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Research Article

COMPARATIVE ANALYSIS OF TOP COMPANIES' CSR PRACTICES- INDIA VS INDONESIA

Sachin Batra

Faculty Member, NICMAR Delhi NCR

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ABSTRACT

This paper investigates the various CSR strategies and initiatives of the companies operating in India and Indonesia. The companies have been selected on the basis of their market capitalization. This paper mainly focuses on measuring and comparing the degree of transparency of Indian and Indonesian companies' CSR practices. This study is completely based on the availability of secondary data sources (official reports, social responsibility reports, business responsibility reports, company websites, and other authentic sources).

The degree of transparency is measured on the basis of- amount of money spent on CSR activities for the year which was released in published account/ responsibility report on website/ public portals, availability of information related to CSR like CSR strategy, and related information on website.

The limitation of this study is the availability of year wise CSR information as companies usually release the cumulative information about their CSR programs right from the very beginning of their involvement in CSR. Another limitation is that is no standard format of CSR reporting exists globally or locally which hinders our study of comparing CSR practices in India and Indonesia. So this paper also proposes a specific and concise format for disclosing CSR practices.

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INTRODUCTION

Sustainability as a phenomenon has been gaining importance in the global economy. With business expanding their purpose from profit making to include people and planets, sustainability has taken a centre-stage for business entities. According to World Business Council for Sustainable Development, 2001, CSR is "the commitment of business to contribute to sustainable economic development, working with employees, their families, and the local communities".

CSR spending in India and Indonesia is not new, however ever since the inclusion of mandatory CSR in the Companies Bill 2010 in India and Companies Liability Act, 2007 in Indonesia, the issue has raised a lot of expectations among different sectors.

Considering its importance and wide interest in the subject, we undertook a study of the present state of CSR initiatives by Indian and Indonesian companies. This is a working paper and so far top ten companies on the basis of Market capitalization have been selected each from India and Indonesia.

We aim to discuss the various CSR strategies and initiatives of the companies operating in India and Indonesia. We mainly focus on measuring and comparing the degree of transparency

of CSR practices. This study is completely based on the availability of secondary data sources (annual reports, social responsibility reports, business responsibility reports, sustainability reports, company websites, and other authentic sources).

There is no single globally accepted definition of CSR. Through our research study we define CSR as the set of activities which have a positive impact on the society and meeting the societal expectations. Globally the concept of CSR has evolved and it encompasses all related concepts such as Business Sustainability, Sustainable living, Sustainable commitments, Triple Bottom line, shared value, systematic engagement with stakeholders and business responsibility.

LITERATURE REVIEW

Now a days, companies are considering CSR as a major focus area and they are looking forward to develop new and innovative ways to meet societal expectations. (Chopra 2013)

CSR has been defined by various corporations and experts in 37 different definitions and all discussed about major five dimensions such as environmental, societal, economic, stakeholders and voluntariness (Dahlsrud, 2008). Various CSR domains have been identified in literature and the significance

*Corresponding author: **Sachin Batra**
Faculty Member, NICMAR Delhi NCR

of all domains were discussed and analyzed by the researchers. It was found during our study that most of the CSR activities done by Indian companies are in the areas of environment, health and education. (Singh, 2013). Even in our analysis we have found that the Indonesian companies predominantly work on the similar areas but they are also actively contributing in the areas like sports, religion, culture and disaster management. (Annexure I)

Various models are also created to determine the level of interventions in various CSR domains by Indian companies. In the research study (Prabhakar & Mishra, 2013) it is mentioned that in 2001 State of Corporate Responsibility in India Poll, Tata Energy Research Institute (TERI) conducted a survey, and found that the evolution of CSR in India has followed 4 thinking approaches: Ethical Model (1930 – 1950), Statist Model (1950 – 1970s), Liberal Model (1970s – 1990s), and Stakeholder Model (1990 – Present).

It has been observed that now companies are more focused towards meeting the needs of stakeholders- customers, employees, and community by following “Triple Bottom Line” concept (Freeman 1990). In this model it is suggested that companies are also accountable and responsible for the society. So their CSR practices and its benefits should be transparent and disclosed properly for the stakeholders. But, it is also found in the literature that still the information related to CSR activities is not disclosed properly and even CSR spending domain wise and/or in total is unclear and is left for the companies to decide whether they want to disclose it or not (Chaudhary & Wang).

