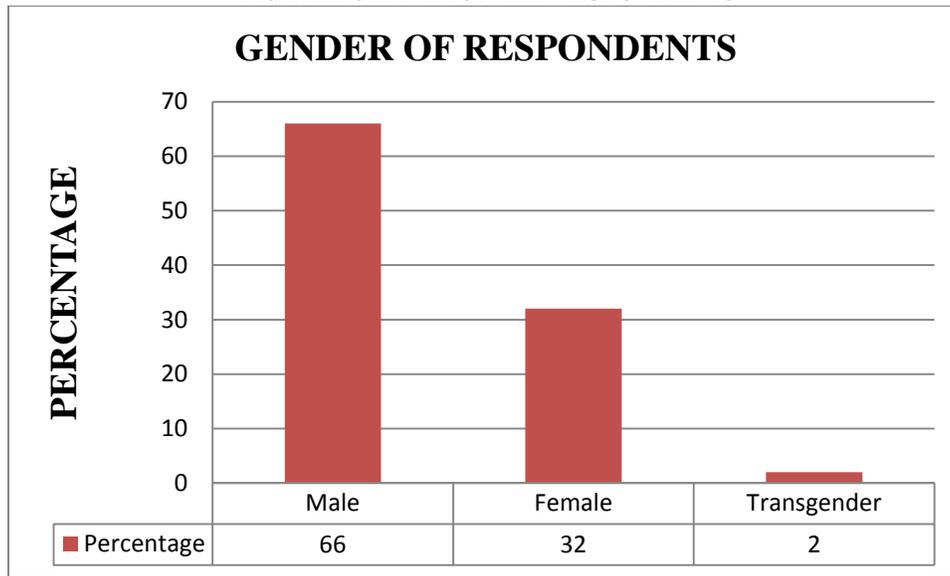
**GENDER OF THE RESPONDENTS**

Sample size: 50

GENDER	NO OF RESPONDENTS	PERCENTAGE
Male	33	66
Female	16	32
Transgender	01	02
Total	50	100

Source: Primary Data

**FIG 4.1.1 GENDER OF THE RESPONDENTS**



**Interpretation**

From the analysis 66% of the respondents are male and 32% of the respondents are female and 2% of

the respondents are transgender. It is found that the majority of the respondents are male.

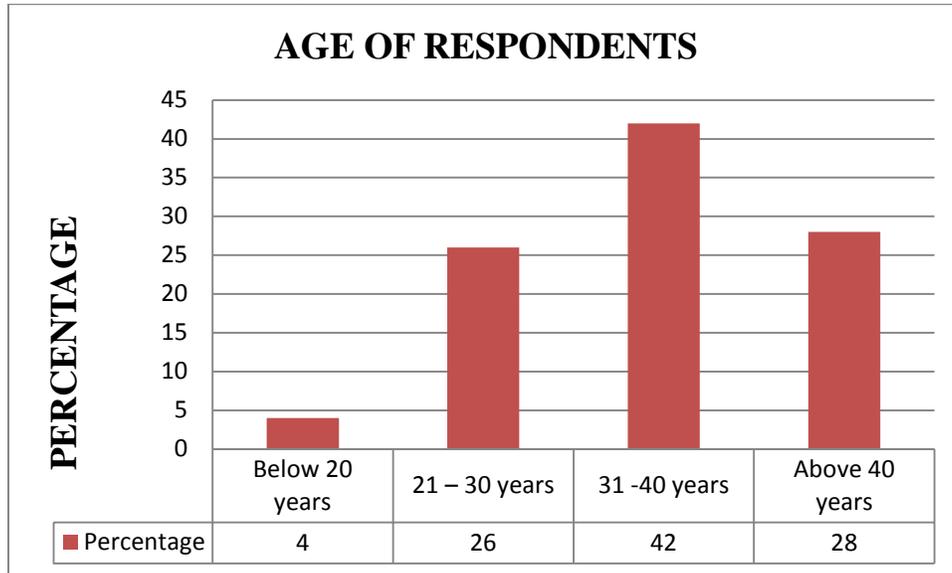
**TABLE NO: 4.1.2  
AGE OF THE RESPONDENTS**

Sample size: 50

AGE	NO. OF RESPONDENTS	PERCENTAGE
Below 20 years	02	04
21 – 30 years	13	26
31 -40 years	21	42
Above 40 years	14	28
Total	50	100

Source: Primary Data

**FIG 4.1.2 AGE OF THE RESPONDENTS**



**Interpretation**

From the analysis, it shows that 4% of the respondents are in the age group of below 20 years, 26% of the respondents are in the age group of 21-30 years, 42% of the respondents are in the age group of

31-40 years. and 28% of the respondents are in the age group of above 40 years. Thus the majority of the respondents are in the age group of 31-40 years.

