



Emergence of CSR and CSR Practice in Information Technology Companies in India – A Study

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Abstract : The substantial impact that private sector operations have on workers, clients, communities, the environment, rivals, business partners, investors, shareholders, governments, and other parties is becoming increasingly apparent. Additionally, it is becoming more and more obvious that businesses may increase both their personal and societal wealth by making decisions that take into account their impact on the global community.

Corporate behavior and business opinion surveys both demonstrate growing awareness of the connection between ethical business practices and successful business operations. Additionally, the financial markets and investors are starting to recognize that excellent management is demonstrated by CSR initiatives that incorporate larger social concerns into corporate strategy and performance. Behaving properly toward employees and other members of society can strengthen a company's reputation with the community, increase its appeal to potential clients, and increase shareholder value.

It is impossible to ignore corporate citizenship; the consequences of making a mistake are too great. Every action in a company's value chain crosses with social elements in some way, from how you buy or procure to how you do research, but very few organizations have given this much thought. There are countless win-win chances waiting to be uncovered. The objective is to enhance your competitive environment while simultaneously utilizing your company's distinctive skills to serve social objectives. This paper's main argument is that CSR is essential to the new business model.

Index Terms - corporate, social, responsibility, company, society, development

INTRODUCTION –

CSR is a developing idea without a widely recognized definition. In general, Corporate Social Responsibility (CSR) is defined as how businesses incorporate social, environmental, and economic considerations into their beliefs, culture, strategy, decision-making, and day-to-day operations in a transparent and accountable way, improving society, generating wealth, and establishing better business practices. The question of how the business sector handles sustainable development challenges is also becoming a component of Corporate Social Responsibility (CSR) as these issues gain importance. It's also critical to remember that CSR is driven by two different factors. One has to do with public policy. It makes sense that governments and the general public are interested in what businesses do given the magnitude of their effects and their potential for both positive and negative outcomes. This indicates that governments will be searching for methods to enhance the beneficial impact of business, as demands on firms will rise. The business driver is the second vehicle. In this case, CSR factors can be viewed as either benefits - like raising brand value or offering products that satisfy sustainability requirements - or costs - like implementing new methods. The second of these drivers is covered in the remainder of this guide. Corporate Social Responsibility (CSR) is a primary management concern because businesses are essential to the generation of income and jobs in society and also effective utilization of natural resources. It puts businesses where it can manage risks proactively and seize opportunities, particularly when it comes to their reputation as a company for all stakeholders. The latter group can include of people who are impacted by a company's operations, such as shareholders, staff members, consumers, communities, suppliers, governments, non-governmental organizations, and international organizations.

LITERATURE REVIEW

Although the importance of CSR is acknowledged, opinions on what CSR actually entails differ. The most basic categorization of CSR perspectives reveals the presence of a minimum of two stances, called as classical and modern. According to Friedman (1962 & 1970), the traditional perspective, social responsibility and a free market are irreconcilable. Businesses managers only have one duty to the shareholders, according to this viewpoint's proponents. A steadfast dedication to optimizing the value for

shareholders must underpin all of their endeavors. Operating as the representatives of the shareholders, managers are not required to take on socially conscious initiatives that do not improve the company's capacity to generate revenue. Furthermore, since the managers are professionals in business, social media cannot effectively utilize their knowledge. A lot of social critics, accountants, sociologists, business managers, and economists all have similar views on social responsibility, whether overtly or covertly. Friedman's arguments are deemed rigorous and partly compelling. A lot of sociologists, accountants, economists, business managers, and social critics have a similar understanding of social responsibility, whether overtly or covertly. The proponents of the classical perspective maintain that business objectives should, at most, be grounded in a wide societal consensus.

The Agency Theory and this traditional interpretation of CSR are comparable. The fundamental idea of agency theory is that businesses exist to enhance wealth of their owners; as a result, other stakeholders, such as charity receivers, only have significance to the degree that they help to maximize shareholder wealth. According to agency theory, managers represent the organization's interests in negotiations with its shareholders. This theory holds that all other corporate stakeholders are essentially immaterial, and that any gain they may receive from the company is a result of management's operations in running the company to benefit shareholders (Crowther, et.al, 2005).

