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### **“A Comparative study on impact of CSR activities on Financial measures such as EPS & MPS on FCG companies in India with reference to HUL and ITC”**

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#### **Abstract:**

Customer is considering asking for the company who is a part of society. There are various stakeholders such as customer banker supplier etc. are part of society from where an organization earns profit the present study conducted to describe significant of CSR activities the main objective of the study is to find out impact of CSR activates cared out by FMCG companies in India on market price as well as EPS

the study is conducted for manger FMCG companies operating in India such as HUL and ITC for last five years (2015-2016 to 2019-2020) the data is collected from annual report of the company for EPS, market price (as per last date of financial year on NSE) and CSR expenditure the data is analyzed using statically technique such as correlation coefficient and paired T-TEST. Main findings of the research implies that CSR activities has significant impact on financial indicators

**Keywords: HUL, ITC, CSR, EPS, Market price**

#### **Introduction**

Social responsibility implies approaches that guarantee that a whether it is government or private enterprise has a duty to society. CSR is an idea that diminish cost and hazard, increment that brand esteem notoriety and the adequacy of representatives and lucidity in the workplace of the business house the organization act 2013 has acquaint the possibility of CSR with the bleeding edge and through "reveal clarify order"

In the new FMCG organizations which are working their business from one corner to another of the world in one side on the opposite side they focused more open government assistance related exercises so as to maintain their brands through interrelating them among the close by oppressed individuals. the historical backdrop of India has social or noble cause causes in their business for advantage of public turn of events. CSR alludes to organizational activity and polices that consider a few sort of partners and the factor of CSR are financial, social, and natural execution. organization's most recent 2% of the organization normal net benefits made during the three going before years as indicated by the arrangements of area 198 of the demonstration . CSR specifically financial responsibility, lawful duty, moral responsibility and humanitarian responsibility. The financial obligation is at the base of the pyramid which shows the expanded significance of the business is to boost the benefit of the business. The other sort of duties can be satisfied just when the business satisfy the monetary duty very well. Firms with great corporate picture likewise order more exorbitant costs, create more representative faithfulness and more prominent profitability , have dealing power

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with their providers more steady incomes, and less presented to emergencies. CSR is contended to assume some sure part in benefit making it is additionally seen as a significant protection methodology to limit hazards from negative government, intercession exhort media inclusion and customers or investors reaction to corporate conduct. CSR as an organization's obligation to working in a financially, socially and naturally feasible way while perceiving the premium of its partners, including financial backers, client, worker, colleagues, and neighborhood networks her current circumstance and society on the loose

### Review of Literature:

**Dr.C.V.Vethirajan & Dr.C.Ramu** in their article "*Impact of CSR on FMCG companies-Consumer's perspective*" find out that perception of the respondents group about the effect of CSR activities on FMCG firms and benefits from CSR for FMCG companies is analyzed using various statistical techniques. Consumers choose about FMCG companies for personal care product is also evaluated that.

**DESTI KANNAIAH & A.JAYAKUMAR** in their article "Business enterprises are traditionally known as engines for driving the economic performance of an entity, its success being measured in terms of high returns on equity and its contribution to the development of the society" make favourable argument that the business organisation get everything from the society for its survival and it is the responsibility of the enterprise to return positive attitudes towards the society. If it fails to meet the expectations of the society, the society will punish the firm through their purchase behavior.

**YOGESH MAHJAN** in his article "impact of corona virus pandemic on fast moving consumer goods. Sector in India" discussed that the Indian economy is undergoing significant field of growth in FMCG sector with diverse business including food , beverage grain cosmetic etc . the also include paper studies the impact of coroa virus"

**A.JESSIE GLDA** in his article "corporate society responsibility (CSR) is continuing commitment of any business goals to society values in corporate organization" reviewed many research literature in this field are inconclusive. This study attempts to examine the factor influencing in implementation CSR activities and their impact in financial performance on Indian corporate companies.

### Research objectives:

- to find out impact of CSR expenditure on market price of FMCG company with reference to HUL and ITC
- to find out impact of CSR expenditure on EPS of FMCG company with reference to HUL and ITC

### Research Methodology:

- Type of research: analytical research
- Type of research design: descriptive research design
- Population parameters : population of study consist of FMCG company operating in India
- Sample size: 2 FMCG company
- Sampling unit : HUL, ITC
- Type of data : Secondary

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➤ Data analysis : Co-relation and Paired T- test

Data Collection & Analysis:

Company name	Year	MPS	EPS	CSR Expenses (In Lakhs)
HUL	2019-20	2195	31.13	14374
	2018-19	1757.7	27.89	12419
	2017-18	1508.9	24.20	11220
	2016-17	934.95	20.75	10171
	2015-16	867.9	19.12	9194
ITC	2019-20	171.7	12.33	32649
	2018-19	296.7	10.19	30695
	2017-18	255.9	7.74	29098
	2016-17	280.5	8.43	27596
	2015-16	218.7	12.26	24676

