

AN ANALYSIS OF CSR PRACTICES IN IT COMPANIES IN INDIA

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ABSTRACT

Corporate social responsibility is a widely discussed concept in today's business, with different perceptions as well as explanations regarding the meaning and impact of the concept. For long time in the past, profit maximization was the sole business objective but this view no more holds good. If companies want to survive and maintain growth in the market, if they want to become market leaders, they have to sacrifice part of the profits in favour of groups other than owners. Organizations are becoming more aware of their responsibilities to the society, which in turn results in organizations devoting more resources into CSR related activities. The present study is an analysis of CSR practices of IT companies in India.

KEYWORDS

Corporate social responsibility, Organizations, Skill Development

INTRODUCTION

CSR has become an integral part of corporate strategy. CSR has been radically developed throughout the past years; it has become more and more common to implement it to different businesses. Regardless of size, small, medium and large enterprises are realizing the importance of CSR; therefore, managers place large emphasis on it. CSR has come a long way in India. From responsive activities to sustainable initiatives, corporate have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. Everyone sees CSR as part of a continuing process of building long-term value. Everything a company do, helps improve the reputation of company and encourage customers and other stakeholders to stay involved with it.

LITERATURE REVIEW-

First academically accepted definition of CSR can be found in the book 'Social Responsibilities of the Businessman', written by Howard Bowen in 1953. Bowen defines CSR as "an obligation to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society. Some of the issues that are arising are brought into light by (L Etang, Jacquie, 1994). It is suggested that the use of CSR for public relations ends raises moral problems over the motivation of the firms or the corporations. It is also argued that the corporations do need to find out the justifications for these activities and to ensure that CSR practice lives up to the claims made by the public relations officers. (L Etang, Jacquie, 1994) Managers encounter difficulties in developing corporate social responsibility programs.

These difficulties arise from conflicting interests and priorities. Pressures may be both internal and external and corporate social responsibility programs usually evolve from a combination of proactive and reactive policies. An attempt is made by (L Etang, Jacquie, 1995) to highlight the problems raised for managers and the need to develop a framework for CSR. (L Etang, Jacquie, 1995).

Moir Lance (2001) reviewed definitions of corporate social responsibility from both practice and the literature and looks at theories to explain why such behaviour takes place. The literature has strong divides between normative or ethical actions and instrumental activities. The article concludes by posing the question of when instrumental activities become business activities rather than largely social responsibility. Lantos Geoffrey P. (2001) reviewed the development of the corporate social responsibility (CSR) concept and its four components: economic, legal, ethical and altruistic duties and discussed different perspectives on the proper role of business in society, from profit making to community service provider. He further suggested that much of the confusion and controversy over CSR stem from a failure to distinguish among ethical, altruistic and strategic forms of CSR.

Sarbutts Nigel (2003) reviewed a spectrum of views on reputation and CSR and argues that searching for a definitive, value-for-money- based formula for reputation management and CSR is at odds with stakeholder expectations, and that much evidence exists to suggest that truly effective CSR is the result more of pragmatism than theory or corporate strategy and in some ways SMEs are better placed to take advantage of CSR program. Corporate responsibility (CR) has gained a lot of attention during the last decade and many more companies are producing non-financial reports today than ten years ago. Although a widespread definition is not available CR means that businesses are pursuing their economic, social and environmental responsibilities on a voluntary basis and are integrating them into all business operations, while interacting with their stakeholders.

RESEARCH METHODOLOGY

Exploratory research is carried out to find out the level of customer satisfaction in IT sector in India.

OBJECTIVE OF THE STUDY

- 1) To find out the various dimensions of CSR Activities in IT sector.
- 2) To examine the variations in perceptions of respondents of different gender group about various dimensions of CSR Activities in IT sector.
- 3) To examine the variations in perception of respondents about various dimensions of CSR Activities of different companies in IT sector.

RESEARCH HYPOTHESES

To conduct this research following hypotheses are formulated:

H1: There is no significant difference between perceptions of respondents of different gender group about various dimensions of CSR Activities in IT sector.

H2: There is no significant difference in perception of respondents about various dimensions of CSR Activities of different companies in IT sector.

