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EDITORIAL

With great delight Commerce Forum of Department of Commerce, Assam University, Silchar is going to release the third issue of ***HIND BUSINESS REVIEW (HBR)***. The present issue of the journal entails in it research papers covering diverse areas of business. A purposive attempt has been made to create a wider spectrum by including research papers pertaining to various aspects of business because of the inherent nature of business research.

The prime objective of this research journal is to be one of the premier journals of business-related research. I extend sincere thanks to all the contributors for submitting research papers. I have the conviction that the journal will draw the attention of a wide range of researchers in the years to come. The editorial advisory board of HBR has been adorned by academicians hailing from different institutes of higher learning and I must put on record my sincere gratitude to all of them.

I would like to extend heartiest thanks to the Head of the Department of Commerce and Chairman, Commerce Forum for his support for this academic endeavour. I take this opportunity to thank all the faculty members for their moral support in this pursuit. Despite relentless effort, there may be some inadvertent flaws in this issue. So, Hind Business Review expects feedback and suggestions from the readers because we believe that improvement is a continuous process and collective wisdom can certainly enrich Hind Business Review in the days to come.

Dr. Kingshuk Adhikari

Chief Editor

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Does ESG Score Influence Financial Performance? Evidence from Indian Banking Sector

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Abstract

In recent years, environmental, social, and governance (ESG) practices have become important parameters not only for companies but for investors and traders as well. Both retail and institutional investors are more interested in the ESG aspects apart from the traditional activities generating maximizing shareholder wealth. Of late, the importance of ESG framework has gained significance in Indian banking sector also like other sectors. The present paper tries to assess the influence of ESG score on financial performance of banking companies.

Keywords: *Environmental, Social, Governance, Sustainability.*

Introduction

In the twenty-first century, there has been gradual transition from the goal of profit maximization to the goal of being people's organization. The world is suffering from various issues like global warming and climate change and also there exists social and economic inequality across nations. In such a scenario, the business organizations have to gradually shift their aim to welfare of society in addition to their traditional objectives of earning wealth (Adhikari and Ghosh, 2022). Sustainability concerns have risen in the recent past and so the policies of the businesses revolve around the 3Ps approach i.e., People, Planet and Profit, also known as the triple bottom line (TBL) approach encircling the environmental, social and governance aspects of business practices. To combat the worst impact on climate, many countries have entered into Paris Agreement in 2016 for policy implementation on various climate issues. India, being the most populated and polluted country, addressing the issue has recently taken up aim of reducing carbon emission through COP26 target of Net Zero 2070, i.e., aim to reduce carbon emission to zero by 2070 (CRISIL Sustainability Yearbook, 2022).

Over the years, government of India has mandatorily asked the business organizations to adopt Corporate Social Responsibility in its operation. However, ESG parameters take the CSR agenda one step ahead to integrate environmental and social obligations into corporate strategy along with a good governance framework. It involves measurable targets and impact assessments. Unlike CSR, ESG is core to organizational strategy of the corporation. Healthy ESG practices and the value of ESG scores are much deeper than simply compliance of regulations. A well chalked out ESG strategy will ensure transparency and better customer and investor relations as well as better financial performance. CSR practices are normally self-regulated with a great degree of variation in its implementation. But ESG provides investors with a measure which can be effectively used in investment decision (Gupta and Chanchal, 2022). Both CSR and ESG could be employed simultaneously as CSR may provide an internal framework for the corporation but ESG can provide quantifiable parameters.

The concept of ESG i.e., Environmental-Social-Governance, is gradually gaining prominence in India and is expected to be one of the core global issues in the years to come. It is gradually gaining prominence in financial sector also, as in the recent past many companies got involved in various scandals resulting in a steep fall in its stakeholders' trust. Thus, a responsibility of regaining the trust of people rests on the banks and financial institutions by reinventing businesses through realigning capital flows towards sustainable investment by integrating sustainability in risk management (El Khoury, et al., 2021). No banking company can survive and grow in the long run ignoring the issues relating to environmental, social and governance factors. ESG factors are recognized by banks keeping in view the issue of not only the improvisation in share valuation but also corporate sustainability (Naimy, et al., 2021).

The Environmental-Social-Governance (ESG) concept is becoming central point of firms' decision making all over the world. With the growing ESG concern, its importance has grown manifold and so is its implementation (Rakshit and Paul, 2022). Banks play a great role in implementation of ESG framework. However, these gradual shift in policies of the banks have a great impact on the financial performance of the banking organizations. Since ESG is seen as a source of competitive advantage, it is expected to have a tradeoff with financial performance. It has been stated in the stakeholder theory that companies that align the interest of its stakeholders and are more sustainable. The definition itself states that the firms that focus on maximizing the welfare of stakeholders get return in the form of longer sustenance in the market hence influencing the financial performance (Aydoğmuş, et al., 2022). To correspond the results of stakeholder theory with banking companies, many researchers have studied the link between the ESG initiatives and financial performance of banking companies. Since the sector is unique in character with burden of regulations and constant surveillance of governing bodies, the ESG implementation and disclosure has become essential for its survival as well as growth.

Review of Literature

ESG implementation has been adopted worldwide increasingly in the past few years. But in context of banking sector, it is still in its infancy. Very few studies could be found which discussed about ESG performance of banks. Especially in India, a developing country, where framework for assessing sustainable banking practices is still emerging.

Bătae et al. (2020) compared the performance of Banks in developed and emerging Europe using ESG scores. Environmental and social aspects were significantly related to financial performance while governance aspects had negative impact on financial performance. Brogi and Lagasio (2018) assessed the influence of ESG dimensions on the financial performance which was represented by ROA of some companies including banking companies and found that environmental concerns showed higher profitability. Simsek and Cankaya (2021) found that environmental and governance score of banks of G-8 countries had negative and significant relationship with financial performance i.e., ROA and ROE while social score had positive and significant relationship with financial performance. El Khoury et al. (2023) found that governance score had no impact on market financial measures of banking companies but found that incremental investment in governance aspect improved financial performance i.e., Return on Assets (ROA). Social aspect had concave relationship with financial performance while environmental aspects had no impact on financial performance. Gutiérrez-Ponce and Wibowo (2023) concluded that ESG was negatively related to financial performance i.e., Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q (TQ). It was also found that social aspects influence financial performance while environmental and governance aspect had no influence on financial performance. However, Ersoy, et al. (2022) opined that sustainability practices increase bank value and were very important for the survival of the firms, promoting social justice and economic growth of the countries.

Objectives of the Study

1. To study the relationship between ESG Score and financial performance of commercial banks of India.
2. To study the influence of Environmental, Social and Governance Score on financial performance of commercial banks of India.

Hypotheses of the Study

1. ESG scores has significant relationship with the financial performance of the firm.
2. ESG scores significantly influence financial performance of the firm.

Methodology of the Study

The present study is based on secondary data compiled from CRISIL Sustainability Yearbook, 2022 with respect to scores of ESG dimensions of Indian banking sector. Twenty (20) commercial banks have been selected randomly and their E-S-G scores have been used as independent variables to relate with the financial performance of banks which is represented by Return on Assets (ROA), and data retrieved from Reserve Bank of India database. Return on Assets (ROA) has been considered as proxy for financial performance and is used as dependent variable. The relationship can be shown in a linear equation as:

$$ROA = \beta_0 + \beta_1 ESG + \varepsilon i \qquad \text{Model I}$$

$$ROA = \beta_0 + \beta_1 ENV + \beta_2 SOC + \beta_3 GOV + \varepsilon_i \qquad \text{Model II}$$

Where, ROA = Return on Assets; ESG= Composite ESG Score; ENV= Environmental Score; SOC= Social Score; GOV= Governance Score; ε_i is the error term.

Results and Discussion

Table 1: Descriptive Statistics

Variables	Minimum	Maximum	Mean	Std. Deviation
ROA	0.340	2.130	0.927	0.593
Environment Score	48.0	75.0	59.300	7.042
Social Score	60.0	68.0	64.400	2.644
Governance Score	54.0	81.0	67.550	9.423

Source: CRISIL Sustainability Yearbook, 2022
Note: Results obtained by applying SPSS

Table 1 portrays the descriptive analysis i.e., minimum, maximum, mean and standard deviation of ROA and the ESG scores of select banks. The highest scores correspond to governance activities as depicted through highest mean value of 67.550. However, environmental activities have the lowest average. This indicates that environmental activities are given lowest priority by the banking companies while companies prioritize governance activities over other activities.

Table 2: Result of Simple Regression Analysis

Model I	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value
	B	Std. Error	Beta		
(Constant)	-4.360	1.154		-3.777	.001
ESG Score	.083	.018	.735	4.595	.000

Source: CRISIL Sustainability Yearbook, 2022
Note: Results obtained by applying SPSS

Table 2 depicts the result of regression revealing the influence of Composite ESG scores on ROA. The results reveal that composite ESG score has positive and significant impact on ROA of banking companies as depicted through positive standardized coefficient beta i.e., 0.735 and p-value which is less than 0.05 at 5% level of significance.

Table 3: Correlation between Return on Assets (ROA) and Independent Variables

Variables	Correlation Coefficient	p-value
Environment Score	.641	.002
Social Score	-.257	.274
Governance Score	.654	.002

Source: CRISIL Sustainability Yearbook, 2022
Note: Results obtained by applying SPSS

Table 3 illustrates the relationship between ROA and independent variables i.e., Environmental Score, Social Score and Governance Score. The computed correlation coefficient reveals that there exists positive and significant relationship between environmental score and governance score with ROA. Which means that with the change in these scores, financial performance will change in the same direction of change. Further, negative and insignificant relationship is observed between social score and ROA which implies an inverse relationship between the two.

Table 4: Result of Multiple Regression Analysis

Model II	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value
	B	Std. Error	Beta		
(Constant)	-.700	2.555		-.274	.788
Environment Score	.034	.015	.407	2.340	.033
Social Score	-.038	.035	-.169	-1.072	.299
Governance Score	.030	.011	.479	2.808	.013
a. Dependent Variable: ROA					
R^2 = 0.618; Adjusted R^2 = 0.546; F Value = 8.626; p Value = 0.001[a]					

Source: CRISIL Sustainability Yearbook, 2022
Note: Results obtained by applying SPSS

Table 4 depicts the result of regression analysis which reveals the influence of Environmental, Social and Governance scores on ROA. The results reveal that social score has negative and insignificant impact on ROA as depicted through negative standardized coefficient beta and p-value which is more that 0.05 at 5% level of significance. However, environment and governance have positive and significant influence on ROA with 0.407 and 0.479 beta coefficient and 0.033 and 0.013 p-value. The overall model explains 61.8% variation in ROA by the three ESG scores as depicted through the value of R^2. However, p value (0.000) of F statistics (8.626) implies that the multiple regression model is significant which implies that the data is well suited in explaining the influence of the three ESG scores on ROA.

The environmental aspects are important from financial point of view as incorporating green practices in banks, like green banking initiatives enhances their brand value thus boosting profits. Also, the banks' financing in environmental projects, financing for energy saving techniques and renewables in production process ensure less carbon emission in the environment (Izcan & Bektas, 2022). A good governance system enhances the performance of an organization and meets the expectations of shareholders. Past banking scandals have intensified the need for corporate governance along with the other aspects of ESG. Governance aspect analyze the composition of board of directors, auditors as well as capital structure in the company which will help in controlling the operations by effective management and accurate decision making (Birindelli, et al, 2018; Izcan & Bektas, 2022).

Conclusion

The study reveals that financial performance is positively and significantly dependent upon composite ESG scores of banks. Governance and environmental aspects also affect the financial performance significantly and positively. Governance has always been a significant factor for strengthening the banking sector. Since Banking sector is the backbone of the economy, regular surveillance by the board of directors, supervisory boards and various committees regarding compliance of various laid down provisions from time to time are of utmost importance. Environmental aspects cover green banking initiatives like green loans, green mortgages, green cards, internet banking, etc., which not only creates user friendly environment for educated customers but also creates green brand image of the companies hence influencing the performance of the banks. Thus, it may be safely concluded that the ESG performance of companies will have positive effects on their financial performance. The increased ESG scores would increase the financial performance also. ESG practices have a positive effect on the performance of banking companies operating in India.