Co-relation matrix

Company: HUL	CSR Exp.	MPS	EPS
CSR Exp.	---	0.980692	0.990968
MPS	0.980692	---	0.990946
EPS	0.990968	0.990946	---
Company: ITC	CSR Exp.	MPS	EPS
CSR Exp.	---	-0.18832	0.04233
MPS	-0.18832	---	-0.70488
EPS	0.04233	-0.70488	---

**Paired T-test:**

**H0: There is no significant impact of CSR activities on market price of HUL H1: There is significant impact of CSR activities on market price of HUL**

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Significance Level:

- ☐ 0.01  
☒ 0.05  
☐ 0.10

One-tailed or two-tailed hypothesis?:

- ☐ One-tailed  
☒ Two-tailed

### Difference Scores Calculations

Mean: 10022.71  
 $\mu = 0$   
 $S^2 = SS/df = 8651803.99/(5-1) = 2162951$   
 $S^2_M = S^2/N = 2162951/5 = 432590.2$   
 $S_M = \sqrt{S^2_M} = \sqrt{432590.2} = 657.72$

### T-value Calculation

$t = (M - \mu)/S_M = (10022.71 - 0)/657.72 = 15.24$

The value of  $t$  is 15.238662. The value of  $p$  is .00011. The result is significant at  $p < .05$ .

**H0: There is no significant impact of CSR activities on EPS of HUL**

**H1: There is significant impact of CSR activities on EPS of HUL**

Significance Level:

- ☐ 0.01  
☒ 0.05  
☐ 0.10

One-tailed or two-tailed hypothesis?:

- ☐ One-tailed  
☒ Two-tailed

### Difference Scores Calculations

Mean: 11450.98  
 $\mu = 0$   
 $S^2 = SS/df = 16184518.76/(5-1) = 4046129.69$   
 $S^2_M = S^2/N = 4046129.69/5 = 809225.94$   
 $S_M = \sqrt{S^2_M} = \sqrt{809225.94} = 899.57$

### T-value Calculation

$t = (M - \mu)/S_M = (11450.98 - 0)/899.57 = 12.73$

The value of  $t$  is 12.729397. The value of  $p$  is .00022. The result is significant at  $p < .05$ .

**H0: There is no significant impact of CSR activities on market price of ITC**  
**H1: There is significant impact of CSR activities on market price of ITC**

Significance Level:

- ☐ 0.01  
☒ 0.05  
☐ 0.10

One-tailed or two-tailed hypothesis?:

- ☐ One-tailed  
☒ Two-tailed

### Difference Scores Calculations

Mean: 28698.1  
 $\mu = 0$   
 $S^2 = SS/df = 37089736.08/(5-1) = 9272434.02$   
 $S^2_M = S^2/N = 9272434.02/5 = 1854486.8$   
 $S_M = \sqrt{S^2_M} = \sqrt{1854486.8} = 1361.8$

### T-value Calculation

$t = (M - \mu)/S_M = (28698.1 - 0)/1361.8 = 21.07$

The value of  $t$  is 21.073723. The value of  $p$  is .00003. The result is significant at  $p < .05$ .

**H0: There is no significant impact of CSR activities on EPS of ITC**

**H1: There is significant impact of CSR activities on EPS of ITC**

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Significance Level:

☐ 0.01

☒ 0.05

☐ 0.10

One-tailed or two-tailed hypothesis?:

☐ One-tailed

☒ Two-tailed

### Difference Scores Calculations

Mean: 28932.61

$\mu = 0$

$S^2 = SS/df = 36847502.52/(5-1) = 9211875.63$

$S^2_M = S^2/N = 9211875.63/5 = 1842375.13$

$S_M = \sqrt{S^2_M} = \sqrt{1842375.13} = 1357.34$

### T-value Calculation

$t = (M - \mu)/S_M = (28932.61 - 0)/1357.34 = 21.32$

The value of  $t$  is 21.31565. The value of  $p$  is .00003. The result is significant at  $p < .05$ .

### Summary of Findings:

- There is increasing trend in market price and EPS as CSR expenditure increasing in HUL our the period 2015-2016 to 2019-2020
- There is fluctuating trend in market price and EPS as CSR expenditure increasing in ITC our the period 2015-2016 to 2019-2020
- There is high degree of positive correlation coefficient in HUL limited between market price and CSR expenditure as well as EPS and CSR expenditure
- There is negative correlation coefficient between market price and CSR expenditure were as positive correlation coefficient between EPS and CSR expenditure in ITC
- There is a significant impact of CSR expenditure on market price of HUL
- There is a significant impact of CSR expenditure on EPS of HUL
- There is a significant impact of CSR expenditure on market price of ITC
- There is a significant impact of CSR expenditure on EPS of ITC

### Conclusion:

On the basis of findings and analysis of data researcher would like to conclude that profitability measure such as EPS, market price, etc. Have been significantly influence by corporate social responsibility activities carried out by FMCG companies in India. There is positive co-relation coefficient in market price and CSR expenditure as well as EPS and CSR expenditure of HUL limited while there is negative correlation coefficient between market price and CSR expenditure and positive correlation coefficient between EPS and SCR expenditure of ITC.

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