SCOPE OF THE STUDY

The survey has been conducted in Delhi NCR. The period of study is two years. The present study is based on survey of the customers of five major players in IT sector in India i.e. Infosys, wipro, TCS, HCL, Tech Mahindra. For the purpose of the study both primary and secondary data has been used. The secondary data has been collected through journals, magazines, and other published research papers. The primary data has been collected with the help of structured questionnaire. The questionnaire is based on 5 point Likert scale where 1 means Strongly Agree, 2 means Agree, 3 means Neutral, 4 means Disagree and 5 means Strongly Disagree.

SAMPLE DESIGN

Questionnaires have been filled by the customers of above the selected companies in IT sector. The size of sample is taken as 400 customers having age group between 20-30. The sampling technique used for the purpose of sample selection is non-probability sampling i.e. convenience sampling. A total of 400 questionnaires have been distributed out of which 325 questionnaires have been collected and are used to conduct the analysis.

ANALYTICAL TOOLS

For the purpose of data analysis, statistical techniques such as Exploratory Factor Analysis, Reliability Testing and ANOVA have been applied. The analysis has been carried out with the help of SPSS software.

ANALYSIS AND INTERPRETATION

After data collection, data preparation, and data analysis was carried out. Total 325 questionnaires have been considered for analysis. The captured responses were entered, coded and tabulated in SPSS software.

RESPONDENT'S PROFILE

To get an overview of sample characteristics, an analysis of the demographic characteristics of 325 respondents was carried out. With the help of simple descriptive statistics the respondents' characteristics were summarized. Table 1.1 presents the profile of the respondents.

The analysis results pointed out that the sample represented the entire population as survey captured responses from young customers from various gender group of similar age and income.

Table 1.1 : RESPONDENT'S PROFILE

Variable	Group	No of Respondents
Gender	Male	150
	Female	175

VARIOUS DIMENSIONS OF CSR ACTIVITIES

The 20 items related to Corporate Social Responsibility as shown in table 1.2 has been used for the purpose of study. Exploratory factor analysis has been applied to identify the factors of Corporate Social Responsibility in IT sector.

FACTOR ANALYSIS

To identify the factors, the factor analysis has been applied to the captured responses from 325 respondents corresponding to 19 items. Factors were extracted under the restriction that the Eigen value of each generated factor was more than one (Malhotra and Birks, 2007). Only variables with loadings of at least 0.4 (Hair et al., 2010) were considered in the analysis. In the initial exploration, L11 has been deleted as it is having loading value of < 0.4.

Table 1.2 : ITEMS OF CORPORATE SOCIAL RESPONSIBILITY IN IT SECTOR

Item Code	Description
L1	Company communicate the vision, mission , objectives and business goals to the shareholders and the investors of the company
L2	Company contributes for agricultural development in the country.
L3	Company Focuses on improving relations with suppliers , institutions, investors, and community.
L4	Company employs the people in the regional areas.
L5	Company works in the area of skill development.
L6	Company works for infrastructure development.
L7	Company contributes for preserving Indian art and culture.
L8	Company takes initiatives for fitness and sports development
L9	Company takes initiatives and works to support the under privileged in the society.
L10	Company has undertaken initiatives for health care in the country.
L11	Company lays emphasis on improving the literacy rate and level of education in the country
L12	Company has undertaken initiatives to conserve natural resources in the economy
L13	Company has undertaken initiatives to help sufferers during natural calamities
L14	Company lays emphasis on rural development
L15	Company contributes towards sanitation and cleanliness in the country.
L16	Company has undertaken initiatives for welfare of old age people in the country.
L17	Company has undertaken initiatives for child welfare in the country.
L18	Company has undertaken initiatives for women welfare in the country
L19	Company has undertaken initiatives for sustainable development in the country.
L20	Company communicates about CSR activities to all of the stakeholders

The remaining 19 variables yielded five factors structure. The extracted factors were then rotated using Varimax rotation method, which is a most widespread method of factor rotation (Kinnear and Gray, 2010). These rotated factors with their variable constituents and factor loadings are given in table 1.3.