**TABLE NO: 4.1.3**

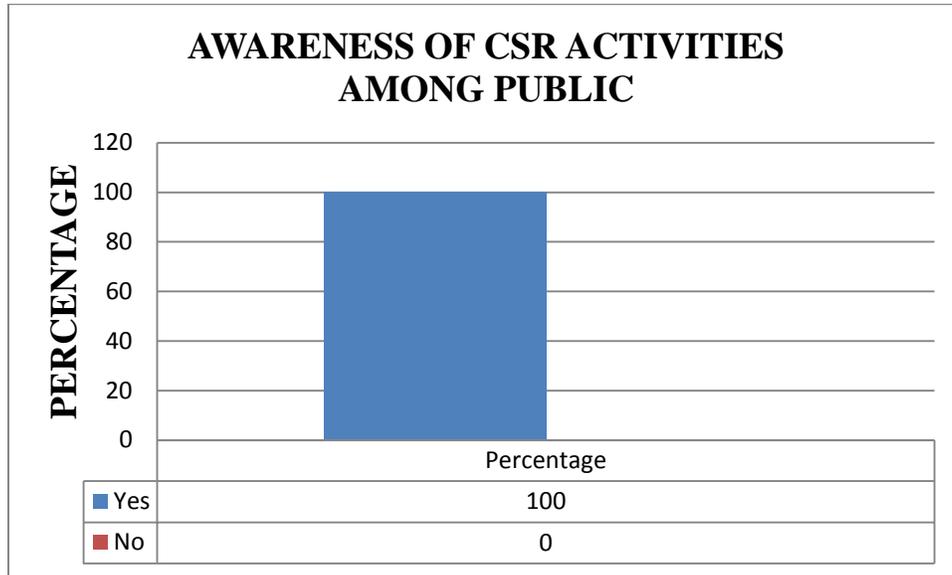
**AWARENESS ABOUT CSR ACTIVITIES OF SHANTHI GEARS LIMITED AMONG THE PUBLIC IN THE PARTICULAR REGION**

Sample size: 50

AWARENESS ABOUT THE CSR ACTIVITIES AMONG THE PUBLIC	NO OF RESPONDENTS	PERCENTAGE
Yes	50	100
No	0	0
Total	50	100

Source: Primary Data

**FIG.4.1.3**



**Interpretation**

From the analysis it shows that the CSR activities carried out by the Shanthi Gears Limited is well-known among the public of the particular area.

**TABLE NO: 4.1.4**

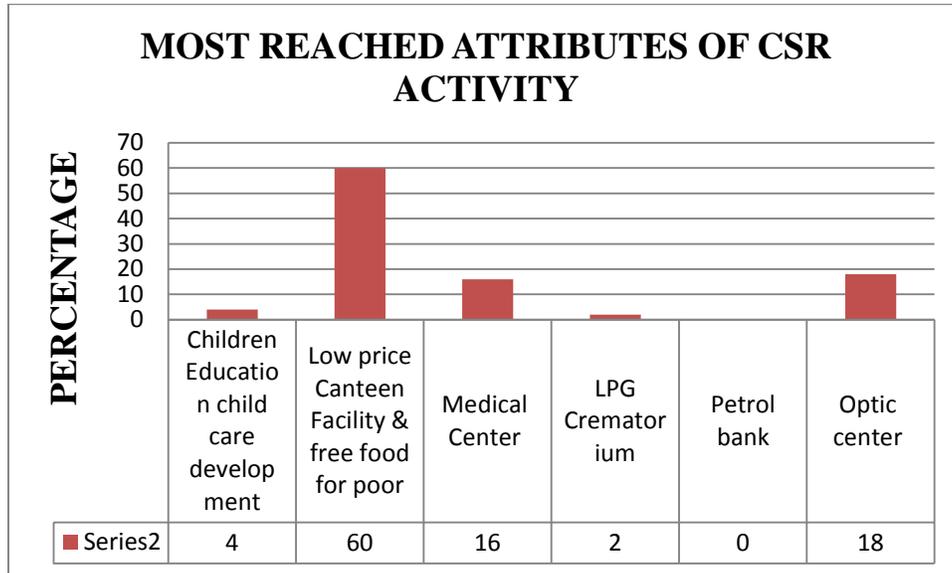
**MOST SATISFIED ATTRIBUTES AMONG THE VARIOUS CSR ACTIVITIES OF SHANTHI GEARS LIMITED**

