CORPORATE SOCIAL RESPONSIBILITY OF CORPORATE FIRMS TOWARDS ITS SHAREHOLDERS: A CASE OF WCPM

Vallabha Kabade

Government First Grade College, Navabag, Khaza Colony, Vijayapur.

E-mail: vallabhakabade@gmail.com

ABSTRACT: The purpose of this article is to study social responsibility of firm towards shareholders. The study is concentrated on social responsibility of running firm efficiently, offering regular and fair return on capital, safety of capital and capital appreciation. Analysis is done with the help of net profit, Book value per share, dividend per share (DPS), earnings per share (EPS). Finally, the study is concluded that, the firm fulfilled all the responsibilities towards the shareholders except responsibilities with respect to operating results.

Key words: corporate social responsibility, shareholders, net profit, Book value per share, dividend per share (DPS), earnings per share (EPS).

I.   INTRODUCTION

Corporate social responsibility refers to "a corporate firm's moral responsibility towards its stakeholders for the contributions made by the different stakeholders". Every corporate firm has to meet the expectations of its stakeholders, because it is very much necessary on part of corporate firms to maintain good relationship with different stakeholders so as to conduct business operations in an efficient way and achieve its predetermined objectives of the corporate firm.

The objective of every corporate firm is to satisfy the expectations of the different stakeholders of the firm, as it depends on different stakeholders for different inputs and to sell the output produced by the firms. These stakeholders are shareholders, customers, suppliers, creditors, distributors etc. And these stakeholders have their own expectations from the firm.

Shareholders expect regular return on their capital, appreciation of capital, safety of their investment and efficient conduct of business organization. Creditors expect timely payment of interest and repayment of investment and etc. customers expect quality product at minimum price, easy availability of products and so on.

II. OBJECTIVES OF STUDY

1) To study the operational results of the firm.

2) To study the regularity and fairness of return on share capital.

3) To study safety of capital.

4) To study the Appreciation of capital.

III. RESEARCH METHODOLOGY

The present study deals with the CORPORATE SOCIAL RESPONSIBILITY OF FIRM TOWARDS SHAREHOLDERS of sample unit. The present study is based on secondary date, which is collected from annual reports of the sample unit. Convenience sampling method is used for selecting sample unit for the study. Data collected from above stated source is analyzed by using statistical methods and ratios. The present study scope is limited to sample unit.

➢ **Limitations of the study**

1) The present study shall focus only one firm for 21 years only.

IV. ANALYSIS AND RESULTS

Table number 1 represents the financial information related to shareholders; net profit of the firm is used to measure the operating results, during the study period net profit was highest in the year 2023 and it was lowest in the year 2015, during the year 2012 firm incurred losses to the extent of Rs.3356 lakhs. Average net profit of the firm is Rs. 12792.38 lakhs with a standard deviation of Rs.16572.93lakhs. The percentage of variation in operating results is 12.55% for the study period.

EPS and DPS are used to analyze the consistency in return on capital invested, during the study period average EPS was Rs.20.99 and DPS is 149.29% with a standard deviation of Rs.23.98 and 128.98% respectively. The percentage of variability is greater in case of EPS when compared to DPS (114.26% > 86.40%).

Net worth to Paid up Capital ratio is used to analyze the safety of capital invested in firm, during the study period average Net worth to Paid up Capital ratio is 57.55 times of paid up capital with a standard deviation of 49.19 times. The percentage of variability is 85.46%.

Book value per share is used to analyze the capital appreciation in the study period. When compared to the year 2004 there is 1039.39 % appreciation in capital in the year 2024 with average book value of 127.71 with Standard Deviation of 89.46 along with 70.04% Variability.

Table no.1: Table showing financial information related to shareholders

Year	Net Profit (Rs In Lakhs)	EPS (Rs)	DPS (%)	Paid Up Capital (Rs In Lakhs)	Net Worth (Rs In Lakhs)	Net Worth To Paid Up Capital	Book Value Per Share (Rs)
2004	2844	6	100	894	14930	16.70	33
2005	3066	7	150	894	16467	18.42	37
2006	3202	7	150	894	18140	20.29	41
2007	6646	15	50	894	23218	25.97	52
2008	8190	17	150	1425	40196	28.21	70
2009	9054	16	100	7708	56778	7.37	94
2010	5470	9	100	7755	60133	7.75	96
2011	9008	14	100	7755	67048	8.65	107
2012	-3356	4	10	1255	56953	45.38	91
2013	1811	9	50	1321	59776	45.25	91
2014	663	1	50	1321	59666	45.17	90
2015	111	0.17	0	1321	59777	45.25	91
2016	885	1.34	50	1321	59868	45.32	91
2017	12258	19.46	125	1321	63915	48.38	97
2018	22267	33.8	200	1321	83901	63.51	127
2019	29631	44.82	250	1321	110352	83.54	167
2020	27169	41.85	250	1321	129553	98.07	196
2021	291	0.31	50	1321	129844	98.29	197
2022	21570	33.02	300	1321	150753	114.12	228
2023	58261	88.89	500	1321	205051	155.22	310
2024	49599	72.1	400	1321	248046	187.77	376
TOTAL	**268640**	**440.76**	**3135**	**45326**	**1714365**	**1208.64**	**2682**
Mean	**12792.38**	**20.99**	**149.29**	**2158.38**	**81636.43**	**57.55**	**127.71**
SD	**16572.93**	**23.98**	**128.98**	**2341.00**	**61293.34**	**49.19**	**89.46**
CV	**129.55**	**114.26**	**86.40**	**108.46**	**75.08**	**85.46**	**70.04**

(Source: Calculated Table)

V. Findings of the study

❖   It is found that the average net profit for the study period was Rs.12792.38 lakha with 129.55% of variability, which means there is higher amount of variability in operating results and firm failed in maintaining the consistency in operational results.

❖   It is found that for the study period average EPS was Rs.20.99 and DPS is 149.29% with a standard deviation of Rs.23.98 and 128.98% respectively. The percentage of variability is greater in case of EPS when compared to DPS (114.26% > 86.40%). Which means even with greater variability in EPS firm has maintained consistency and fairness with respect DPS.

❖   It is found that for the study period average Net worth to Paid up Capital ratio is 57.55 times of paid up capital with a standard deviation of 49.19. The percentage of variability is 85.46. This means that there is high degree of safety to the capital invested in the business.

❖   It is found that 70.04% Variation in book value per share there is 1039.3% capital appreciation during the study period.

Conclusion

The present study is concluded that there is greater variability in operating results which means firm failed to meet the expectations of shareholders with respect to its operating results. And also it is concluded that even with greater variability in EPS firm has maintained consistency and fairness with respect DPS to meet the expectations of shareholders. Further it is concluded that there is high degree of safety to the capital invested in the business with a capital appreciation of 35.11% for the study period. Finally it is concluded that the firm meet all the expectation of shareholder except in respect of operating results of the firm and hence it can be stated that firm fulfilled all the responsibilities towards the shareholders.

References:

Articles:

1)   Francesca Gennari & Daniela Salvioni - Corporate Social Responsibility and Shareholder Relations, The 5th Virtual Multidisciplinary Conference December, 9. - 16. 2017,

2)   Andrija Baric - Corporate social responsibility and stakeholders: Review of the last decade (2006-2015), Business Systems Research | Vol. 8 No. 1 | 2017

Books:

3)   A. C. Fernando – Business ethics – an Indian perspective, pearson, 2012