Table 1.3: Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
L1	.432					
L2					.606	
L3				.687		
L4		.608				
L5					.786	
L6		.438				
L7						.445
L8						.765
L9				.669		
L10		.608				
L11						
L12	.480	.529				
L13	.548					
L14			.420			
L15			.459			
L16	.750					
L17	.625					
L18			.540			
L19	.514					
L20			.719			
Extraction Method: Principal Component Analysis.						
Rotation Method: Varimax with Kaiser Normalization. ^a						
a. Rotation converged in 17 iterations.						

Taking into consideration variables loaded on different factors and relevant literature, six factors are named as social welfare initiatives, conservation and development of resources, concern for all stakeholders, agricultural and skill development.

- 1. Social welfare initiatives-** Total five items loaded in this factor which is the maximum number of items loaded in this factor. The factors include various items: communicate the vision, mission, objectives and business goals to the shareholders and the investors of the company, undertaken initiatives to help sufferers during natural calamities, undertaken initiatives for welfare of old age people, undertaken initiatives for child welfare, initiatives for sustainable development.
- 2. Conservation and Development of natural resources-** Total four items loaded in this factor. The factors include various items: employs the people in the regional areas, works for infrastructure development, initiatives for health care, undertaken initiatives to conserve natural resources.
- 3. Initiatives for improvement in quality of life-** Total four items loaded in this factor. The factors includes various items: sanitation and cleanliness, initiatives for women welfare,

sanitation and cleanliness, emphasis on rural development, communicates about CSR activities to all of the stakeholders.

4. **Concern for all stakeholders-** Only Two items loaded this factors. The items includes items: Focuses on improving relations with suppliers , institutions, investors, and community, initiatives and works to support the under privileged in the society.
5. **Agricultural & Skill Development-** Total Two items loaded in this factor. The items include: agricultural development in the country, works in the area of skill development .
6. **Protection of National Heritage & Sports-** two items loaded in this factor. The items include: contributes for preserving Indian art and culture and initiatives for fitness and sports development.

Table 1.4 : FACTORS LOADING BASED ON ROTATIONAL MATRIX

S.No.	Factor	Item	Loading
1	Social Welfare Initiatives	Company communicate the vision, mission , objectives and business goals to the shareholders and the investors of the company.	0.432
		Company has undertaken initiatives to help sufferers during natural calamities.	0.548
		Company has undertaken initiatives for welfare of old age people in the country.	0.750
		Company has undertaken initiatives for child welfare in the country.	0.625
		Company has undertaken initiatives for sustainable development in the country.	0.514
2	Conservation & Development of Resources	Company employs the people in the regional areas.	0.608
		Company works for infrastructure development	0.438
		Company has undertaken initiatives for health care in the country.	0.608
		Company has undertaken initiatives to conserve natural resources in the economy	0.529
3	Initiatives for improvement in quality of life	Company lays emphasis on rural development	0.420
		Company contributes towards sanitation and cleanliness in the country.	0.459
		Company has undertaken initiatives for women welfare in the country.	0.540
		Company communicates about CSR activities to all of the stakeholders	0.719
4	Concern for All stakeholders	Company Focuses on improving relations with suppliers , institutions, investors, and community.	0.687
		Company takes initiatives and works to support the under privileged in the society.	0.669
5	Agricultural & Skill Development	Company contributes for agricultural development in the country.	0.606
		Company works in the area of skill development.	0.786
6	Protection of National Heritage & Sports	Company contributes for preserving Indian art and culture.	0.445
		Company takes initiatives for fitness and sports development.	0.765

VARIATIONS IN PERCEPTIONS OF RESPONDENTS OF DIFFERENT GENDER GROUP

To examine the variations in perception of respondents on the basis of gender about various dimensions of CSR Activities in IT sector, hypotheses is formulated:

H1: There is no significant difference between perceptions of respondents of different gender group about various dimensions of CSR Activities in IT sector.