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Credit Portfolio Practice and its Association with the Performance of Indian Commercial Banks

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Abstract

Banks perform an essential intermediating role in the economy by accepting deposits from savers and granting loans to borrowers. Credit disbursement is one of the key functions of banks. Using bank-level data from 2014 to 2020, this research seeks to investigate the influence of credit portfolio diversification practise in bank lending on the performance of Indian commercial banks. In this study, secondary data on commercial banks in India have been compiled from bank's annual reports and the website of Reserve Bank of India. This research employs panel data regression analysis to examine the relationship between banks' profitability and credit portfolio practice as well as the relationship between banks' credit risk and credit portfolio practice. The study's findings exhibit that credit portfolio diversification practice in bank lending negatively impacts bank's profitability but it has no statistically significant relationship with bank's risk. This study has implications for regulators and bank managers in emerging markets.

Key words: *Credit Portfolio Practice, Economic Sectors, Profitability, Risk, Commercial Banks*

Background of the Study

Banks are the age-old financial institutions which traditionally function as the formal intermediaries between the savers and the borrowers in the economy. They have, very often, been regarded as the spine of the economy which reflects its growth and its financial health. As such, the stability of the banking system of any economy bears a great impact on the stability of the whole economic system. The global meltdown in 2008 showed ample evidence of the fact that a small spark in the banking system of an economy can transcend the borders and can cause global explosion. The financial crisis is believed to have been triggered by the immoderate focus of the commercial banks towards the vulnerability of the US real estate industry (Arflot and Arnegard, 2017). As bank's credit portfolio constitutes its one of the primary sources of earning revenue, it is also the principal source of risks to safety and stability of banks bank's safety and stability. Traditional banking theory and the portfolio theory state that diversification of credit portfolio in the long run leads to reduction of risk and upliftment of bank's performance as the total credit risk exposure of the bank is distributed across borrowers in various sectors. Nonetheless, the argument of corporate finance theory favouring banks' focus on a handful of sectors is that the bank's sector-specific expertise will ultimately lead to the forte of the bank at gauging the creditworthiness of the borrowers thereby enabling them to minimise the credit risk associated with the credit portfolio. But a concentrated credit portfolio is found to breed higher concentration risk because of high default correlation of borrowers within a limited range of industries/ sectors (Jahn et al., 2013). However, too much of diversification has a number of drawbacks, such as exposure to multiple unique kinds of risk and additional cost to the firm due to various intricacies of diversification schemes. Thus, the choice between the two alternative credit portfolio practices i.e., diversification or concentration in relation to the bank's improved performance has remained a debatable issue over time. The present paper seeks to analyse the influence of banks' credit portfolio diversification practices across diverse economic sectors on bank profitability and risk.

Review of Literature

Over the past few decades, the banking industry has experienced global dynamism and the adoption of diversification policies at different levels and in different forms. Banks are adopting diversification strategy under the pressure of various internal and external forces and leveraging the benefits associated with such strategy. However, this shifting from traditional banking activities to the non-traditional activities as well as targeting newer areas and sectors for credit disbursal has significant implications on bank performance. A large literature base studies this linkage between credit diversification and bank performance. For instance, Belguith and Bellouma (2018), in their research paper analysed the effect of credit diversification on the profitability of the Tunisian banks and found that there is a detrimental effect of loan portfolio diversification on bank's profitability. They reveal that this negative relationship to be more severe for private banks. Nonetheless, they discovered a positive association between bank profitability and credit diversification for foreign and credit risky banks. In Turkey, Turkmen and Yigit (2012) conducted study on 40 banks from 2007 to 2011 in order to examine the impact of geographical and sectoral diversification on 28 banks' performance and found that a negative relationship exists between banks diversification by sectoral credit and their performance. Chen et al. (2013) studied whether credit portfolio diversification really led to banks performing better and taking on less risk, as suggested by classical portfolio theory. Along with the traditional measure of diversification (HHI), they used a new construct of diversification by considering systematic risks of each sector and weighing them with their respective beta values. Their research revealed, contrary to findings in established and emerging nations, that sectoral credit diversification has a detrimental effect on bank risk and return. Hayden et al. (2007) also discovered that banks typically experience negative returns from their diversification across other industries, larger economic sectors, and geographic areas. However, their study on German banking data revealed that impact of diversification on bank return is associated with bank's risk level and that diversification led to improved profitability in case of industrial diversification and moderate risky banks. Similar evidences of decreased return and reduced profitability has been revealed in studies conducted by Berger et al. (2010), Azobu et al. (2017), Kurincheedaran (2015), Tabak et al. (2011). However, study conducted by Mulwa (2018) revealed that sectoral credit diversification brought increased returns for the banks in the four East African Community Countries. Gupta and Maheshwari, (2018) conducted a study using the sectoral stock indices of two emerging economies and a developed economy viz., India, China and Australia respectively and found that sectoral diversification benefitted the banks in all the three countries. Interestingly, an investigation on Tehran banks by Raei et al. (2016) discovered that while banks' return on equity and return on assets were influenced by their size, the use of diversification strategies in credit portfolios did not have a statistically significant effect on these variables. They, however, discovered a statistically significant correlation between the banks' risk levels and their practises of credit portfolio diversification. Aarflot and Arnegard (2017) examined the average impact of loan diversity on the performance of Norwegian banks and discovered a positive correlation between diversification and banks' performance. They affirmed that diversification is a beneficial strategy for low and high risky banks whereas at moderate risk levels bank should pursue focus strategy. One of the pioneer studies conducted by Acharya et al. (2006) in relation to banks' sectoral credit diversification discovered that riskiness of the loan portfolio had a positive association with diversification. They concluded that diversification does not always hold well as well as do not prove beneficial for banking firms. On the other hand, bank focus strategy in the form of mergers and amalgamations fosters better economic results than diversification. However, in the literatures, no consensus has been arrived at relating to whether diversification of credit as suggested by portfolio theory or credit concentration practice as suggested by corporate finance theory is suitable for banks. Further, scant attention is paid from the perspective of emerging countries, in general and India, in particular. Of the few studies that are conducted in India, the focus is primarily on income and product diversification. Thus, in view of this, there is a significant need to see examine how credit portfolio diversification affects commercial banks' performance.

Objectives of the Study

The study focuses on the following objectives

a) To investigate the relationship between Indian commercial banks' profitability and their practice of credit portfolio diversification.
b) To investigate the relationship between commercial banks' credit risk and credit portfolio diversification practices in India

Methodology of the Study

Data and its sources

The data required for the present research has been compiled from the website of Reserve bank of India and data on credit disbursements of the public and private sector banks have been collected from their respective annual reports for the period from 2013-14 to 2019-20.

In the present study, foreign banks are not taken into account for the reason that these banks do not follow a similar pattern of reporting credit disbursements in their annual accounts. Regional rural banks are also not considered for the reason that the primary objective of these banks is the service of the rural regions. During the study period, consolidation exercise has been carried out in the country's banking space. As such the number of banks is not same for all the years forming an unbalanced panel data set of 280 observations for the analysis.

Variable Definition

Measure of Credit Portfolio Diversification: Following Jahn *et al.*, (2013), Raei, et al. (2016) & Turkmen, (2012), Herfindahl-Hirschman index (HHI) is used to measure credit portfolio diversification. "It is calculated as the sum of the square of the share of credit exposure to each economic sector" (Belguith & Bellouma, 2018). Thus, in order to compute HHI, first the proportionate share of credit to each economic sector 'k' at time 't' by bank 'i' is ascertained by dividing the nominal share of credit (Q_{itk}) to that sector by total credit disbursed (T_{it}) to all the sectors;

$$\text{Proportionate share } = \frac{Q_{itk}}{T_{it}} \text{ .... (1)}$$

HHI of bank 'i' at time 't' is found out by summing up the square of proportionate share of credit to each economic sector as above

$$\mathrm{HHI}_{it} = \sum_{k=1}^{N}\left(\frac{Q_{itk}}{T_{it}}\right)^2 \text{..(2)}$$

HHI value ranges from 1/N to 1. The closer the HHI value to 1, the lesser is the bank diversification. While the values closer to lower limit of HHI (1/N) represents more diversification. HHI value equal to 1 indicates complete concentration of bank credit to one sector and a value equal to 1/N translates to total a complete diversified bank portfolio.

Measures of Profitability: The following widely used measures of profitability have been considered to study the impact of credit portfolio diversification on profitability of Indian commercial banks.

(a) ***Return on Asset***: The ratio of net income to total assets is described as return on assets (ROA). It is a typical performance metric that shows how successfully a company's management uses the resources available to generate profits.

$$\text{ROA}=\frac{\text{Net Income}}{\text{Total Assets}}$$

(b)***Return on Equity****:* The ratio of net income to total equity is described as return on equity (ROE). The goal of the metric is to characterise the bank's return performance from the standpoint of its shareholders.

$$\text{ROE}=\frac{\text{Net Income}}{\text{Total Equity}}$$

Control Variables: Bank profitability is not merely dependent on bank's credit portfolio diversification; it is influenced by a set of various other factors. As such the control variables that can potentially impact bank performance used in the analysis are Size of the bank (log of Total Assets of the bank), Credit to Deposit ratio (CDR), Net Interest Income (NII) of the Banks, Non-Performing Assets to Total Assets ratio (NPAR). Rate of Inflation (INF) is also employed as a macro economic variable.

Empirical Analysis

The degree of credit portfolio diversification of Indian commercial banks (the Public sector and Private sector banks) is shown in Table 1. From the table, it is discerned that the Indian commercial banks are diversifying their loan portfolio across various sectors (Agriculture & Allied activities, Industry, Services, Personal loans and others) of the economy instead of concentrating on only one or a few sectors as the mean HHI values are closer to 1 for the study period. The empirical results show that the average diversification score based on Hirschman-Herfindahl index for Public Sector Banks is 0.312 and for Private Banks is 0.310 during 2013-14 to 2019-20. Thus, there exists an almost uniform degree of diversification across the Indian Private Sector banks and Public Sector banks.

Table 1: Credit Portfolio Diversification measures (HHI) of the Public Sector and Private Sector Banks in India during 2013-14 to 2019-20

Year	Public Sector Banks	Private Sector Banks
Average	0.312	0.310
Minimum	0.291	0.298
Maximum	0.333	0.322
Standard Deviation	0.016	0.010

Source: Self-computed using data from individual bank's annual report

Summary Statistics

Table II depicts the descriptive statistics for the variables and Table III presents the correlation matrix among the variables used in the estimations. Through co linearity diagnosis, it has been found that no multi co linearity exists among the explanatory variables.

Table 2: Univariate Descriptive Statistics

		Mean	Standard Deviation	Minimum	Maximum
ROA	Public	-0.46	0.72	-1.39	0.38
	Pvt.	0.75	0.43	0.07	1.10
ROE	Public	-5.39	10.84	-23.28	6.11
	Pvt.	6.26	5.56	-2.23	11.95
HHI	Public	0.31	0.02	0.29	0.33
	Pvt.	0.31	0.01	0.30	0.32
SIZE	Public	12.59	0.20	12.25	12.84
	Pvt.	11.39	0.26	11.09	11.72
CDR	Public	68.98	4.48	64.07	74.40
	Pvt.	84.64	8.82	77.69	103.07
NII	Public	2.17	0.13	2.01	2.33
	Pvt.	3.17	0.20	2.93	3.42
NPA	Public	6.00	3.00	3.00	1.00
	Pvt.	2.00	1.00	1.00	3.00
INF	Public	4.85	1.36	3.30	6.70
	Pvt.	4.85	1.36	3.30	6.70

Source: Self-Constructed using SPSS

Table 3: Bi-variate Descriptive Statistics: Correlation Matrix

	ROA	ROE	HHI	SIZE	CDR	NII	NPAR	INF
ROA	1							
ROE	.933**	1						
HHI	.132*	.117	1					
SIZE	-.107	-.079	.143*	1				
CDR	.234**	.188**	.248**	.003	1			
NII	.618**	.431**	-.022	-.183**	.095	1		
NPAR	-.650**	-.646**	-.140*	.238**	-.242**	-.501**	1	
INF	.057	.101	-.030	-.024	.031	.024	-.288**	1

Source: Authors own-computation using SPSS.

* represent significant at 5% and ** at 1% level.

Model Specification

In order to analyse the influence of credit diversification on profitability and risk of commercial banks, panel data regression has been used since the variables are analysed from two perspectives- among different bank groups and over the time period 2004-05 to 2019-2020, considering the following models.