Proponents of the contemporary idea maintain that companies have moral and ethical obligations in addition to thinking beyond the interests of their shareholders. There are other parties involved in corporate operations than shareholders. Because of this, a corporation should have responsibility for all stakeholders and not just its shareholders. A common perspective on corporate social responsibility nowadays is Freeman's (1984) stakeholder model of social responsibility. According to this concept, a company's social duties are the culmination of its obligations to a particular group of stakeholders, including its suppliers, customers, employees, shareholders, and the communities in which it operates. According to Brown & Dacin (1997), Corporate Social Responsibility (CSR) refers to a company's position and actions about how it responds to its perceived social responsibilities. A proactive social responsiveness perspective, which outlines a company's long-term function in a dynamic social system, was promoted by McGee (1998). L'Etang (1995) discovers CSR is a continuous process that monitors the environment and relationships continuously rather than having a set mission with a fixed priority that is tied to particular groups. A business firm has a variety of non-shareholder interests in addition to its shareholders. These interest groups fall into five categories according to Farrar (1991): customers, workers, outside creditors, investors, and publics. The final two are typically underrepresented in business firms, although the first three are represented there in one form or another. The first three are able to demand responsible behavior because they are represented in the firm, but the unrepresented interest groups can find it different. The majority of the literature on how CSR is seen is either conceptual or grounded in empirical study on consumers (Sen and Bhattacharya, 2001; Brown and Dacin, 1997; and Ellen, Mohr and Webb, 2000, etc.). These studies imply that a company's goodwill and its CSR initiatives are positively correlated. Rather than offering details on the characteristics or general caliber of the items, a company's CSR record establishes a broad framework for customers to assess. Researchers' interest in the general societal perception of CSR has not changed significantly. According to published research, India has only conducted a few number of empirical studies (Singh et al., 1980; Upadhyay, 1976) to evaluate the state of CSR. Not the general public, but the data collected from company management was a platform for even these studies. According to Singh et al. (1980), a decade before economic liberalization, companies are seen to behave primarily in a profit-maximizing manner, with calculative behavior coming in second.

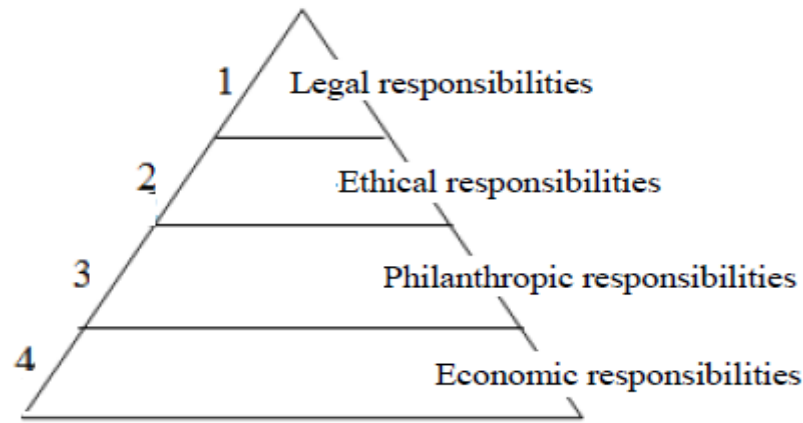
OBJECTIVES – objectives of this paper are –

- i) To study the concept of CSR.
- ii) To understand why CSR has gained importance in last few years
- iii) To study how Indian information technology companies fulfill CSR requirements.

CAROLLS'S PYRAMID OF CORPORATE SOCIAL RESPONSIBILITY -

Carroll (1983) defined CSR as "the conduct of a business so that it is socially supportive, ethical, profitable, and compliant with the law." In order for a company to be considered socially responsible, its profitability and legal compliance must come first when talking about its ethics & how much it contributes financially, emotionally, and professionally to the community in which it operates.