Table 1.5: PERCEPTIONS OF RESPONDENTS OF DIFFERENT GENDER GROUP ABOUT VARIOUS DIMENSIONS OF CSR ACTIVITIES IN IT SECTOR

Dependent Variable	F	Sig.
F1 (Social welfare initiatives)	4.071	.044
F2 (Conservation and Development of natural resources)	5.946	.015
F3 (Initiatives for improvement in quality of life)	4.384	.037
F4 (Concern for all stakeholders)	2.864	.092
F5 (Agricultural & Skill Development)	1.298	.255
F6(Protection of National Heritage & Sports)	.303	.582

As per the table 1.5, the results indicate that the p value for the factors Concern for all stakeholders, Agricultural & Skill Development and Protection of National Heritage & Sports are higher than 0.05. It indicates that there is no significant difference between perceptions of respondents of different gender group about initiatives related to Concern for all stakeholders, Agricultural & Skill Development and Protection of National Heritage & Sports taken by companies in IT sector. So, the hypothesis that there is no significant difference between perceptions of respondents of different gender group about initiatives related to Concern for all stakeholders, Agricultural & Skill Development and Protection of National Heritage & Sports taken by companies in IT sector is accepted.

As per the table 1.5, the results also indicate that the p value for the factors Social welfare initiatives, Conservation and Development of natural resources and Initiatives for improvement in quality of life are less than 0.05. It indicates that there is significant difference between perceptions of respondents of different gender group about initiatives related to Social welfare initiatives, Conservation and Development of natural resources and Initiatives for improvement in quality of life taken by companies in IT sector. So, the hypothesis that there is no significant difference between perceptions of respondents of different gender group about initiatives related to Social welfare initiatives, Conservation and Development of natural resources and Initiatives for improvement in quality of life taken by companies in IT sector is rejected.

VARIATIONS IN PERCEPTION OF RESPONDENTS ABOUT CSR ACTIVITIES OF DIFFERENT COMPANIES IN IT SECTOR

To examine the variations in perception of respondents about various dimensions of CSR Activities of different companies in IT sector, the following hypotheses has been formulated:

H2: There is no significant difference in perception of respondents about various dimensions of CSR Activities of different companies in IT sector.

Table 1.6: PERCEPTIONS OF RESPONDENTS ABOUT VARIOUS DIMENSIONS OF CSR ACTIVITIES OF DIFFERENT COMPANIES IN IT SECTOR

Dependent Variable	F	Sig.
F1 (Social welfare initiatives)	4.626	.001
F2 (Conservation and Development of natural resources)	.691	.598
F3 (Initiatives for improvement in quality of life)	2.019	.092
F4 (Concern for all stakeholders)	2.970	.020
F5 (Agricultural & Skill Development)	4.604	.001
F6(Protection of National Heritage & Sports)	.282	.889

As per the table 1.6, the results indicate that the p value for the factors Conservation and Development of natural resources, Initiatives for improvement in quality of life and Protection of National Heritage & Sports are higher than 0.05. It indicates that there is no significant difference in perception of respondents about initiatives related to Conservation and Development of natural resources, Initiatives for improvement in quality of life and Protection of National Heritage & Sports taken by different companies in IT sector. So, the hypothesis that there is no significant in perception of respondents about initiatives related to Conservation and Development of natural resources, Initiatives for improvement in quality of life and Protection of National Heritage & Sports taken by different companies in IT sector is accepted.

As per the table 1.6, the results also indicate that the p value for the Social welfare initiatives, Concern for all stakeholders and Agricultural & Skill Development are less than 0.05. It indicates that there is significant difference in perception of respondents about activities related to Social welfare initiatives, Concern for all stakeholders and Agricultural & Skill Development conducted by different companies in IT sector. So, the hypothesis that there is no significant in perception of respondents about activities related to Social welfare initiatives, Concern for all stakeholders and Agricultural & Skill Development conducted by different companies in IT sector is rejected. The respondents have strongly agree about initiatives related to Social welfare initiatives, Concern for all stakeholders and Agricultural & Skill Development taken by HCL and Infosys as compared to initiatives taken in these cases by other companies.

CONCLUSION

As a result of the study, we can conclude that Infosys and HCL are more active in welfare, Concern for all stakeholders and Agricultural & Skill Development. Infosys hire more from regional areas whereas tech Mahindra hires the least from regional areas. Infosys plays a major

role in skill development as compared to Tech Mahindra. Infosys take major initiatives for the underprivileged in the society whereas HCL plays the least role.

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