The impact of credit portfolio diversification on bank profitability has been investigated in panel regression where bank profitability measures are regressed on credit portfolio diversification measure considering the following models.

$$ROA_{it} = \beta_0 + \beta_1 HHI_{it} + \beta_2 Size_{it} + \beta_3 CDR_{it} + \beta_4 NII_{it} + \beta_5 NPAR_{it} + \beta_6 INF_{it} + a_i + \mu_{it} \quad ..... \text{ (I)}$$

$$ROE_{it} = \beta_0 + \beta_1 HHI_{bt} + \beta_2 Size_{it} + \beta_3 CDR_{it} + \beta_4 NII_{it} + \beta_5 NPAR_{it} + \beta_6 INF_{it} + a_i + \mu_{it} \quad ...... \text{ (II)}$$

In order to analyse the influence of credit portfolio diversification on banks' credit risk, the variable Non-Performing Assets Ratio (NPAR) is regressed on credit diversification index i.e., HHI.

$$NPAR_{it} = \beta_0 + \beta_1 HHI_{it} + \beta_2 Size_{it} + \beta_3 CDR_{it} + \beta_4 NII_{it} + \beta_5 ROA_{it} + \beta_6 INF_{it} + a_i + \mu_{it} \ ...... \text{ (III)}$$

Fixed effect within estimator is used for estimation of all the models based on the results of Hausman test. This method helps to account for unobserved cross-sectional heterogeneity. The α_i in the above models represents bank-specific intercepts that capture heterogeneities across the banks and u_{it} is the random error term in the above regression models. The results of fixed effect method are depicted in Table 4.

Discussion

The empirical analysis reveals that there is a significant positive association between HHI and profitability measures (ROA and ROE) of the banks. This implies that as that lower diversification is associated with increased bank profitability. Thus, it can be inferred that credit portfolio diversification across various sectors of the economy does not help in improving the profitability of the commercial banks in India. The coefficient is however, found significant in model I only. Similar findings are evidenced in the previous popular studies of Chen et. al (2014), Acharya et. al (2006), Belguith and Bellouma (2017), Berger et. al (2010), Adzobu et. al (2017), Hayden et. al. (2007) conducted in other countries. This signifies that diversification into different and newer sectors may demand increased monitoring efforts and costs, which in-turn reduces the overall profitability of the banks. Thus, concentration of credit to few sectors than diversification is more beneficial for improved profitability of the commercial banks in India. However, this negative relationship as exhibited by the analysis is contradictory to the findings of Diamond (1984), Jhan et. al. (2013), Prastiwi and Anik (2020), Aarflot and Arnegard (2017) who claim that improved profitability is related to increased diversification.

Table 4: Results of Fixed Effect Regression.

Models	Model I		Model II		Model III	
	β	P-value	β	P-value	β	P-value
HHI	0.023	0.062**	0.028	0.173	-0.023	0.394
SIZE	-0.002	0.160	-0.029	0.187	0.002	0.498
CDR	0.001	0.484	0.015	0.634	-0.001	0.809
NII	0.554	0.002*	6.954	0.001*	-0.515	0.116
NPAR	-0.189	0.000*	-3.391	0.000*	-	-
ROA	-	-	-	-	-0.924	0.000*
INF	-0.085	0.063**	-1.177	0.085**	-0.677	0.000*
Constant	0.016	0.412	0.267	0.357	0.069	0.108
F Statistic	10.112	0.000	7.225	0.000	14.788	0.000
No. of Observations	273		273		273	
Hausman Test	Chi-sq Statistic	P-value	Chi-sq Statistic	P-value	Chi-sq Statistic	P-value
	23.21	0.0001	13.75	0.0082	61.89	0.0000

Source: Author's own computation using stata

Note: * represent significant at 5% and ** at 10% level

The study, however, does not find any statistically significant impact of credit diversification on credit risk of the commercial banks in India. This result is consistent with the similar finding of Raei et al. (2015). This implies that the benefits emerging out of diversification of credit in terms of risk reduction as suggested by the traditional portfolio theory does not hold well in case of banks in India. Studies conducted by Chen et. al. (2014), Diamond (1984), Prastiwi & Anik (2020), however, show findings in agreement with the traditional theory of diversification such that credit diversification practice across sectors helps in minimising the idiosyncratic risks of each sector as the borrowers are spread across different sectors.

From the above, it can be inferred that the commercial banks in India does not gain by way of diversifying their credit across various sectors of the economy in the form of improved profitability and less credit risk. Thus, the banks may practice concentration of their credit exposures to those sectors in which they have expertise. The findings of the study may provide useful insights to the bank managers in emerging countries as to how their decision to diversify into new sectors may affect their monitoring incentives and performance.

Conclusion

Commercial banks occupy a dominant position in the Indian economy for the flow of funds from savers to borrowers. Over the years, a drift from traditional activities and a move towards the adoption of diversification strategy is observed in the banking industry. The banks are undertaking various forms of diversification (income diversification, asset diversification, product diversification, geographical diversification etc.). The banks are also seen engaged in diversification of their credit across various occupation and sectors of the economy in order to reduce the risk associated with a concentrated credit portfolio. The scheduled commercial banks in India have been a major financer of credit in the economy. The study shows that the banks have followed a uniform degree of diversification of credit by serving various sectors of the economy.

This study also attempted to find the effect of credit portfolio diversification practice on the profitability (proxied by return on assets, return on equity) and credit risk (proxied by Non-Performing Assets ratio) of the banks based on the bank wise dataset of credit disbursement of commercial banks from 2009-14 to 2019-20. The empirical analysis reveals that credit portfolio diversification practice is not associated with improved profitability of the banks. Nor does it have any significant impact on credit risk of the banks. Thus, mere diversification in credit portfolio practice itself does not assure of superior performance and lower credit risks of the banks. Further research employing other measures of bank risk as well as considering dynamic nature of data in the analysis may improve the results of the study.

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Corporate Social Responsibility: An Extra Mile to Go

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Abstract

Corporate Social Responsibility (CSR) is just a part of "Business Ethics". CSR is very important to be followed by the business. All Companies which are registered under the Companies Act., 2013 are liable to fulfil those responsibilities. CSR initiatives to contribute towards nation building. India is the first country of the world that has imposed compulsory CSR obligation upon Companies. CSR is all about the organization's accountability, transparency, and sustainability towards all the stakeholders. The CSR activities must be undertaken with respect to certain areas which are listed under schedule vii of the 2013 Act. Despite of the various practical difficulties with respect to the implementation of the new CSR provisions, the initiative by the government has been appreciated by many on the ground that it entrusts responsibility on giant corporate to contribute towards social welfare of the society. CSR is the need of the hour to bring changes in the current situation to put sustainable socio economic development in India on a fast track. In this paper, researchers highlight the Rationale i.e. need /strength, and latest activities. This study is descriptive in nature and the required data has been collected from various secondary sources like books, journals and different websites.

Keywords: *CSR, Ethics, Sustainable development, socio economic development, social welfare.*

Introduction

Corporate Social Responsibility (CSR) is a process by which the business houses embrace responsibility for the welfare of society, environment and the different stake holders. CSR is a management concept whereby by companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is a commitment of business sector to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent, and ethical. Earlier the business and social responsibility were thought separately. Today, the business and social responsibility have merged together and is known as social responsibility. Now, CSR is an integral part of any professional organisation.

CSR, has become increasingly prominent in the Indian Corporate Scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. In the phase of global competition, the government is asking industrialists to take social responsibility as a part of the society development. The companies are taking various developmental activities through corporate social responsibilities. CSR is becoming an increasingly important activity to the business nationally and internationally. Over the last few decades the importance of CSR has been increasing, it provides a platform for the companies to return something to the society by way of philanthrophy or otherwise. For the first time, J.R.D. Tata adopted a social audit which was the first witness of the CSR practices in India. Later BHEL, Wipro, Bajaj Auto Ltd., Brook Bond, SAIL, ONGC, NHPC, etc. India is the first country of the world that has imposed compulsory CSR obligation upon companies.

Review of Literature

During the last few years some research work were took place in India and abroad from various dimensions and different points of view. In this section some of those works were highlighted and discussed.

Bora (2021) put forward that business and society are two facets of the same coin. Hence it is the duty of the corporate houses to contribute towards the society through a meaningful way. Every company must mention the

CSR activity in the company's annual report. CSR expenditure is a mandatory for every company or corporate house and it should be disclosed in corporate annual report. Gogoi (2023) opined that, A good CSR strategy of a business can directly enhance the reputation of a company and can also strength the position of a company in the eye of public. So, a good CSR strategy management is very important for any business. Through CSR, Business Ethics of a company can be seen. CSR is very important to be followed by the business. All companies which are registered under the Companies Act 2013 are liable to fulfil those responsibilities. Shil and Banik (2012) opined that, empowerment is derived from the word power. Women in India society still looks towards the society to grant them power or empower them in various ways. Women empowerment talks much about empowering women in various ways women empowerment talks much about empowering women in various ways i.e. financial, social, cultural, legal and political. Condition of women changed completely in the last five (5) decades. So, during the 21st century women are now have become vital part and parcel of society. During the last few decades Indian women are actively participating and contributing in nation's development but unfortunately they don't enjoy equal status as men do. Therefore, the corporate, government, NGO's and media all have to play their respective role to attain the advancement, development and empowerment of women. CSR towards women empowerment can become ray of hope in many ways right from changing attitude towards women in the society to making women independent financially, physically, socially and enabling them to stand on their feet. Banik & Shil (2020) opined that, CSR is all about the organizations accountability, transparency and sustainability towards all the stakeholders. CSR can be a gateway of providing direct response to consumers growing need for transparency alongwith retaining and sustaining employees satisfaction. CSR is a key component of sustainable governance of an economy. Since a few years from now the thinking of companies in India shall focus on strategic CSR initiatives to contribute towards nation building. The list of activities of CSR under Schedule VII of the Companies Act, 2013 – Eradication of extreme hunger and poverty: promotion of educations; women empowerment; reducing child mortality; contribution of PM's relief fund; environment sustainability; social business projects; slum area development; Swatch Bharat Abhiyan; Clean Ganga Mission; Employment enhancing vocational skills; etc. Ahmed (2015) put forward that, CSR as a concept has existed in India since ages and plays an important role in a developing country like ours. CSR is basically an act of moral, social and business responsibility with the aim to protect, preserve and nurture human values and promote socio-economic welfare. CSR evolved ever a period of time when in the 19th century, the industrial families like Tata, Birla, Godrej, etc. had an inclination towards such activities without any legal requirements and view it in the context of building, goodwill, reputation and brand building. Kar (2015) revealed that social responsibility is regarded as an important business issue of Indian Companies irrespective of size, sector, business goal, location of the company. Because Indian Companies are realizing that without socio-economic development, there can be no stability and sustainability for doing business so as to compete with the global market. A wide range of CSR initiatives ranging from income generation activities for livelihood, health check-up camps, mobile health services, education, agricultural development, provision of drink water, infrastructural facilities carried out by these companies.

Objectives of the Study

1. To study the rationale of Corporate Social Responsibility in India.
2. To highlight the activities and performance undertaken by Indian business houses to discharge their social responsibility through CSR.

Research Methodology

The study is basically based on conceptualisation of Corporate Social Responsibility (CSR). This is a review article of exploratory in nature. The methodology is used to accomplish the research objectives proposed in this paper. Furthermore, the theoretical study of this present paper involves the various relevant data and information derived from the secondary method, by vividly considering the different research papers, research articles, journals, magazines, websites etc.

Concept of Corporate Social Responsibility (CSR)

Social Responsibility refers to the voluntary efforts on the part of the business/corporate to contribute to the well being of the society, CSR means obligations to take those decisions and perform those activities which are desirable in terms of the objectives and values of the society. There exists no universal definition of CSR. But every definition that exists now corroborates the impact that business have a society at large as well as on the individuals. The idea of CSR was originally based on philanthrophic views like charity, donations etc. but with the changing times, the concept of CSR has undergone various changes and has evolved and broadened to include various aspects of business thus interlinking with the society.

CSR is a process by which the business houses embrace responsibility for the welfare of society, environment and the different stake holders. Since the industrial houses are the main users of the natural resources and responsible for the green house effect (to a certain extent), it is the duty of those production houses to contribute for the protection of our environment. CSR is general where a company consider their responsibility towards the environment and society where company is running the business. Because to run a company, it requires the resources from the environment as it impact the social, economy as well as the environment of that particular area as a whole. They are accountable for their business decision which effects the environment, social as well as economy of that particular area.