- i) **Legal responsibilities** – These pertain to the expectation that enterprises not only operate for profit but also follow all applicable state, local, and federal laws and regulations.
- ii) **Ethical responsibilities** - Law does not impose ethical obligations; rather, society and the government require them. Ethical responsibilities are related to the legal aspect. The rules, expectations, and standards that are deemed just by the community, shareholders, employees, and customers are included here.in the category of ethical duties.
- iii) **Philanthropic responsibilities** - goal of philanthropic endeavors is to raise the standard of living for workers, communities, and society as a whole. It is meeting the philanthropic expectations of the community.
- iv) **Economic responsibilities** - they pertain to businesses' obligations to create goods and services that the community needs and market them for a profit that is reasonable.



REASONS BEHIND INCREASING IMPORTANCE OF CSR

- i) **Sustainable development** - Research from the United Nations (UN) and numerous other sources has highlighted the reality that natural resources are being depleted more quickly by human activity than they are being replenished. Upcoming generations are less likely to have the resources necessary for their development if this keeps up. This means that a large portion of current development is unsustainable and cannot be sustained for ethical and practical reasons. Respect for human rights and the need for more focus on reducing poverty are related problems. CSR serves as a starting point for comprehending sustainable development challenges and incorporating solutions into a company's business plan.
- ii) **Globalization** - Economic globalization, with its concomitant emphasis on cross-border trade, multinational corporations, and global supply chains, is raising more and more concerns about corporate social responsibility (CSR) with regard to, among other things, environmental protection, health and safety, and human resource management practices. CSR is essential for identifying how company affects labor conditions, regional economies, and communities, as well as for determining what measures may be implemented to guarantee that business promotes and upholds the public good. This can be vital for businesses in emerging and export oriented economies.
- iii) **Communications** - Internet and mobile phones, among other advances in communications technology, have made it simpler to monitor and talk about business activity. This can help with reporting, management, and change internally. NGOs, media, and other external parties are able to swiftly evaluate and highlight corporate practices that they consider to be either excellent or bad. Modern communication technology presents chances to enhance relationships and discourse in the framework of corporate social responsibility.
- iv) **Governance** – Many new declarations, guidelines, principles, and other instruments have been developed by governments and intergovernmental organizations, including the United Nations, the Organization for Economic Co-operation and Development (OECD), and International Labour Organization (ILO), outlining standards for what they deem to be appropriate business conduct. Internationally recognized norms and objectives pertaining to human rights, the environment, and anti-corruption are frequently reflected in CSR tools.
- v) **Impact of corporate sector** - Concerns of influence and accountability are raised by the sheer size and quantity of businesses, as well as by their potential to affect the political, social, and environmental systems in relation to governments and civil society. Even small and medium-sized businesses (SMEs), which together make up the majority of employers, have a big influence. Businesses represent ideals and change on a global scale. Their behavior is becoming a more significant and interesting topic.
- vi) **Finance** - Customers and investors want greater information on how companies are tackling risks and opportunities related to social and environmental challenges, and they are becoming increasingly interested in supporting responsible business practices. A strong commitment to CSR can save capital costs, increase market responsiveness, and increase share value.
- vii) **Ethics** - A number of significant and well-publicized transgressions of business ethics that cause harm to workers, stockholders, communities, or the environment. Share price and CSR have both increased public suspicion of firms. Corporate governance, accountability, transparency, and ethical standards can all be enhanced by a CSR strategy.
- viii) **Leadership** - Concurrently, a growing consciousness exists regarding the limitations of governmental legal and regulatory measures in comprehensively addressing all the matters that CSR tackles. CSR can provide businesses with the freedom and motivation to take action before regulations are expected or in situations where regulations seem unlikely.