This shows the view of Indian companies towards CSR is a sustainable growth in terms of Economic, Ecological and Social domains, which according to R. Edward Freeman is a Stakeholder model of CSR.

As per our study of Indonesian companies, we suggest that each company perceives CSR differently which makes the implementation and understanding of CSR programs/disclosures in a country like Indonesia little ambiguous. Mostly state owned companies have recognized CSR in the country and that too is mandated by the government policy to allocate specific budget of their profit for social cause. But in our research we have found that further improvement is required in disclosure of CSR spending and initiatives.

This paper investigates the various CSR strategies and initiatives of the companies operating in India and Indonesia. This paper mainly focuses on measuring and comparing the degree of transparency of Indian and Indonesian companies' CSR practices.

METHODOLOGY

To investigate CSR interventions by various companies we collected data from annual reports, Business Responsibility Reports, Sustainability Reports, research papers, and other authentic sources like websites and social media. For our complete study we decided to take the sample of 50 companies each from India and Indonesia based on market capitalization (Table 1). We decided to take the sample of top 50 companies as it contains a good mix of industries across various sectors.

Table 1 Top 50 Companies on the basis of Market Capitalization (2012)

S No.	India		Indonesia	
	Company Name	Market Cap (Rs. cr)	Company Name	Market Cap (Million Rp)
1	TCS	432653.63	Astra International Tbk. [S]	307,675,004
2	Reliance	300051	HM Sampoerna Tbk.	262,541,700
3	ONGC	281561.18	Bank Central Asia Tbk.	222,116,978
4	ITC	270475.03	Bank Mandiri (Persero) Tbk.	187,110,000
5	Coal India	186648.57	Telekomunikasi Indonesia (Persero) Tbk. [S]	182,447,993
6	Infosys	184892.56	Bank Rakyat Indonesia (Persero) Tbk.	169,736,169
7	HDFC Bank	172118.23	Unilever Indonesia Tbk. [S]	159,085,500
8	SBI	152733.92	Perusahaan Gas Negara (Persero) Tbk. [S]	111,510,938
9	ICICI Bank	144625.79	Gudang Garam Tbk.	108,326,154
10	HDFC	141704.16	Semen Gresik (Persero) Tbk. [S]	94,014,592
11	Tata Motors	133478.05	Indocement Tunggal Prakarsa Tbk. [S]	82,643,652
12	Sun Pharma	130483.33	United Tractors Tbk. [S]	73,483,662
13	Bharti Airtel	130195.32	Bank Negara Indonesia (Persero) Tbk.	68,310,029
14	Wipro	130153.98	Charoen Pokphand Indonesia Tbk. [S]	59,852,700
15	HUL	121619.23	Kalbe Farma Tbk. [S]	53,826,876
16	Larsen	117098.59	Bank Danamon Indonesia Tbk.	53,611,70
17	HCL Tech	99777.42	Indofood Sukses Makmur Tbk. [S]	51,365,495
18	NTPC	94451.79	Adaro Energy Tbk. [S]	50,857,680
19	Axis Bank	72030.37	XL Axiata Tbk. [S]	48,599,777
20	M&M	65072.11	Indo Tambangraya Megah Tbk. [S]	46,948,384
21	IOC	64984.15	Indofood CBP Sukses Makmur Tbk. [S]	45,481,441
22	Caim India	63904.27	Jasa Marga (Persero) Tbk. [S]	37,060,000
23	Kotak Mahindra	61920.76	Indosat Tbk.	35,048,871
24	NMDC	60362.8	Media Nusantara Citra Tbk. [S]	34,890,316
25	Maruti Suzuki	56957.2	Tambang Batubara Bukit Asam (Persero) Tbk. [S]	34,792,391
26	UltraTechCement	55985.01	Global Mediacom Tbk. [S]	33,523,107
27	Bajaj Auto	55114.29	Astra Agro Lestari Tbk. [S]	31,022,477
28	Power Grid Corp	54591.64	Bank Tabungan Pensiunan Nasional Tbk.	30,354,893
29	Hind Zinc	53555.92	Sinar Mas Multiartha Tbk.	28,529,395
30	Sesa Sterlite	53512.37	Bayan Resources Tbk. [S]	28,166,668
31	Asian Paints	48880.72	Bank CIMB Niaga Tbk.	27,368,320
32	GAIL	46946.35	Tower Bersama Infrastructure Tbk.	27,340,199
33	Dr Reddys Labs	46566.45	Vale Indonesia Tbk. [S]	23,350,396
34	Adani Enterpris	46263.51	Sarana Menara Nusantara Tbk.	23,160,640
35	Nestle	45845.67	Lippo Karawaci Tbk. [S]	23,077,690
36	Lupin	45289.6	Bank Internasional Indonesia Tbk.	22,566,264
37	Idea Cellular	44485.61	Holcim Indonesia Tbk. [S]	22,222,410
38	BHEL	44142.47	Elang Mahkota Teknologi Tbk. [S]	21,996,127
39	Hero Motocorp	43871.34	Surya Citra Media Tbk. [S]	21,937,500
40	Tech Mahindra	42905.86	Sumber Alfaria Trijaya Tbk.	19,818,512
41	Bharti Infratel	41422.93	Bumi Serpong Damai Tbk. [S]	19,421,666
42	United Spirits	40327.72	Bhakti Investama Tbk.	19,271,654
43	Adani Ports	38523.66	SMART Tbk. [S]	18,812,867
44	Tata Steel	37950.24	Inovisi Infracom Tbk. [S]	18,239,352
45	Bank of Baroda	34488.77	Salim Ivomas Pratama Tbk. [S]	18,188,757
46	BPCL	33504.11	Tempo Scan Pacific Tbk. [S]	16,762,500
47	Bosch	32658	Harum Energy Tbk. [S]	16,221,270
48	Cipla	32237.29	AKR Corporindo Tbk. [S]	15,983,491
49	Dabur India	31388.64	PP London Sumatra Indonesia Tbk. [S]	15,692,587
50	Ambuja Cements	31129.38	Multi Bintang Indonesia Tbk.	15,591,800