- CSR can be defined as "development that meets the present needs without compromising the ability of future generations to meet their own needs and generally it is focusing on how to achieve integration of economic environment and social imperatives." (Bhatia, 2013)
- CSR was first used and defined as a concept by Bowen (1953), who defined it as : "the obligations of businessmen to pursue these policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."
- The World Business Council for Sustainable Development defines CSR as – "the continuing commitment by business to contribute to economic development while improving the quality of life of the work force and their families as well as of the community and society as large."
- In 2013 Government of India made CSR compulsory for certain category business houses by enacting Company's Act, 2013. Amount to be spent on CSR (2% of the net average profit) and the activities where the amount are to be spent are also mentioned in Schedule VII of the Act, 2013.
- Besides World Business Council, for sustainable development has also defined "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as-well-as of the local community and society at large, (Dutta, 2008).

Applicable of CSR

The concept of CSR is an old concepts which existed for a long period. In India CSR got its legal backing by virtue of section 135 of Companies Act, 2013. Section 135 of the Companies Act is from financial year 2014. CSR is mandatory in India. So, It is argued that the CSR route is a way in which major global problems can be resolved. With the effect from 1st August, 2014 every company, private limited or public limited, which either has a net worth of INR 500 crore or a turnover of 1000 crore or net profit of INR 5 crore needs to spend at least 2% of its average net profit for the immediately proceeding (3) three financial years on CSR.

Role of CSR

In today's world, when globalisation is giving way to integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people, CSR is the need of the hour to bring changes in the current situation to put sustainable socio-economic development in India on a fast track. CSR contributes to develop the community in terms of social, economic, political, educational involvements. Therefore, CSR activities maintain a good relationship between the local community and enterprise which can help the enterprise in the long run. Large corporate sector can adopt to build up different institutions such as schools, colleges, hospitals, and undertake roads, drainages, sports – stadium etc. According to Schiebel and Pochtrager (2003); there are six key responsibilities for companies to manage within CSR : customers, employees, business partners, the environment, communities and investors. Market drivers of CSR will likely continue to grow in importance. Despite of the various practical difficulties with respect to the implementation of the new CSR provisions, the initiative by the government has been appreciate by many on the ground that it entrusts responsibility on giant corporate to contribute towards social welfare of the society.

Realizing the importance of CSR Ministry of Corporate Affairs Government of India has made a provision in Section 135 and Schedule VII of the Company's Act 2013. Under the Companies Act 2013, Companies having duty of CSR should give preference to local areas where the company operates. Company may also choose to associate with two or more companies for fulfilling the CSR activities provided that they are able to report individually. The Board's report under sub-section (3) of Section 134 shall disclose, the composition of the Corporate Social Responsibility (Ministry of Law and Justice, 2013). Clauses 134 and 135 of the Act specifies that companies with net worth more than Rs. 500 crores, or turn over more than Rs. 1000 crores, or net profit more than Rs. 5 crores are required to constitute a CSR committee to formulate CSR policy for the company. Companies are now obligatory to spend a minimum of 2 percent of average net profit earned during preceding 3 years before formulation of the policy. (Singh & Agarwal, 2013).

Furthermore, Section VII of the Companies Bill has considerably widened the ambit of CSR activities which now includes:

- Activities to eradicate hunger, poverty and malnutrition.
- Contribute to Prime Minister's National Relief Fund or any other fund which has been set up by the Central Government for socio-economic development, relief and welfare of SC, ST, OBC's, minorities & women.
- Ensure environmental sustainability, balance in the ecology and welfare of animals.
- Protection of national heritage, art and culture.
- Promotion of preventive health care, education and gender equality.
- Provide training to promote rural, nationally recognized, Paralympic or Olympic sports.
- Setting up homes for women, orphans and the senior citizens.
- Taking measures for the benefit of armed forces veterans war widows and their dependents.
- Undertaking measures for reducing social and economic inequalities.

CSR is important for several reasons

First, it helps companies to build trust, and credibility with their stake holders. By demonstrating a commitment to social and environmental issues, companies can enhance their reputation and create a positive image in the eyes of customers, investors, and their wider community. This can lead to increased sales, improved brand recognition, and a more engaged and motivated workforce.
Second, CSR is an important tool for managing risk. By identifying and addressing social and environmental issues, companies can reduce their exposure to reputational, legal and financial risks. For example, companies that implement effective environmental management practices can reduce their exposure to fines and penalties for non-compliance with environmental regulations.

Third, CSR can help to drive innovation and improve business performance. By focusing on sustainability, companies can identify new business opportunities, reduce costs and enhance their competitiveness in the market place. For example, companies that adopt sustainable production practices can reduce their energy and resource use, which can lead to cost savings and increased efficiency.

CSR has been adopted as an approach to social development. It refers to strategies for corporations or firms to conduct their business in a way i.e. ethical, social or society friendly, and beneficial to community in terms of activities such as working in partnership with local community's socially sensitive investment, developing relationships with employees, customers and their families and involving in activities for environmental conservation and sustainability.

Arguments in Favour of CSR

- Holding Business responsible for social problems: Business enterprises are responsible for many problems such as – pollution, corruption, discriminated employment etc. It is the duty of the business to solve the problems created by them.
- Maintaining society: Business is the creation of society and it should respond to the demands of the society. As business uses the resources which belong to the society, it is necessary that it should fulfil its social obligations. Law alone cannot help people with the issues they face. Therefore, businesses contribute to the well-being, peace and harmony of society.
- Avoidance of Government Regulation: Government is the highest authority in the nation. When a government feels that the business is not socially responsible or is creating problems like pollution, the government limits its freedom.
- Converting problems into opportunities: Business should take up social problems and help in finding suitable solutions for them. Solving of social problems will help society in different ways.
- Moral justification: Moral responsibility of business to pursue its social obligations and contribute to the well being of the society. In fact, fulfilment of social responsibility provides justification for the existence and growth of the business.

Arguments Against CSR

- Lack of broad public support: There is no complete support for involvement in social actions and consequently this disagreement among groups of the society with different view points will cause friction in the society.

  The agreement here is that public in general does not like the idea of business interference in social programmes. So, business will not be successful in taking up social issues because of lack of public support.
- Influencing social set-up: A business concern commands large economic and human resources. When they spend money in solving social problems, then they may try to influence society for their own good.

  The society will start depending upon business. This influence of business on society may create many social, economic and political problems.
- Lack of Social Skills : Business people lacks the social skills to deal with the problems of the society. Their skills and experiences are with the economic matters which may not pertinent to social problems.
- Lack of Accountability of business: There is lack of accountability of business to society and unless accountability is established, business should not get involved in social actions.
- Burden on consumers: If the business spends more funds on social responsibilities, the customer will have to pay higher prices to call the goods into the market.

Effects of CSR

There has been a recent change in the attitude of business firms to fulfil social responsibilities, along with undertaking profitable activities, in order to ensure their existence and growth. The priority of every business remains to earn profits but at the same time there is a realisation that business should contribute a part of its profits for under-taking social issues. There are certain reasons and factors, which have forced and persuaded businessmen to consider their responsibilities towards society.

- Impact of consumer consciousness – Increased competition in the market and mass media have made the consumer very much conscious of his rights and powers. Today, consumer is the king of the market. All this has forced the business enterprises to follow consumer oriented policies.

- Development of social standards for business – Business cannot be done in isolation from society. Business exists grows only at the permission of the society. Also, the functioning of the business is to be ultimately judged on the basis of social standards.
- Development of Business Education – With the development of business education, workers, investors, consumers, etc. have become aware of the various social objectives of the business.
- Development of Professional Managerial Class – Professional managers created out of various managerial universities, and institutions have a completely different attitude towards social responsibilities as compared to earlier class of managers.

CSR Programmes undertaken by TISCO

Tata Iron and Steel Company (TISCO) was the pioneer in the field of discharging its social responsibilities. In 1979, the Company has been running a community development and social welfare development since 1958 that takes care of the educational and vocational training needs of the under privileged in an around Jamshedpur. The department acts as a catalytic enabler rather than a doer so that the hutment dwellers become more responsible citizens and participate in improving their quality of life. TISCO setup Tata Steel Rural Development Society (TSRDS) which has launched community development project in 600 villages spread over Bihar, Odisha and Madhya Pradesh (M.P). The society helps in improving the quality of life of communities by implementing a number of programmes in the areas of – education, health care, and sanitation services, family planning, irrigation, agriculture, animal husbandry, drinking water, vocational training, handicrafts, sports development etc. Tata Steel established a Tribal Cultural Centre to preserve tribal customs, art and habits. It organises an annual fair at Jamshedpur which serves as a marketing platform for traditional handicrafts. It has set up link roads, irrigation facilities, sports centres for the benefit of society at large. It has also undertaken several tree plantation programmes with the help of local communities spread over in different states. Tata power has always undertaken various initiatives with an aim to improve quality of life and ensure holistic development of its surrounding communities. At present shining examples of TATA are :

Dhaaga –

As part of its flagship CSR initiative "Dhaaga" promotes Women Empowerment by engaging with both rural and urban women. It is a woman based micro-enterprise initiative for improving the social status and providing sustainable livelihood. Tata power supports the women for production and marketing of Apparel (Kurti, Palazza, T-shirts), Bags, (Hand Bags, Jute Bags, Clutches), Hand Embroidery and Tie and Dye Work (Rabri work of Kutch), Handicrafts made of Tiger Grass, Wall Hanging, Warli Paintings & products.

Abha –

Abha is an "Earn while you learn" initiative for women in JJ Clusters of Delhi. Abha also facilitate various commercial activities, energy conservation through the Ujjala Scheme by selling LED and energy efficient appliances.

Findings

- A good CSR strategy of a business can directly enhance the reputation of a company and can also strength the position of a company in the eye of public. So, a good CSR strategy management is very important for any business.
- CSR is just a part of business ethics. It involves moral value which is a very wider aspect. Through CSR business ethics of a company can be seen. It shows how a business is paying their debt towards the society as a whole.
- CSR should not be only donation of money or making poster of saving the environment. It must contribute towards the health and well-being of the society and the environment.
- Realizing the importance of CSR, Ministry of Corporate Affairs, Government of India has made a provision in section 135 and schedule vii of the Company's Act, 2013. Under the Companies Act, 2013, companies having duty of CSR should give preference to local areas where the company operates.

- The activities that, can be done by the company to achieve its CSR obligations including – eradicating poverty, promotion of education, empowering women, improving health, contribution to the Prime Minister National Relief Fund, welfare of the SC, ST & OBC etc.
- CSR provides technical assistance to all the business concerns on the potential role and by supporting implementation activities led by private sector companies/industries/business concerns that are pioneering sustainability for strategic business.
- Due to globalisation the governments are unable to spend more money on welfare schemes thereby slowly escaping from 'welfare state concept'. In the phase of global competition, the government is asking industrialists to take social responsibility as a part of the society development. The companies are taking various developmental activities through CSR.
- There is a lack of interest of the local community in participating and contributing to CSR activities of companies. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.
- India is the first country in the world to make CSR mandatory, following an amendment to the Companies Act, 2013 and notified in April, 1, 2014. Business can invest their projects in areas such as – education, poverty, gender equality and hunger as a part of any CSR compliance.
- CSR towards women empowerment can become ray of hope in many ways right from changing attitude towards women in the society to making women independent financially, physically, and socially and enabling them to stand on their feet. The motive behind joining CSR with women empowerment is to provide solutions to women related issues.

Conclusion and Suggestions

The study reveals that social responsibility is regarded as an important business issue of Indian companies irrespective of size, sector, business etc goal and location of the company.

Social responsibility is concerned with public interest, social welfare and human betterment in which process it sacrifices harmful activities to social and human beings. A business today, is a vital and an important social and economic institution called upon to assume larger responsibilities. The socio-human obligation of every business is to develop human values such as – morale, co-operation, motivation, and self-realisation in work. The removal of regional disparities is also the responsibility of business. The business/corporate sector should set up new units to the areas which have been neglected earlier. Now many corporate sectors in India have also contributed greatly in the area of CSR like TATA sons; WIPRO; RELIANCE; GOOGLE; INFOSYS; BHEL etc. Since a few years from now the thinking of companies in India shall focus on strategic CSR initiatives to contribute towards nation building. CSR can be possible remedies for many issues like - illiteracy, poverty, child labour, unemployment, rural development, slum development etc. In the modern business world the business community considers the protection of environment and customer satisfaction is the basic criteria.