CSR IN INDIAN CONTEXT - Companies Act (2013)

Section 135 of Companies Act 2013 is a groundbreaking law that holds Indian corporations accountable to the government for their CSR expenditures. The requirement for eligible enterprises to incorporate CSR activities is a first for India. It is unquestionably a noteworthy stride toward humanity's advancement and general growth. All listed companies, whether in the public or private sector, are required to uphold Corporate Social Responsibility (CSR). It is necessary for the eligible companies to establish a CSR committee. They must have invested in CSR projects with a minimum of 2% of their average net profit during the preceding three fiscal years. The qualifying company is required to organize a CSR committee. Additionally, it must name a minimum of three Board of Directors. This Committee is in charge of creating a plan and a policy outlining the CSR initiatives to be carried out, and it is their duty to suggest these to the Board. Additionally, they would recommend (and safeguard) the sum of money to be spent on the mentioned activities. It is also their responsibility to oversee the execution of CSR policy and initiatives. The Board will evaluate the suggestions and recommendations put forth by the CSR Committee and will back the company's CSR initiatives and policy.

BOARD OF DIRECTORS' ROLE REGARDING CSR -

A company's board of directors plays a significant influence in the CSR initiatives of the business. The Board's responsibilities include -

- Endorsing the Corporate Social Responsibility policy;
- Ensuring the full implementation of the CSR plan.
- Complete disclosure of the plans and expenditures for the CSR policies that are connected to the report.
- Putting the same information up on the business website.
- Verifying if the business is investing the designated sum in CSR initiatives.
- Even if there is no fine in India if the full amount is not used for CSR initiatives, the CSR committee and the board's report has to explain why the funding was insufficient.

CSR ACTIVITIES OF INDIAN INFORMATION TECHNOLOGY COMPANIES -

i) TATA CONSULTANCY SERVICES

In its most recent annual report, Tata Consultancy Services (TCS), a pioneer in technology and consulting globally, demonstrates its dedication to the nation's social welfare. The study states that during the 2022–23 fiscal year, the corporation invested a total of Rs. 693 crores in various sustainable development initiatives. The following results have been attained by the company's CSR programs: 23,900 young people from rural areas were hired by the Youth Employment Program; 326,000 villages received digital services from 466 BridgeIT companies; and 1.07 million people - including more than 73,000 prisoners - became literate thanks to the Adult Literacy Program. TCS's objective is to provide inclusive, egalitarian, and sustainable routes for everyone, including women and youth.

ii) INFOSYS

The company's vision is to empower communities by linking people to opportunities in the digital economy. Additionally In the Indian business world, the brand Infosys is synonymous with corporate ethics. India's powerful ITES (information technology enabled services) industry is dominated by Infosys. The business not only maintained steady financial performance but also led the way in implementing CSR programs.

Via the Infosys Foundation, Infosys conducts its CSR initiatives in India. The company's CSR programs aim to improve society and create a long-lasting shift in the quality of life in the community. The CSR initiatives keep the company accountable for its deeds and promote a constructive influence on the environment, communities, stakeholders, hunger, poverty, and malnutrition through its operations.

Poor cancer patients frequently have to search for short-term housing at the National Cancer Institute (NCI) of the All India Institute of Medical Sciences (AIIMS), Jhajjar, Haryana, with their family members accompanying them. In order to provide assistance to these patients and their families, the hospital and the Infosys Foundation worked together to construct an 800-bed Dharamshala on the campus.

The Infosys Foundation and Avanti Fellows, a nonprofit organization, collaborated on a novel "peer learning" pedagogy in 2014. The pedagogy was created following 20 years of study at Harvard University. It emphasizes on students taking charge of their education through discussion, group problem-solving, and assessments, backed by organized printed and digital study materials.

In order to promote the study and application of science and research, Infosys, along with a few of its founders and executives, established the Infosys Science Foundation (ISF) in 2009. The ISF-run Infosys Prize honors outstanding research with an Indian connection.

At a lavish event on January 7, 2020, the winners of the 2019 prize received a pure gold medal, a citation, and a US\$100,000 prize fund. "Aside from being a beautiful thing in itself, knowledge generates many different types of rewards, from the productive use of inventions to the creation of new bonds among people who interact with each other," renowned economist and philosopher Prof. Amartya Sen stated while congratulating the winners. His remarks inspire the ISF, which keeps looking for and honoring the contributions of these extraordinary knowledge creators—the scientists and researchers right here at home.