Source- www.moneycontrol.com & www.idx.co.id

In our study, the research technique used is Content Analysis, which is used to determine the presence of certain words or

concepts within texts or set of texts. So in our study the texts or set of texts used were annual reports, sustainability reports, Business Responsibility Reports, and other authentic public domains like companies' web sites and other social media. Through content analysis researchers quantify and analyze the presence, meanings, and relationships of such words and concepts, then make inferences about the messages within the texts.

Key CSR Domains

The key domains of CSR identified are (SRRF 2013, KPMG 2017, various annual reports and company websites) are-

- Community/ Society Development- providing infrastructure support to various communities etc
- Education & Skill Enhancement- providing educational services to various schools and colleges and training to improve employability etc
- Health- services to improve health and hygiene etc
- Environment- conservation of natural resources, species and waste management etc

- Entrepreneurship/ Partnership program- Providing support for income generation and self employment etc
- Stakeholder- services to improve health, hygiene, working conditions of employees, and providing best product and services and other support to the customer etc
- Disaster Management- relief programs or donations for natural disaster, rehabilitation etc
- Sports- promoting sports activities
- Religion/Culture- promoting and preserving religion and cultural values etc
- Donations/Others

Transparency Score

In our research we identified the major problem faced by researcher during the study is the lack of disclosure of complete information related to CSR activities like total CSR Amount/ domain wise spending, CSR Strategy, CSR reports, and information disclosed on website. And the varied perspectives of companies towards CSR lead to different reporting style which creates difficulty for the researchers and other stakeholders to interpret CSR interventions properly.

Table 2 Top 10 Companies on the basis of Market Capitalization (2012)

S No.	India		Indonesia	
	Company Name	Market Cap (Rs. cr)	Company Name	Market Cap (Million Rp)
1	TCS	432653.63	Astra International Tbk. [S]	307,675,004
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10	Wipro	130153.98	Semen Gresik (Persero) Tbk. [S]	94,014,592