Despite of the various practical difficulties with respect to the implementation of the new CSR provisions, the initiative by many on the ground that it entrusts responsibility on giant corporate to contribute towards social welfare of the society. The Government of India has recommended that the corporate sector should play a proactive role in promoting inclusive growth and social and economic development.

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Service Quality of Online Retailers: A Study on Perception of Customers of Silchar Town of Assam

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Abstract

The growing importance of online shopping has become a hallmark of contemporary consumer behavior, driven by convenience, accessibility, and an expansive array of choices. As consumers increasingly shift towards digital platforms, the emphasis on the quality of online services has gained paramount significance. In this context, the e-service quality of online shopping platforms has become a critical factor influencing consumer satisfaction and loyalty. This study delves into the e-service quality of diverse online platforms catering to apparel enthusiasts. A sample of 106 participants, predominantly students from a Higher Educational Institute in Silchar, Assam, engaged in this exploration. Employing a five-point Likert scale, the study assesses four pivotal dimensions: efficiency, system availability, fulfillment, and privacy. The research contributes to a nuanced understanding of the dynamics driving online apparel shopping preferences, offering valuable implications for platforms aiming to optimize their services and provide a seamless and satisfying experience for consumers in Silchar and beyond.

***Keywords**: Efficiency, System Availability, Fulfillment, And Privacy*

Introduction

In these days of web mania, everyone talks about the e-commerce and e-business revolution and the Internet of the new knowledge-based economy. The web allows e-businesses to provide customers with increasingly accurate, timely, and inexpensive information. As a result, customers can immediately compare prices and choose the supplier with the lowest price (Gounaris et al., 2010). Online shopping has transformed the way people purchase, offering ease, accessibility, and a diverse choice of products at the click of a mouse. With the advent of technology and the widespread usage of the internet, online shopping has grown in popularity among consumers all over the world. This shift in customer behavior has had a huge impact on the retail industry, causing companies to adapt and build an online presence in order to meet the growing demand for online shopping. (Laudon & Traver, 2020). The biggest challenge for online shopping is to provide and maintain customer satisfaction. In the fiercely competitive digital environment, a pivotal determinant for sustained success is the formulation and execution of a service-centric strategy. A company's survival hinges on its ability to provide superior service experiences, fostering customer loyalty and encouraging repeat purchases (Kalia et al., 2016). The attainment of elevated customer satisfaction levels necessitates the delivery of high service quality, a factor strongly associated with positive behavioral intentions, (Brady and Robertson, 2001). In essence, prioritizing service excellence emerges as a cornerstone for navigating the dynamic landscape of online commerce and fostering enduring customer relationships.

Review of Literature

Garg P.K. and Singh A. (2017) conducted research on service quality and service loyalty in online buying. A sample of 500 people was considered for the study. The survey discovered that when it comes to online shopping delivery systems, respondents prioritize gender and income. It is critical for the respondent to understand the return policies of things purchased over the internet based on gender and income. Service recovery is critical for the age and income factors. Consistent service is significant in terms of age, gender, and income. Sundaram. V, et al. (2017) conducted a study to examine the conceptual framework of customer perception on service quality in online business and its impact on satisfaction and loyalty via e-commerce. The study discovered a substantial relationship between demographic characteristics such as Marital Status, Gender, and Customer Awareness regarding Email/Internet Operation and e-service quality, Customer Satisfaction, and Loyalty, except for Educational Qualification and Status of Employment. Ali and Khan (2019) conducted a study to discover the primary determinants of customer satisfaction in online buying. A sample of 49 people was considered for the study. The poll was carried out using convenience sampling. Respondents' responses were collected using a five-point Likert scale. The data was analyzed using statistical tools such as KMO and Bartlett's Test Structural Equation Modeling (SEM). According to the survey, perceived value and service quality have a significant impact on consumer satisfaction. Srinivasan and Ramprasad (2021) carried out study to analyze customer satisfaction and demographic information of online shoppers. The study revealed that customers prefer online shopping because of the high quality of services provided by online portals like as Amazon, Flipkart, Paytm Mall, and others. Ganapathi (2020) investigated Tiruchirappalli district customers' satisfaction with electronic purchasing. The findings show that age, gender, and educational level have a strong relationship with customers' degree of satisfaction with electronic purchasing. The study also reveals that customers' first satisfaction element with electronic purchasing was 24-hour service. Khan S.A et al (2020) conducted a study to determine online purchasing behavior among Royal University of Bhutan students. The study revealed that technological acceptance has a direct and positive impact on consumer satisfaction and loyalty. It also demonstrates that the quality of service in online purchasing has a direct and positive impact on customer e-satisfaction and e-loyalty.

Objectives of the Study

1. To assess the perception of customers about different dimensions of service quality of various online Retailers dealing in apparels.
2. To compare the perception of customers about different dimensions of service quality of online Retailers dealing in apparels across gender.

Research Methodology

The present study is based on primary data. The population of the study covers the students from a Higher Educational Institute in Silchar, Assam. A structured schedule has been designed covering different components of four dimensions of electronic service quality, namely, efficiency, system availability, fulfillment and privacy. The sample size for the present study is 106 customers. Five-point Likert type scaling technique ranging from Strongly Disagree (=1) to Strongly Agree (=5) has been used to assess the perception of customers.

Scope of the Study

1. The scope of the present study is confined to the students studying in different educational institutions of higher learning in Cachar district of Assam.
2. Service quality of the online shopping platforms has been assessed by obtaining the perception of customers about four electronic service quality dimensions only

Limitations of the Study

1. The study is largely dependent upon the perception of the customers which is not static and is likely to change over a period of time due to the influence and interaction of host of factors.
2. The validity of findings of the study is confined to the components of each of the four service quality dimensions selected for the study.

Results and Discussion

Table 1: Online Retailer wise Perception of Respondents about the Components of Efficiency Dimension of Service Quality

Components	Mean					
	Amazon	Flipkart	Meesho	Myntra	Ajio	Overall
The e-service platform makes it easy to find what Customers' need.	3.83	3.85	3.89	3.86	3.90	3.86
The e-service platform is easy to navigate.	3.70	3.71	3.70	3.73	3.70	3.73
The information at this site is well organized.	3.70	3.73	3.71	3.73	3.71	3.73

Source: Field Survey

In terms overall service quality, the component "The e-service platform makes it easy to find what customers need." has received highest mean score followed by "The e-service platform is easy to navigate" and "The information at this site is well organized." Across the evaluated components, Ajio emerges as a standout performer, securing the highest mean score of 3.90 in "The e-service platform makes it easy to find what customers need," signifying its excellence in facilitating user-friendly navigation. Similarly, in the dimension of "The e-service platform is easy to navigate," both Myntra received the highest mean score of 3.73, showcasing their effectiveness in providing seamless and user-friendly navigation experiences. In terms of information organization, Flipkart and Myntra lead with the highest mean score of 3.73 for "The information at this site is well organized," highlighting their prowess in presenting well-structured and clear information to users.

Table 2: Online Retailer wise Perception of Respondents about the Components of System Availability Dimension of Service Quality

Components	Mean					
	Amazon	Flipkart	Meesho	Myntra	Ajio	Overall
The platform is available when customers need it.	3.71	3.71	3.72	3.72	3.67	3.71
The platform is accessible on various devices and browsers.	3.81	3.81	3.83	3.83	3.79	3.81
The platform provides clear information about its availability and maintenance schedule.	3.62	3.64	3.64	3.66	3.63	3.63

Source: Field Survey

The examination of platform performance across components reveals notable trends. In terms of availability, both Meesho and Myntra share the highest mean score of 3.72, signifying their comparable excellence in maintaining platform availability. Regarding accessibility on various devices and browsers, Meesho and Myntra lead with the highest mean score of 3.83, underscoring their adaptability to diverse user environments. In terms of providing clear information about availability and maintenance schedules, Myntra stands out with the highest mean score of 3.66, closely followed by Flipkart and Meesho at 3.64, highlighting their dedication to transparent communication regarding platform status.

Table 3: Online Retailer wise Perception of Respondents about the Components of Fulfilment Dimension of Service Quality

Components	Mean					
	Amazon	Flipkart	Meesho	Myntra	Ajio	Overall
The platform delivers the promised services accurately.	3.53	3.56	3.57	3.55	3.57	3.55
The platform meets customers' expectations in terms of quality.	3.56	3.58	3.60	3.60	3.59	3.59
The Platform quickly delivers what customers order.	3.25	3.27	3.25	3.28	3.29	3.27

Source: Field Survey

Table 3 indicates that, for service accuracy, Ajio and Meesho lead with the highest mean score of 3.57, closely followed by Flipkart at 3.56. Meesho and Myntra stands out in meeting quality expectations with the highest mean score of 3.60, followed closely by Ajio at 3.59. In terms of prompt order delivery, Ajio leads with the highest mean score of 3.29, followed by Myntra at 3.28. These results highlight the distinct strengths of each platform in accurate service delivery, quality fulfilment, and efficient order processing.

Table 4: Online Retailer wise Perception of Respondents about the Components of Privacy Dimension of Service Quality

Components	Mean					
	Amazon	Flipkart	Meesho	Myntra	Ajio	Overall
Trustworthiness of the platform to protect personal data	3.42	3.44	3.47	3.42	3.45	3.44
The platform clearly explains its data privacy policies.	3.60	3.64	3.63	3.63	3.63	3.62
The extent of data collection by the platform is comfortable to its customers	3.43	3.46	3.43	3.46	3.46	3.44

Source: Field Survey

Table 4 reveals that, in terms of trusting the platform to protect personal information, users express the highest confidence in Meesho with a mean score of 3.47, closely followed by Ajio at 3.45. For the clarity of data privacy policies, Flipkart leads with the highest mean score of 3.64, showcasing effective communication. In terms of comfort with the level of data collected, Flipkart again leads with a mean score of 3.46, Ajio and Myntra also shares the highest mean with 3.46. These results highlight the strengths of Flipkart in building trust, transparent communication of data policies, and ensuring user comfort regarding data collection practices across various online shopping platforms.

Table 5: Gender wise Perception of Respondents about the Components of Efficiency Dimension of Service Quality

Components	Mean	
	Male	Female
The e-service platform makes it easy to find what Customers need.	3.85	3.86
The e-service platform is easy to navigate.	3.71	3.73
The information at this site is well organized.	3.73	3.72

Source: Field Survey

Table 5 reflects user perceptions of different websites based on three key components: ease of finding items, platform navigation, and the organization of information. Notably, females generally rate these aspects slightly higher compared to males. Specifically, females give a slightly higher mean score for the ease of finding what they need (3.86) compared to males (3.85). Similarly, females rate the platform's navigation slightly higher (3.73) than males (3.71). On the other hand, males provide a slightly higher mean score for the organization of information (3.73) compared to females (3.72). These subtle differences suggest that gender may influence user perceptions of website performance, particularly in terms of item discovery, navigation, and information organization.

Table 6: Gender wise Perception of Respondents about the Components of System Availability Dimension of Service Quality

Components	Mean	
	Male	Female
The platform is available when customers need it.	3.72	3.71
The platform is accessible on various devices and browsers.	3.82	3.81
The platform provides clear information about its availability and maintenance schedule.	3.66	3.65

Source: Field Survey

Table 6 shows that users, both male and female, generally find the platform available when needed (M: 3.72, F: 3.71), accessible on various devices and browsers (M: 3.82, F: 3.81), and providing clear information about availability and maintenance schedules (M: 3.66, F: 3.65). These results indicate a positive overall user experience with minimal gender-based differences.

Table 7: Gender wise Perception of Respondents about the Components of Fulfilment Dimension of Service Quality

Components	Mean	
	Male	Female
The platform delivers the promised services accurately.	3.55	3.56
The platform meets customers' expectations in terms of quality.	3.60	3.59
The Platform quickly delivers what customers order.	3.29	3.27

Source: Field Survey

In terms of the platform delivering promised services accurately, both genders express a high level of satisfaction with mean scores of 3.55 for males and 3.56 for females. Additionally, when assessing whether the platform meets expectations in terms of quality, males scored 3.60, and females scored 3.59, showcasing a closely aligned perception. However, there is a slight difference in the perception of the platform's delivery speed. Males rated it at 3.29, while females gave a slightly lower score of 3.27.