Sample size: 50

<b>VARIOUS CSR ACTIVITIES OF SHANTHI GEARS LIMITED</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Children Education and child care development	02	04
Low price Canteen Facility & free food for poor	30	60
Medical Center	08	16
LPG Crematorium	01	02
Petrol bank	00	00
Optic center	09	18
Total	50	100

Source: Primary Data

FIG.4.1.4



**Interpretation**

From the analysis it shows that 4% of Children Education and Child Care development are reached among public, 60 % of public are satisfied with canteen and free food facility, 16 % of public are

satisfied with the medical center, 2% of public are satisfied about LPG ,18% of the public are satisfied with the optic center . The canteen and free food CSR activity plays a most reached and satisfied attribute among the all other attributes with 60%.

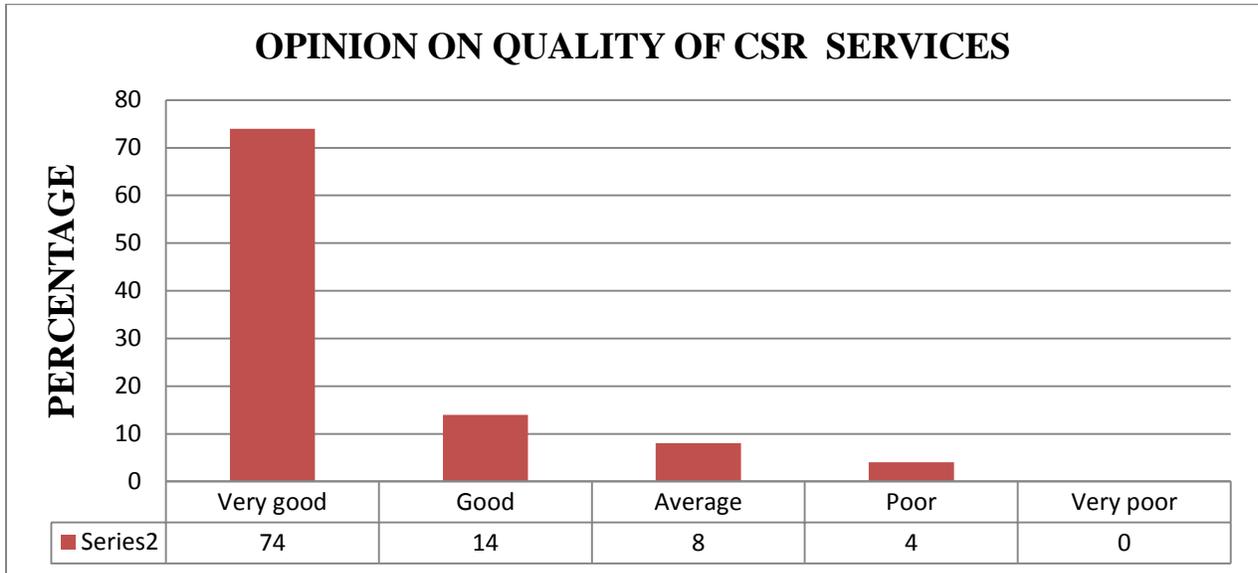
**TABLE NO: 4.1.5**  
**OPINION ABOUT QUALITY OF CSR SERVICES PROVIDED BY SHANTHI GEARS LIMITED**

Sample size: 50

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
Very good	37	74
Good	07	14
Average	04	08
Poor	02	04
Very poor	00	00
Total	50	100

Source: Primary Data

FIG.4.1.4



**Interpretation**

From the analysis, it shows that 74% of the respondents said that very good, 14% of the respondents said that good, 8 % of the respondents said that average, 4 % of the respondents said that poor and 0% of the respondents said that very poor towards the opinion about the provided CSR service by Shanthi Gears Limited.