Source- www.moneycontrol.com & www.idx.co.id

Table 3 Indian Companies CSR Details

S. NO	Company	CSR Strategy	Degree of Transparency						CSR Domains										
			1	2	3	4	5	6	Transparenc y Score	Communit y/ Society	Educatio n/ Skill Develop ment	Healt h	Environ ment	Entrepre neurship Develop ment/ Partners hip	Stakehold ers	Disaster Managem ent	Sports	Religion & Culture	Donations/ others
1	TCS	sustainable business, Impact through Empowerment, wealth creation economic and social development,	✓	✓	✓	✓	✓	✓	10		✓	✓	✓		✓				✓
2	Reliance Industries Ltd	utilise energy resources responsibly and stakeholder engagement	✓		✓	✓	✓	✓	8	✓	✓	✓	✓		✓				✓
3	ONGC	sustainable and inclusive growth	✓		✓	✓	✓	✓	6	✓	✓	✓	✓	✓					
4	ITC Ltd	Triple Bottom Line, multi-dimensional sustainability initiatives	✓		✓	✓	✓	✓	8	✓	✓		✓	✓					✓
5	Infosys	improve the access and quality of education	✓	✓	✓	✓	✓	✓	10	✓	✓	✓			✓	✓			
6	Coal India Ltd	strategic tool for sustainable growth, improve living standards	✓		✓	✓	✓	✓	8	✓	✓	✓			✓				
7	HDFC Bank Ltd	social and environmental factors, community development, social responsibility and environmental sustainability, empowering individuals at the bottom of the pyramid	✓			✓	✓	✓	5	✓	✓	✓	✓						✓
8	SBI	donations, health, education and disaster	✓		✓	✓	✓	✓	8	✓			✓		✓	✓			
9	WIPRO	economic, ecological and social sustainability			✓	✓	✓	✓	6	✓	✓	✓	✓			✓			✓
10	ICICI Bank	Inclusive Growth, Elementary Education, Sustainable Livelihoods, Primary Health and Financial Inclusion	✓		✓	✓	✓	✓	8	✓	✓	✓			✓				

To further analyze the problem, we attempt to develop a Transparency Index applicable for both Indian and Indonesian companies and define a transparency score for the companies based on their CSR involvement. (Reference- "India CSR Report- August 2013, SRRF NGO")

Transparency Score is calculated out of 10 on the basis of following criteria-

1. Cumulative CSR spending for the year disclosed either in the published accounts or Business Responsibility Report*/Sustainability Report**(2)
2. Domain/Sector wise CSR spending/ activity wise amount breakup for the year disclosed either in the published accounts or Business Responsibility Report/Sustainability Report (2)
3. CSR activities undertaken during the year distinctly disclosed in the published accounts (3)
4. Business Responsibility Report/ Sustainability Report released (1)
5. CSR strategy disclosed (1)
6. CSR Information disclosed on website (1)

Business Responsibility Report*- It is a document providing information about the companies' policies and actions taken on issues relating to CSR, Environment, Sustainability and Governance in India. Sustainability Report**- It is an important document which provides information related to Indonesian companies' policies, actions and performance to achieve sustainable development.

Data Analysis

So far we have collected the data of top 10 companies (Table 2) each from India and Indonesia based on their Market Capitalization and found out the degree of transparency and their areas of CSR interventions. Refer Table 3 & 4 for CSR details.

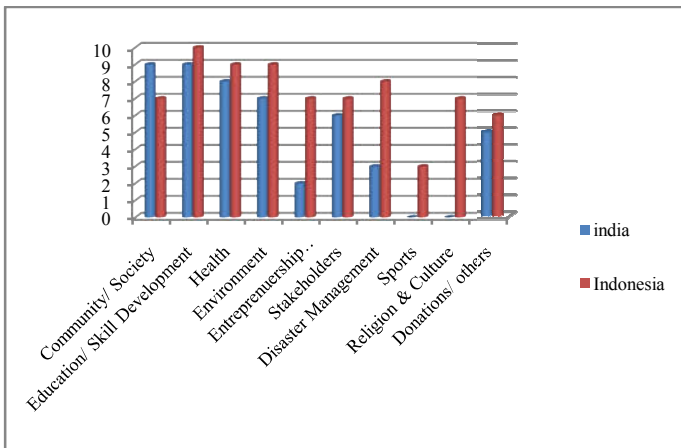
Table 4 Indonesian Companies CSR Details