Table 8: Gender wise Perception of Respondents about the Components of Privacy Dimension of Service Quality

Components	Mean	
	Male	Female
Trustworthiness of the platform to protect personal information.	3.43	3.43
The platform clearly explains its data privacy policies.	3.64	3.62
The extent of data collection by the platform is comfortable to its customers	3.45	3.47

Source: Field Survey

The data suggests that both males and females trust the platform equally to protect their personal information, with a score of 3.43. While males scored slightly higher (3.64) in understanding the platform's data privacy policies compared to females (3.62). Females express a bit more comfort (3.47) with the data collected by the platform than males (3.45). In essence, users generally trust the platform, and there are subtle gender differences in understanding and comfort levels regarding data privacy.

Conclusion

In the contemporary digital landscape, the significance of e-service quality cannot be overstated, as it directly influences user experiences and shapes the success of online platforms. As users increasingly rely on online services for various needs, the quality of these services has become a critical determinant of customer satisfaction and loyalty. The tables offer valuable insights into user perceptions of different online shopping platforms, highlighting nuanced variations based on gender and distinct strengths among platforms. Females generally exhibit slightly higher ratings for ease of finding items and navigation, emphasizing a potential divergence in preferences. Trust in the protection of personal information is consistent across genders, underscoring the universal importance of data security. Males tend to rate information organization slightly higher, revealing subtle differences in how genders perceive the clarity and arrangement of information. Meesho, Myntra, and Ajio distinguish themselves with consistently high mean scores across various dimensions, indicating their superior service offerings These insights underscore the diverse facets influencing user experiences, urging platforms to tailor their strategies to meet evolving expectations and preferences.

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Use of Accounting Information in Decision Making- A Study on Selected Traders of Diphu Town of Assam

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Abstract

A businessman can use accounting information for various types of decisions. The three basic types of decision made by the businessmen on the basis of time period are- Strategic decisions, Tactical decision and Operational Decision. Statistical decisions are long term decisions and non-recurring in nature. Tactical decisions are the medium term decisions and operational decisions refer to those decisions that are for short period of time. Apart from all these decisions, various other decisions are also made by the businessmen. These decisions may include making choices, make or buy decisions, tax planning, preparing budget, growth and expansion decisions, purchasing new equipment, competitive bets, management decisions like hiring employees, downsizing workforce, etc. This study focuses on examining whether the businessmen use accounting information for decision making and also to assess the type of decisions made by the businessmen using various accounting information.

***Keywords**: information, decision, strategy, operation*

Introduction

Accounting information is most commonly used for making business decisions. Decisions may include expansion decision, strategic decisions, estimating budget, tax planning, estimating future sales, or reviewing new business opportunities, etc. Decision will be more safe and accurate if they are based on actual facts and figures. Thus accounting information is necessary for decision making. A business owner cannot make knowledgeable decision unless they have access about the operations, transactions and events of the business. Accounting information provides the records of all business transactions and events that has taken place and thus helps the business owner in taking crucial decision. Accounting information and decision making are closely related to one another. Accounting information helps to take informed decisions. Informed decisions are benign and truthful. Analysing the accounting information, a business owner can identify new opportunities and make better choice among various alternative options for growth and development of their business. Thus, it can be said that the basis of sound decision making is the accurate facts that are presented through accounting information.

A businessman can use accounting information for various types of decisions. The three basic types of decision made by the businessmen on the basis of time period are- Strategic decisions, Tactical decision and Operational Decision. Statistical decisions are long term decisions and non-recurring in nature. Tactical decisions are the medium term decisions and operational decisions refer to those decisions that are for short period of time. Apart from all these decisions, various other decisions are made by the businessmen. These decisions may include making choices, make or buy decisions, tax planning, preparing budget, growth and expansion decisions, purchasing new equipment, competitive bets, management decisions like hiring employees, downsizing workforce, etc. Accounting Information provides an overview as how the businessmen should grow its small business. It helps the businessmen estimating their future performances and make decisions which is the best suited for the business growth and prosperity.

Accounting has developed as a full-fledged information system. It is no longer a mere recording, classifying, measurement and interpretation of transactions. The main purpose of keeping accounting information has been its use in decision making. Lack of accounting information may lead to lack of knowledge about the present and uncertainties in the future. It may also result to wrong, poor or misleading decision for which the business has to pay high price. Therefore, every decision that a businessmen make should be precise, timely, accurate, unambiguous and clear-cut information.

Statement of the Problem

Though accounting information is undeniably necessary for decision making purpose by the businessmen, they might not use this information for the same. Some of the businessmen use accounting information for filing of income tax, some may merely keep the records of their day-to-day accounts but may not have the proper knowledge as how to use accounting information for decision making, while some may not even keep the accounting information to maintain the books of accounts. These problems lead to the failure of the use of accounting information by the businessmen, which may result in inappropriate decision for the organisation. However, this study focuses on examining whether the businessmen use accounting information for decision making and also to assess the type of decisions made by the businessmen using accounting information.

Review of Literature

Khasawneh (2018) revealed that training puts banks in better off position having positive impact on their performance and might counter-skeptics who might argue that unnecessary expenditure incurred in training and education can be avoided. The study portrayed that though the implementation of accounting information affect organisational performance, training and education didn't showed a noteworthy effect on performance. Meiryani (2020) mentioned that use of accounting technology has numerous benefits. Accounting provide useful information to stake holders, assess their needs, design accounting information system, recording data and preparing reports for the stakeholders, and then lastly the stakeholders use accounting reports as a main information along with other information. Ortega (2017) aimed to examine the degree of influence of the use of accounting information in SMEs of the supermarkets of Cucuta that help them in decision making and found out that most of the accounting software is fed mostly by female. The expenses incurred in maintenance, updating, and training in accounting information were also analysed. Conclusion was made that they have significant system to generate accounting and financial reports. Accounting information must be aligned with the objectives of the firm to take the advantage in a better way. Use of software was also considered significant.

Siyanbola (2012), used survey research design and data were collected using questionnaire. The results depicted that accounting information has effects on managing decisions and that there is a significant relationship between perception of employee and accounting information and also between the time factor and accounting information. Company's performance is also affected by accounting information. Ullah and others (2014) aimed to identify the frequency of using accounting in decision making in manufacturing industries in Bangladesh and also to know about the effectiveness of such information in long term strategic decisions. The problems in generating accounting information and suggestion to overcome the identified problems were also studied. It has been observed that there is significant relationship between accounting information and strategic decision making. The study revealed that no major problem has been faced by the management as they are using updated accounting system and keeping pace with the information and technological requirements. Vokshi (2017) identified that accounting information has an impact on making the correct economic decisions. The study was based on providing an overview of developments and knowledge on accounting information and the influence or impact that accounting information has over decision making. Descriptive statistical analysis has been used to present the importance of standardized accounting information and its impact on decision making by the users.

Research Gap

Many studies have focused on the type of accounting information used for decision making, the relationship between accounting information and decision making and also how accounting information effects the decision making. Emphasis has also been given on the users and its impact of the use of accounting information on decision making, usefulness of accounting information system on decision making and its importance in decision making. Role of accounting information with respect to social responsibility of accounting and corporate governance has also been studied. But not many studies have focused on the type of decision taken by the businessmen using the accounting information.

Objectives of the Study

i. To examine the extent of accounting information used by the businessmen for decision making.
ii. To access the type of decision taken by the businessmen using accounting information in Diphu town.

Hypothesis

"The type of decision taken by the businessmen using accounting information in Diphu town is not significant."

Research Design

For the present study Descriptive Research method is used. The study is exclusively carried out in Diphu town of Karbi Anglong district of Assam. The information has been gathered regarding the use of accounting information in decision making by the businessmen in Diphu town. The population of the present study consists of the all the 1500 businessmen of Diphu town from which 40 samples have been identified for this study. Purposive sampling technique has been used to select the samples. For the present study, primary data has been collected through questionnaire. Besides, secondary data has also been collected from books, journals and websites. The collected data are classified, tabulated and analysed using percentage method.

Scope of the Study

This study mainly focuses on determining various type of decision taken by the businessmen using accounting information. However, aspects such as relationship between accounting information and decision making, users of accounting information, factors influencing decision making in a business are kept outside the purview of the study. The study has been carried out in Diphu Town of Karbi Anglong district of Assam.

Limitations of the Study

- The research is based on sample and also based on primary data so the opinion of the respondents might be skewed.
- Lack of adequate knowledge of a few respondents regarding use of accounting information.

Data Analysis and Findings

Table 1 shows that maximum of the respondents (37.5%) are in the age group of 40-50 years.
All of the respondents are male. 40% of the respondents have academic qualification up to HSLC level and majority of the respondents has income in between Rs. 4,00,000-6,00,000.

Table 1: Respondents Demographic Profile

Age (in years)	**Below 30**	**30-40**	**40-50**	**50-60**	**Above 60**	**Total**
No. of Respondents	2 (5%)	7 (17.5%)	15 (37.5%)	11 (27.5%)	5 (12.5%)	40 (100%)
Gender	**Male**	**Female**	**Others**	**Total**		
No. of Respondents	40 (100%)	-	-	40 (100%)		
Educational Qualification	**HSLC**	**HS**	**Degree**	**PG**	**Others**	**Total**
No. of Respondents	16 (40%)	11 (27.5)	13 (32.5%)	-	-	40 (100%)
Annual income (in Rs.)	**Below 2,00,000**	**2,00,000-4,00,000**	**4,00,000-6,00,000**	**6,00,000-8,00,000**	**8,00,000-10,00,000**	**Total**
No. of Respondents	1 (2.5%)	12 (30%)	17 (42.5%)	7 (17.5%)	3 (7.5%)	40 (100%)

Source: Field Survey

From table 2, it can be seen that 97.5% of the respondents are aware of the use of accounting information in decision making. While 100% of the respondents agreed that accounting information influences their decision. 82.5% of the respondents replied positively which indicates that they are agreed of using accounting information for decision making is better than intuition. Majority of the respondents (57.5%) believe that they have some advantage of using accounting information for decision making.

Table 2: Awareness of the use of accounting information

Use of accounting information for	No. of Respondents			
	Yes	**No**	**Can't Say**	**Total**
Decision making	39 (97.5%)	-	1 (2.5%)	40 (100%)
Influence respondent's decision	40 (100%)	-	-	40 (100%)
Is better than the decisions made through intuition	33 (82.5%)	-	7 (17.5%)	40 (100%)
Has advantage for the businessmen	23 (57.5%)	2 (5%)	15 (37.5%)	40 (100%)

Source: Field Survey

The analysis has been done to know how frequently the respondents use accounting information for decision making purpose. It was found that 37.5% of the respondents use accounting information sometimes for decision making.

Table 3: Frequency of the using of accounting information in decision making

Frequency	Always	Frequently	Sometimes	Rarely	Never	Total
No. of Respondents	5	10	15	10	-	40
Percentage (%)	12.5	25	37.5	25	-	100

Source: Field Survey

Table 4: Tenure-wise use of Accounting Information

Tenure	Strategic Decision (Long Term)	Tactical Decision (Medium Term)	Operational Decision (Short Term)	Total
No. of respondents	11	11	18	40
Percentage (%)	27.5	27.5	45	100

Source: Field Survey

Table 4 shows that majority to the respondents (45%) use accounting information for operational decisions i.e. for short term decisions.

Table 5 shows that 45% of the respondents strongly agreed that they use accounting information for preparing budget. 22.5% of the respondents however agreed that they use accounting information for management decisions. Further, 27.5% of the respondents strongly agreed that they use accounting information for decision like purchasing new equipment. The researcher has also found that 55% of the respondents strongly agreed that they use accounting information for expansion decision. Further, 47.5% of the respondents agreed that they use accounting information for strategic decisions. 30% of the respondents disagree that they use accounting information for make or buy decision.