Thus the majority of the respondents said very good (74 %) towards the opinion about the quality of CSR services provided by Shanthi Gears Limited.

**4.2 CHI –SQUARE ANALYSIS**

Is the social responsibility activities improves the brand image of the Shanthi Gears Limited with the social development of public.

**Step1:**

**Null hypothesis (H<sub>0</sub>):**

There is no significant relationship between the brand image of Shanthi Gears Limited and social development of public.

**Alternative hypothesis (H<sub>1</sub>):**

There is some significance relation between the brand image of Shanthi Gears Limited and social development of public

**Step 2:**

Level of significance at 5%

**Step 3:**

Table No. 4.2.1

VARIABLES	AGREED	DISAGREED	TOTAL
Increase brand image	12	08	20
Increase social development	24	06	30
Total	36	14	50

Chi-square =2.3809

**Step 4:**

H<sub>0</sub>: There is no significance relation between the brand image of Shanthi Gears Limited and social development of public

Degree Of Freedom	Calculated value	Table value	Level of significant	Accepted /not accepted
1	2.3809	3.814	0.05	Accepted

**Step 5:  
RESULT**

The calculated value (2.3809) is less than the table value (3.814), we accept the null hypothesis and conclude that, there is no significance relation between the brand image of Shanthi Gears Limited And Social Development Of Public.

Is the various CSR activities carried by Shanthi Gears Limited really fulfill the actual necessities and satisfies the needs of the people in that particular region.

**Step1:  
Null hypothesis (Ho):**

There is no significant relation between CSR policy of Shanthi Gears Limited and actual needs and necessity of public.

**Alternative hypothesis (H<sub>1</sub>):**

There is some significant relation between CSR policy of Shanthi Gears Limited and actual needs and necessity of public.

**Step 2:  
Level of significance at 5%  
Step 3:**

Table No. 4.2.1			
VARIABLES	AGREE	DISAGREE	TOTAL
Shanthi Gears CSR policy similar to actual needs of public	27	03	30
Shanthi Gears CSR policy satisfy the Actual needs of public	13	07	20
Total	40	10	50

Chi-square =4.6875

**Step 4:**

**H<sub>0</sub>:** There is no significance relation between the brand image of Shanthi Gears Limited and social development of public

Degree Of Freedom	Calculated value	Table value	Level of significant	Accepted /not accepted
1	4.6875	3.814	0.05	Not Accepted

**Step 5:  
RESULT:**

The calculated value (4.6875) is higher than the table value (3.814), we have not accept the null hypothesis and alternate hypothesis H<sub>1</sub> is followed and we conclude that, there is significance relation between CSR policy of Shanthi Gears Limited and actual needs and necessity of public.

**5. FINDINGS AND CONCLUTIONS  
FINDINGS**

- Majority of the respondents are male (66%)
- Majority of respondents' age group is between 31-40 Yrs. (42%)
- Majority of respondents has awareness about the CSR activity of Shanthi Gears Ltd. (100%) in that particular region.
- Majority of the respondents are satisfied with free food and canteen facility of Shanthi Gears Ltd. (60%)
- Majority of respondents opinioned very good (74%) for the quality of CSR services provided by the Shanthi Gears Ltd.
- **Chi square findings**

- The calculated value (2.3809) is less than the table value (3.814), we accept the null hypothesis and conclude that, there is no significance relation between the brand image of Shanthi Gears Limited And Social Development Of Public.
- The calculated value (4.6875) is higher than the table value (3.814), we have not accept the null hypothesis and alternate hypothesis H<sub>1</sub> is followed and we conclude that, there is significance relation between CSR policy of Shanthi Gears Limited and actual needs and necessity of public

**CONCLUSION**

The CSR Policy plays a vital role in industrial sectors. Nowadays the industries spent the part of amount from profit to CSR activities. But some of the industries show the amount in Balance Sheet and showcase by giving advertisements about CSR activities of them. Really it does not exist. Hence the study tested the CSR activities in Shanthi Gears Limited, Coimbatore. The Shanthi Gears Limited is doing various CSR activities to the public for social development. In Coimbatore city, the company serves

the people welfare by Children Education and child care development, Low price Canteen Facility & free food for poor, Medical Center, LPG Crematorium, Optic center and petrol bank. The study concludes that the CSR activities are useful to the public.

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