S No.	Company	CSR Strategy	Degree of Transparency						CSR Domains										
			1	2	3	4	5	6	Transparen- cy Score	Community / Society	Education/ Skill Developme nt	Health	Environme nt	Entrepreneu rship Developmen t/ Partnership	Stakeholders	Disaster Management	Sports	Religion & Culture	Donations/ others
1	Bank Central Asia	sustainable community empowerment improve living conditions, poverty alleviation,	✓	✓	✓	✓	✓	✓	10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Sampoerna	education, environmental conservation and natural disaster management.	✓		✓		✓	✓	7		✓	✓	✓	✓	✓				
3	Astra International	eight foundations, long-term sustainability, 'Sharing With the Nation'			✓	✓	✓	✓	6	✓	✓	✓	✓	✓	✓				✓
4	Unilever	Sustainable Living Plan			✓	✓	✓	✓	6		✓	✓		✓					
5	Telkom	Triple Bottom Line	✓	✓	✓	✓	✓		9	✓	✓	✓	✓	✓	✓		✓	✓	
6	Perusahaan Gas Negara	environment, respect for human rights, , health and safety, economic and community development	✓	✓	✓	✓	✓	✓	10	✓	✓	✓	✓	✓	✓	✓		✓	✓
7	Bank Rakyat Indonesia	social investment, increase employment rate develop self reliant	✓	✓	✓		✓	✓	9*		✓	✓	✓	✓	✓			✓	✓
8	Bank Mandiri	communities, changing the community's paradigm	✓	✓	✓	✓	✓	✓	10	✓	✓	✓	✓		✓			✓	✓
9	GUDANG GARAM	community-focused and relief-based programmes			✓		✓	✓	5	✓	✓	✓	✓			✓		✓	
10	Semen Indonesia	Partnership and Community Stewardship Program	✓	✓	✓	✓	✓	✓	10	✓	✓		✓		✓			✓	✓

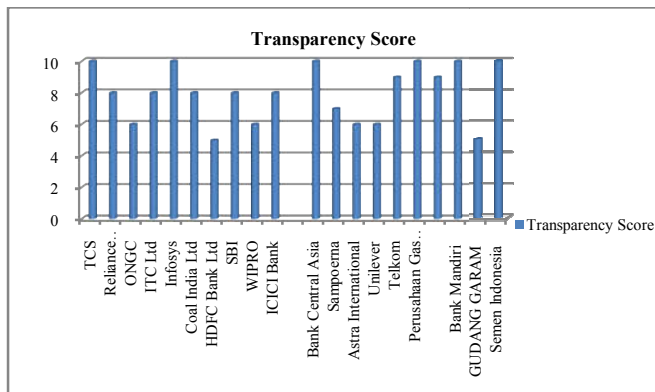
(* 9 score is because of unavailability of Sustainability report due to inaccessible website page)

Data Interpretation

It has been found that transparency score ranges between 5 and 10 which shows that most of the companies provide CSR information and strategy disclosed on websites and CSR activities undertaken during the year distinctly disclosed in the published accounts. It has been found that 6 companies out of 20 companies studied so far got the transparency score of 10 and out of these 6 companies 2 are Indian (TCS and Infosys) and 4 are Indonesian (Bank Central Asia, Perusahaan Gas Negara, Bank Mandiri, and Semen Indonesia) which clearly shows that Indonesian companies are comparatively more transparent than Indian companies in terms of CSR spending and activity disclosure. Our data analysis reveals that the key focus area of CSR is in Education and Skill Development, Health and Environment which is supported by the literature also. It also shows that Indonesian companies are contributing more in these areas as compared to their Indian counterparts. We found that there are few areas such as Sports, Religion, Culture and Disaster Management which are ignored by most Indian companies but Indonesian companies are contributing significantly to these areas. Indonesian companies are contributing in Disaster Management area because Indonesia is more prone to natural disasters like earthquakes, volcanic eruptions, etc. In India the areas like religion and culture are seemingly very sensitive and dubious because of its diverse nature. So we feel that Indian companies are little reluctant for contributing towards these domains. And may be the companies don't consider it as CSR activity. Researchers also feel that Indian perspective towards contribution in sports is widely considered as their marketing and promotional activity (Annexure I & II). We will further explore these domains and try to analyze it profoundly.



Annexure II (Transparency Score of Indian and Indonesian Companies)



Limitations- Our study is the work in progress, in which 10 sample size of companies is considered each from India and Indonesia which is too small to generalize the results. Therefore to validate our results in full paper, we decided to consider 50 companies as mentioned in Table 1 each from India and Indonesia to study CSR interventions and to calculate Transparency Index.

Future Scope- Further study will be done to explore the reasons of involvement in other areas like religion, sports, and culture and why these areas are seemingly ignored in India. Also we will analyze the relationship between transparency and its impact on market capitalization based on asset size. Also we will increase the scope in terms of number of companies in both the countries.

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