Table 5: Use of accounting information for various types of decisions

Decisions	No. of Respondents					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Preparing Budget	18 (45%)	16 (40%)	1 (2.5%)	4 (10%)	1 (2.5%)	40 (100%)
Decisions like hiring or downsizing workforce	1 (2.5%)	9 (22.5%)	1 (2.5%)	5 (12.5%)	24 (60%)	40 (100%)
Purchasing new equipment	11 (27.5%)	8 (20%)	9 (22.5%)	7 (17.5%)	5 (12.5%)	40 (100%)
Expansion decision	22 (55%)	16 (40%)	2 (5%)	-	-	40 (100%)
Strategic decisions	10 (25%)	19 (47.5%)	3 (7.5%)	6 (15%)	2 (5%)	40 (100%)
Make or buy decision	5 (12.5%)	8 (20%)	7 (17.5%)	12 (30%)	8 (20%)	40 (100%)
Competitive bets	3 (7.5%)	6 (15%)	3 (7.5%)	7 (17.5%)	21 (52.5%)	40 (100%)
Making choices	12 (30%)	17 (42.5%)	4 (10%)	3 (7.5%)	4 (10%)	40 (100%)
Tax planning	40 (100%)	-	-	-	-	40 (100%)

Source: Field Survey

52.5% of the respondents strongly disagree for the use of accounting information for decisions like competitive bets. 42.5% of the respondents agreed that they use accounting information for making choices. Finally, 100% of the respondents strongly agree that they use accounting information for tax planning.

Table 6: Descriptive Statistics

Decisions	Valid N	Mean	SD	Variance	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
Preparing Budget	40	4.15	1.051	1.105	-1.429	0.374	1.532	0.733
Hiring or Downsizing Workforce	40	1.95	1.339	1.792	0.973	0.374	-0.766	0.733
Purchasing New Equipment	40	3.32	1.385	1.917	-0.257	0.374	-1.162	0.733
Expansion Decision	40	4.5	0.599	0.359	-0.753	0.374	-0.344	0.733
Strategic Decisions	40	3.72	1.154	1.333	-0.9	0.374	-0.033	0.733
Make or Buy Decision	40	2.75	1.335	1.782	0.281	0.374	-1.112	0.733
Compete Bets	40	2.08	1.385	1.917	0.957	0.374	-0.542	0.733
Making Choices	40	3.75	1.256	1.577	-1.053	0.374	0.213	0.733
Tax Planning	40	5	0	0		0.374		0.733

Source: Field Survey

Table 6 shows that the mean value is high in case of tax planning followed by preparing budget whereas deviation is high in case of purchasing new equipment and competing bets.

Table 7: One-Sample t-Test

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Preparing Budget	.902	39	.372	.150	-.19	.49
Decisions like Hiring or Downsizing Workforce	-9.685	39	.000	-2.050	-2.48	-1.62
Purchasing New Equipment	-3.083	39	.004	-.675	-1.12	-.23
Expansion Decision	5.278	39	.000	.500	.31	.69
Strategic Decisions	-1.507	39	.140	-.275	-.64	.09
Make or Buy Decision	-5.922	39	.000	-1.250	-1.68	-.82
Compete Bets	-8.793	39	.000	-1.925	-2.37	-1.48
Making Choices	-1.259	39	.215	-.250	-.65	.15

Source: Field Survey

From table 7 it is seen that the p value in case of preparing budget, strategic decision and making choices are more than 0.05 which means that the type of decision taken by the businessmen using accounting information in Diphu town is not significant. While the p value in case of Decisions like hiring or downsizing workforce, purchasing new equipment, expansion decision, make or buy decision and compete bets are less than 0.05 which means that the type of decision taken by the businessmen using accounting information in Diphu town is significant.

Suggestions

- Effort should be made by the businessmen for the use of accounting information in decision making.
- Apart from the types of the decisions mentioned in this study, businessmen should also focus on pricing decisions, lending decisions, estimating demand, utilisation and allocation of profit, cash management, etc.
- Businessmen should use accounting information for make or buy decision.
- Relevant accounting information should be readily available for decision making.

Conclusion

Accounting information has an increasing impact on the businesses. Accounting information helps the businessmen in making informed decision. The study revealed that accounting information plays a vital role in taking accurate, effective and important decisions. Accounting information has lot to do in decision making of an enterprise. Various decisions of the businessmen are influenced by the accounting information.

Accounting information includes a set of financial statement which is useful for internal as well as external users. The main objective of accounting is to provide information to the users who need to make crucial decisions. In this study, the researcher has tried to find out the different types of decisions made by the businessmen using accounting information. Many businessmen believe that for making sound decisions, use of accounting information is greatly necessary. Decisions made using accounting information is better than the decision made through intuition. This is because the decisions made using facts and figures are considered to be more reliable and accurate. Using accounting information in decision making helps the decision makers to understand their task more clearly and reduce uncertainty before making their decisions. Use of accounting information in decision making satisfies the necessity of reliable, unbiased, easily understandable and clear information, thereby enabling the businessmen to formulate its decision in a timely and efficient manner. Thus, it can be concluded that accounting information can contribute a lot in making the most effective and efficient decisions for the business.

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Mapping the Evolution and Impact of Corporate Social Responsibility: A Review of Literature from the Past Two Decades

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Abstract

Corporate Social Responsibility (CSR) has emerged as a pivotal aspect of contemporary business strategies, impacting organizational behavior and stakeholder relationships. This systematic literature review aims to trace the evolution and assess the multifaceted impact of CSR practices within the past two decades. The review employs a rigorous methodology to identify, analyze, and synthesize scholarly literature pertaining to CSR, encompassing peer-reviewed articles, academic journals, and seminal books from diverse databases. Drawing upon systematic search strategies and predefined inclusion criteria, a comprehensive selection of literature is scrutinized to elucidate the chronological progression, conceptual shifts, and thematic trends in CSR discourse. The review examines the changing landscape of CSR initiatives, from traditional philanthropic gestures to integrated sustainability approaches, elucidating their implications on organizational behavior, stakeholder engagement, and societal impact. The findings of this review contribute to a nuanced understanding of CSR evolution, delineating emerging trends, theoretical advancements, and gaps in existing literature. This synthesis not only provides insights into the transformative journey of CSR practices but also serves as a foundation for future research endeavors, emphasizing areas necessitating further exploration and empirical validation.

***Keywords**: CSR Evolution, Impact Assessment, Stakeholder Engagement.*

Introduction

Corporate Social Responsibility (CSR) has garnered substantial attention in contemporary business literature, reflecting an evolving paradigm that extends beyond profit-maximization goals. Defined as the voluntary commitment of businesses to ethically conduct their operations while contributing to societal well-being (Carroll, 1999; McWilliams & Siegel, 2001), CSR encompasses a spectrum of practices, ranging from philanthropic gestures to comprehensive sustainability strategies. The evolution of CSR is rooted in historical shifts in societal expectations, legislative changes, and globalization effects on business practices (Carroll & Shabana, 2010). Early CSR initiatives primarily focused on charitable giving and philanthropy, emphasizing corporate contributions to social causes as a means to fulfill societal obligations (Carroll, 1979). However, a paradigm shift occurred as corporations began integrating CSR into their core business strategies, considering the alignment of social and environmental concerns with financial objectives (Porter & Kramer, 2006). Understanding the historical trajectory and changing contours of CSR is pivotal in assessing its contemporary significance. In recent years, stakeholders, including consumers, investors, governments, and employees, increasingly demand responsible corporate behavior and transparency in operations (Bhattacharya et al., 2008). The multifaceted nature of CSR has expanded beyond mere compliance to encompass sustainable business practices, ethical governance, stakeholder engagement, and environmental stewardship (Dahlsrud, 2008).

Definition and Conceptualization of CSR

Corporate Social Responsibility (CSR) encapsulates the ethical obligations and voluntary initiatives undertaken by corporations to engage with societal concerns and contribute positively to communities and the environment (Carroll, 1999; McWilliams & Siegel, 2001). The conceptualization of CSR has evolved over time, reflecting changing societal expectations, stakeholder demands, and the broader context of sustainable business practices.

At its core, CSR encompasses the integration of social, environmental, and ethical considerations into the business strategy and decision-making processes of organizations (Carroll, 1979). Carroll's seminal CSR framework delineates four interrelated dimensions: economic responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities (Carroll, 1991). This model presents a hierarchical view, suggesting that corporations should progress beyond economic and legal obligations to meet ethical and philanthropic commitments voluntarily. Moreover, the European Commission (2011) defines CSR as a concept where companies integrate social and environmental concerns in their business operations and interactions with stakeholders on a voluntary basis. This definition emphasizes the proactive nature of CSR, highlighting its voluntary aspect while underscoring the importance of stakeholder engagement and sustainability in corporate practices. In recent years, the notion of CSR has expanded to encompass broader frameworks such as Creating Shared Value (CSV) (Porter & Kramer, 2011) and Sustainable Development Goals (SDGs) (United Nations, 2015). CSV emphasizes the alignment of societal and business needs to create mutual value for both corporations and communities. Simultaneously, the SDGs provide a global framework for corporations to align their CSR initiatives with international development goals. Understanding the diverse conceptualizations and frameworks of CSR is essential in evaluating its evolution and impact. This review aims to analyze how these varying perspectives have influenced the adoption and implementation of CSR practices across different industries and geographical regions within the past two decades.

Evolution of CSR: Historical Context

The evolution of Corporate Social Responsibility (CSR) unfolds within a historical context marked by changing societal expectations, economic shifts, and the evolving role of corporations in society. Historically, the genesis of CSR can be traced back to the philanthropic initiatives undertaken by industrialists in the late 19th and early 20th centuries (Sethi, 1975). Influential figures such as Andrew Carnegie and John D. Rockefeller laid the groundwork for corporate philanthropy, establishing foundations and endowments aimed at addressing social issues and improving community welfare. The 20th century witnessed varying attitudes towards the responsibilities of corporations beyond profit maximization. Notably, the 1950s and 1960s were characterized by a focus on corporate philanthropy as a means of fulfilling societal obligations, often disconnected from core business operations (Davis, 1973). This era also marked the emergence of discussions around corporate ethics and social responsiveness, particularly in response to heightened public scrutiny of business practices. The seminal work of Archie Carroll (1979, 1991) contributed significantly to shaping the conceptual framework of CSR. Carroll's hierarchical model delineating economic, legal, ethical, and philanthropic responsibilities became influential in defining the multi-faceted nature of CSR. His model suggested that corporations should strive to progress beyond mere profitability and compliance with laws to meet ethical and philanthropic commitments. The 21st century heralded a significant paradigm shift in CSR perspectives. Porter and Kramer (2006, 2011) emphasized the integration of societal concerns into business strategy, proposing the concept of Creating Shared Value (CSV). This approach advocates for corporations to identify opportunities that generate economic value while simultaneously addressing societal needs. Moreover, globalization, technological advancements, and increasing stakeholder activism have propelled CSR into a more holistic domain, incorporating environmental sustainability, stakeholder engagement, and ethical governance (Carroll & Shabana, 2010).

Significance of the Study

The study of the evolution of Corporate Social Responsibility (CSR) holds significant importance in contemporary business discourse owing to its multifaceted implications for organizations, society, and stakeholders. Understanding the historical trajectory of CSR is imperative for several reasons. Firstly, examining the evolution of CSR provides critical insights into the changing dynamics between corporations and society. Historical shifts in CSR paradigms reflect broader societal changes, including shifts in consumer preferences, regulatory landscapes, and ethical expectations (Carroll & Shabana, 2010). By tracing the evolution of CSR practices, researchers can comprehend the contextual factors that have shaped contemporary notions of responsible corporate behavior.

Secondly, studying CSR evolution aids in comprehending the strategic implications for organizations. As CSR transformed from being primarily philanthropic to encompassing integrated sustainability approaches, its strategic relevance in enhancing corporate reputation, mitigating risks, and fostering innovation became evident (Porter & Kramer, 2006). Understanding past trends enables businesses to align their strategies with evolving societal expectations and remain competitive in a rapidly changing landscape.

Moreover, analyzing the historical evolution of CSR facilitates the identification of best practices and pitfalls. Examining past successes and failures in CSR initiatives provides valuable lessons for contemporary businesses. Insights derived from historical perspectives aid in designing effective CSR strategies that resonate with stakeholders and contribute to sustainable value creation (Carroll, 1991). Additionally, studying CSR evolution contributes to the advancement of theoretical frameworks and academic discourse. As scholars uncover and analyze historical trends in CSR, they contribute to the refinement of theoretical models and frameworks, enabling a deeper understanding of the complexities inherent in CSR practices and their impacts on various stakeholders (Carroll, 1979). In sum, investigating the evolution of CSR serves as a cornerstone for comprehending the complex interplay between businesses and society. This review seeks to contribute to this understanding by systematically analyzing the trajectory of CSR over the past two decades, elucidating its implications for organizational strategies and societal well-being.