Infosys committed to becoming carbon neutral in 2011. The UN acknowledged their accomplishments under the carbon-neutral initiative this year. In the "Climate Neutral Now" category, Infosys was given the 2019 UN Global Climate Action Award during

the UN Climate Change Conference (COP25) in Madrid, Spain. They were honored for their creative approaches to combating climate change as well as for incorporating sustainable development objectives including eradicating poverty, promoting gender parity, and creating economic opportunities into their climate action programs.

iii) WIPRO

Over the past three fiscal years, Wipro has exceeded the allocated budget for corporate social responsibility. The company's CSR initiatives are implemented through a number of channels, including Wipro Cares, the trust for employee contributions, Wipro Foundation, a distinct trust established in April 2017, and, in certain situations, directly through departments and groups inside Wipro Ltd. Wipro's implementation strategy is to mostly collaborate with partners who have a proven track record in the relevant fields. Most initiatives are multi-year, long-term programs.

In basic healthcare, Wipro's six projects spanning four states have an impact on the lives of almost 70,000 individuals. In addition to offering routine medical care, the focus is on enhancing the communities' ability to take care of their own primary healthcare requirements by raising awareness and fostering a greater level of independence. When it comes to disaster management, Wipro has assisted in restoring the lives of those impacted by hurricane Sandy, the Philippines cyclone, the Japan tsunami, the Bihar and Odisha floods, and the Karnataka floods.

iv) HCL TECHNOLOGIES

Up until this year, Shiv Nadar, the second-most giving Indian due to his extraordinary philanthropy, led HCL Technologies. Roshni Nadar Malhotra, his daughter, who assumed the role of Chairperson this year, shares her father's inclination towards doing good deeds. She is also in charge of the CSR Committee. Some HCL CSR projects are -

- **HCL Grant** - As per the annual report, HCL Technologies expended Rs. 176.29 crore on corporate social responsibility in FY 2020. The company's CSR department is called HCL Foundation. NGOs operating in the fields of environment, health, and education from all Indian states are sponsored by the well-known CSR initiative HCL Grant.
- **HCL Samuday** - Launched in 2015, HCL Samuday is a rural development program that serves as a veritable source code for rural development, both social and economic. With 600,000 residents in 164 Gram Panchayats, Uttar Pradesh is home to HCL Samuday.
- **HCL Uday** - The idea of HCL Uday is that the impoverished in metropolitan areas ought to live with dignity. By fostering clean, green, and healthy neighborhoods, the HCL Foundation's integrated urban development initiative seeks to end the cycle of urban poverty.

v) TECH MAHINDRA

It is an IT company that is using technology for social benefit and is a part of the Mahindra Group. Tech Mahindra is a firm believer in the idea of social and relational capital, which is produced through CSR initiatives carried out in collaboration with local governments, non-profit organizations, and elementary schools. Adolescents and young people are given equal weight with other external stakeholders. This association's foundation is rooted in a shared understanding of the greater good. The employees of the company's CSR subsidiary, Tech Mahindra Foundation, uphold societal value through their CSR initiatives and activities. By equipping young people with in-demand skills, the flagship CSR program SMART (Skills for Market Training) is empowering them to become independent. According to the Foundation, there is ability in disability. They work to improve the education and skill development of children and teenagers with disabilities, with the goal of fostering an inclusive society and giving them a life of dignity and confidence.

CONCLUSION

Through accepting accountability for the effects of their operations on stakeholders, the environment, and all other members of the public domain, corporations that practice CSR also take into account the interests of society and the environment in addition to their own profitability and growth. According to analysis, CSR differs from philanthropy and charity because it is not a selfless act of giving and because companies benefit in the long run from CSR initiatives. Additionally, the Triple Bottom Line approach illustrates the relationship between corporations, society, and the environment and how it contributes to corporate sustainability. The CSR strategy of firms is influenced by a number of variables, including globalization, governments, and intergovernmental organizations such as the United Nations, OECD, and ILO. Other causes include advancements in communication technology and stakeholder awareness. CSR is profit management done well, with consideration for people and the environment. Information Technology is crucial in assisting with this. Information technology has drastically changed the way we handle, store, and share information. It inevitably has a big impact on our day-to-day activities. It can support companies in their CSR endeavors.

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