Objectives of the Study

The study aims to analyze the evolution and impact of Corporate Social Responsibility (CSR) over the past two decades by reviewing existing literature, highlighting trends, paradigm shifts, and the implications for businesses and society.

Scope of the Study

The review focuses explicitly on scholarly literature encompassing peer-reviewed articles, academic journals, seminal books, and reputable conference proceedings published within the last two decades (from 2002 to 2022). This time frame enables a comprehensive analysis of contemporary CSR perspectives and developments while ensuring relevance and timeliness of the synthesized information.

Moreover, the scope of this review encompasses diverse dimensions of CSR, including but not limited to stakeholder engagement, ethical governance, environmental sustainability, and societal impact. It emphasizes a holistic approach to CSR, encompassing a wide array of practices and theoretical perspectives prevalent in contemporary literature. The geographical scope of the review remains broad, encompassing studies conducted globally to capture diverse cultural, institutional, and industry-specific nuances in CSR practices and their implications.

Methodology of the Study

Research Design and Approach

Search Strategy: To ensure comprehensiveness, a systematic approach was adopted to identify relevant literature. Databases including PubMed, Scopus, Web of Science, and Google Scholar were systematically searched using a combination of keywords related to "Corporate Social Responsibility," "CSR Evolution," "CSR Impact Analysis," and related terms. Boolean operators (AND, OR) were utilized to refine searches.

Inclusion and Exclusion Criteria: Inclusion criteria encompassed peer-reviewed articles, academic journals, books, and reputable conference proceedings published within the defined time frame (January, 2002 to January, 2022). Primary emphasis was placed on literature explicitly addressing CSR evolution, trends, and impact assessments. Non-English language publications and non-peer-reviewed sources were excluded.

Data Search Process: Data collection involved a rigorous search process conducted between 29th November 2023 and 20th December 2023. The search strategy involved iterative refinement to ensure the inclusion of pertinent studies. Multiple rounds of searches were performed, and duplicates were removed using reference management software.

Screening and Selection Criteria: A systematic screening process was employed based on predefined inclusion and exclusion criteria. Titles and abstracts of identified articles were initially screened for relevance. Full-text screening was conducted for potentially relevant articles identified in the initial screening phase. Reasons for exclusion were documented at each stage, ensuring transparency and reproducibility of the selection process. Finally, 87 studies met all inclusion criteria and were included in the study.

Data Extraction and Synthesis Methods: A structured data extraction form was developed to systematically capture relevant information from selected studies. Extracted data included publication details, research methodology, key findings related to CSR evolution and impact assessment, theoretical frameworks employed, and empirical evidence supporting conclusions. Synthesis methods involved thematic analysis to categorize and analyze extracted data.

Quality Assessment Procedures: Quality assessment was conducted to evaluate the rigor and relevance of selected studies. Established appraisal tools specific to the research domain were employed to assess the methodological robustness, reliability of findings, and overall quality of the selected literature. Studies meeting predefined quality criteria were considered for inclusion in the synthesis.

Evolution Of Corporate Social Responsibility: A Chronological Perspective

Early Foundations of CSR

The roots of Corporate Social Responsibility (CSR) trace back to the late 19th and early 20th centuries, marked by the philanthropic endeavors of prominent industrialists. Figures such as Andrew Carnegie and John D. Rockefeller pioneered initiatives aimed at community welfare and societal betterment. Carnegie, for instance, established libraries, funded educational institutions, and donated to various causes, emphasizing the responsibility of the affluent toward the community.

During Philanthropy and Corporate Giving period, CSR primarily manifested as corporate philanthropy and charitable giving. Companies engaged in acts of benevolence, providing financial support to social causes, supporting charitable organizations, and contributing to community development initiatives. Corporate leaders believed in the moral obligation of businesses to contribute to the well-being of society, often separating these activities from their core business operations. For instance, John D. Rockefeller's philanthropic initiatives through the Rockefeller Foundation aimed at advancing education, public health, and scientific research, demonstrating an early model of corporate social giving.

Transition Phase: CSR as a Business Strategy

During the mid-20th century, a significant shift occurred in the conceptualization of Corporate Social Responsibility (CSR), evolving from philanthropy to a more integrated approach within business strategies. Corporations began acknowledging that societal responsibility was not only a moral obligation but also integral to their long-term success. This paradigm shift signaled a move towards aligning social and business goals, emphasizing the potential for mutual benefit between corporations and society.

For instance, companies started considering social and environmental impacts in their decision-making processes, recognizing that responsible business practices could enhance brand reputation, mitigate risks, and contribute to sustainable development. This phase saw the emergence of approaches that integrated CSR into core business operations, fostering a strategic alignment between profit-seeking motives and societal well-being. Alongside the integration of CSR into business strategies, the transition phase witnessed the emergence of sustainability initiatives as a core component of CSR. Companies increasingly recognized the interconnectedness between economic growth, environmental stewardship, and social progress. Sustainability became a strategic imperative, encompassing practices that aimed to balance profit objectives with environmental and societal considerations.

This era marked a pivotal moment where corporations began considering the triple bottom line—people, planet, and profit—as essential components of sustainable business models. Companies initiated efforts to reduce their environmental footprint, implement responsible supply chain practices, and engage in community development projects, aligning their CSR initiatives with sustainable development goals.

Contemporary CSR Frameworks and Trends

Contemporary Corporate Social Responsibility (CSR) frameworks emphasize stakeholder engagement as a pivotal aspect of responsible business practices (Freeman et al., 2010). Businesses recognize the significance of various stakeholders - including employees, customers, communities, and investors - in their operations. Stakeholder engagement models within CSR aim to foster meaningful relationships and dialogue with these diverse groups. Companies increasingly integrate stakeholder feedback into decision-making processes, ensuring that their strategies align with stakeholders' interests and expectations.

For instance, businesses adopt practices such as participatory decision-making, transparent communication, and stakeholder consultation to understand and address the concerns of different groups. This approach not only enhances trust but also facilitates the co-creation of value between corporations and stakeholders.

In contemporary CSR, emphasis is placed on ethical business conduct and robust governance structures (Crane et al., 2008). Companies strive to uphold ethical standards in their operations, ensuring integrity, fairness, and accountability. Ethical considerations extend beyond mere compliance with regulations, encompassing broader ethical dilemmas and responsible business practices.

Moreover, governance aspects in CSR involve creating frameworks that promote transparency, accountability, and ethical decision-making within organizations. Ethical governance frameworks enable companies to navigate complex ethical issues, manage risks, and align their actions with societal expectations.

Impact Assessment of CSR Practices

Organizational Behaviour and Culture

Corporate Social Responsibility (CSR) practices significantly influence organizational behavior and culture, shaping how companies engage with employees, stakeholders, and the broader society. CSR initiatives play a pivotal role in fostering employee engagement and commitment (Brammer, Millington, & Rayton, 2007). Companies that actively involve employees in CSR activities often witness increased job satisfaction, higher morale, and a sense of pride in their work. Employees perceive their organization as socially responsible, leading to stronger organizational identification and commitment to shared values and goals. CSR practices contribute to shaping organizational culture and values (O'Reilly & Chatman, 1996). Companies that prioritize CSR tend to embed ethical values, sustainability, and social consciousness into their organizational culture. This, in turn, influences decision-making processes, guides behavior, and establishes norms that reflect the company's commitment to responsible practices. CSR initiatives also impact talent acquisition and retention (Turker, 2009). Companies known for their CSR efforts often attract a pool of potential employees seeking meaningful work and a company aligned with their ethical values. Moreover, CSR can enhance employee loyalty, reducing turnover rates and fostering a sense of pride in being associated with a socially responsible employer.

Stakeholder Perspectives

Shareholders play a significant role in evaluating Corporate Social Responsibility (CSR) initiatives with regard to financial performance and long-term value creation (Hillman & Keim, 2001). They assess how CSR practices impact profitability, shareholder returns, and risk management strategies. The literature emphasizes a positive relationship between CSR and financial performance, indicating that responsible corporate behavior often correlates with enhanced shareholder value (Hillman & Keim, 2001).

From the community perspective, Corporate Social Responsibility extends to the impact on local development and societal well-being (Carroll & Buchholtz, 2014). Communities expect companies to engage in initiatives that contribute positively to local economies, education, health, and social welfare. CSR practices that foster community development and address societal challenges are valued, influencing the perception of corporate entities within these communities (Carroll & Buchholtz, 2014).

Environmental sustainability is a crucial aspect of CSR, attracting attention from stakeholders concerned about ecological impacts (Darnall, Jolley, & Handfield, 2008). Stakeholders evaluate companies based on their commitment to environmental stewardship, energy efficiency, waste reduction, and carbon footprint mitigation. CSR initiatives aimed at environmental sustainability are seen as crucial in addressing global environmental challenges and aligning business operations with sustainable practices (Darnall et al., 2008).

Themes and Trends in CSR Literature

The literature on Corporate Social Responsibility (CSR) in the past two decades identifies several recurring themes and concepts (Aguinis & Glavas, 2012). These include but are not limited to stakeholder theory, sustainability, corporate governance, ethical practices, social impact measurement, and CSR reporting. Scholars have extensively examined these themes to understand their implications for businesses, society, and the environment. The evolution of CSR is underpinned by various theoretical frameworks that shape its conceptualization and implementation (Carroll, 1999). Theoretical lenses such as stakeholder theory, legitimacy theory, institutional theory, and the Triple Bottom Line approach have significantly influenced the understanding of CSR evolution. Researchers have applied these frameworks to analyze the progression of CSR practices and their impact on organizational behavior and societal outcomes.

Despite the richness of CSR literature, gaps and inconsistencies persist, warranting further exploration (Gond, Kang, & Moon, 2011). Areas such as the integration of CSR into corporate strategy, the measurement and evaluation of social impact, and the alignment of CSR with emerging global challenges remain underexplored. Moreover, inconsistencies in definitions, measurement methodologies, and reporting practices pose challenges for holistic assessments of CSR practices and their outcomes.

Discussion and Synthesis of Findings

Evolutionary Trajectory of CSR: The synthesis of literature reveals a distinct evolutionary trajectory of Corporate Social Responsibility (CSR) over the past two decades. It demonstrates a transition from traditional philanthropy towards integrated CSR strategies aligned with business goals (Carroll, 1999). The evolution showcases a paradigm shift where CSR transformed from a peripheral concern to a strategic imperative integrated into organizational frameworks.

Patterns and Trends in Impact Assessment: Patterns and trends in the assessment of CSR impact indicate a growing recognition of its multifaceted effects. Studies suggest that effective CSR practices positively influence organizational performance, stakeholder relationships, and societal well-being (Aguinis & Glavas, 2012). However, nuanced approaches are needed to measure and evaluate the diverse impacts of CSR initiatives.

Implications for Theory and Practice: The synthesis of findings underscores significant implications for both theory and practice in the realm of CSR. The evolution of CSR necessitates a rethinking of theoretical frameworks to better align with contemporary practices (Carroll, 1999). Moreover, the synthesis suggests the need for refining practical approaches to integrate CSR more effectively into organizational strategies.

Recommendations for Future Research

Based on the synthesized literature, several avenues for future research emerge. Scholars are encouraged to study deeper into the longitudinal impacts of CSR initiatives, exploring their sustainability and long-term implications (Aguinis & Glavas, 2012). Additionally, further investigation into the integration of CSR into diverse organizational contexts and its implications for different industries is warranted.

Summary & Conclusion

The systematic review of literature on Corporate Social Responsibility (CSR) over the past two decades reveals a nuanced evolution in its conceptualization and implementation. The findings indicate a shift from conventional philanthropic approaches toward integrated CSR strategies deeply embedded within organizational frameworks. Additionally, the review highlights the multifaceted impacts of CSR on organizational performance, stakeholder relations, and societal well-being.

This comprehensive review contributes to the understanding of the evolving landscape of CSR, emphasizing its dynamic nature and diverse impacts. The synthesis of literature offers insights into the theoretical evolution of CSR constructs, patterns in impact assessment, and identifies gaps for further exploration. It underscores the significance of CSR as a strategic driver for sustainable business practices and societal welfare.

In conclusion, the evolving trajectory of CSR underscores its pivotal role in contemporary business landscapes. As CSR continues to evolve, scholars and practitioners must collaborate to address emerging challenges, refine measurement methodologies, and integrate CSR seamlessly into organizational strategies. This review serves as a foundational resource, guiding future research endeavors and fostering a deeper understanding of CSR's evolving role in shaping businesses and societies.

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