
A Study of Conceptual Framework and Strategic Role of Corporate Social Responsibility in India with Special Reference of Indian IT-Sector

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Abstract: *Corporate social responsibility has recently emerged as a prominent concept in the business sector. Corporate Social Responsibility is associated with the social impact made by businesses using their revenues. Corporate Social Responsibility (CSR) is becoming more and more accepted as an important strategy for long-term company success. The expression "Corporate Social Responsibility" refers to all efforts conducted by a corporation that contribute significantly to the betterment of humanity, such as sanitation and healthcare, training and instruction, agricultural development, and improving the community. CSR also pertains to the sustainable development concept, which states that businesses must make policies depending not only on financial considerations such as earnings or payouts, but also on concerns regarding society and the environment. Companies in India have been implementing Corporate Social Responsibility (CSR) long before it became an obligation. The primary goal of this research is to comprehend the numerous definitions of Corporate Social Responsibility (CSR) and the philosophical framework that has been defined by various scholars. This study focuses on the progress of CSR in India and strategic CSR of Indian IT sector, as well as the spending on CSR of India's leading companies.*

Keywords: CSR, Sustainability, Strategic role, IT sector, Theoretical framework, CSR Expenditure

1. Introduction

CSR is a most prominent strategy for the long run survival of any corporation. Corporate Sustainability responsibility refers to a company's conscious compliance with societal, environmental, and ecological concern. Previously, it was considered charitable work, but now it is considered a legal obligation. The Companies Act of 2013 was amended to make CSR efforts mandatory for the profitable corporations. According to Section 135 of the Companies Act 2013, every company is required to give at least 2% of its average yearly profits to CSR activities.

It is a notion in which corporations choose make a contribution freely to a healthier community and the preservation of the environment. Organizations in this perspective incorporate their ecological and social issues into their financial strategies.

The financial, ethical, legal, and discretionary demands of society from corporations at any particular time are included into business social responsibility (Carroll, 1979). CSR is a company's obligation for the influence of its actions and operations on the society and the environment, this is also known as the Tripple bottom line which includes people, environment and the profit. The triple bottom line concept states that in order to be sustainable in the long

run, a company should focus on the following elements:

People here mean, an organization should have reasonable and useful corporate behavior toward employees and community members of that region in which a company operates. People's engagement is required for the sustainability of corporations. Corporations, as an integral element of society, have to dedicate themselves to providing the greatest possible advantage to society.

The planet strategy implies environmentally sound behaviors. If corporations protect the environment, ecosystems will serve them. A triple bottom line company does not manufacture hazardous or destructive products such as firearms, toxic chemicals, or batteries carrying hazardous metallic substances.

Profit is the financial benefits that a company receives by increasing revenue and decreasing cost. Profits are the ultimate motive for which a company operates. Profit can be enhanced through enhancing productivity through streamlining processes, minimizing unproductive tasks, saving manufacturing and operation time, and making the best use of materials.

The World Business Council for Sustainable Development (WBCD) defines CSR as “the continuing commitment of business to behave ethically and contribute to economic

development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

Keith Davis defines “Social responsibility is the obligation of the decision makers to take decisions which protect and improve the welfare of the society as a whole along with their interests.”

In 1953, Howard Bowen proposed the definition of CSR as “the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953).

Carroll (1979) “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”

Corporate social responsibility is an attitude to improving the welfare of a community. It is not generosity, but rather an essential strategy of a company. It is a method of balancing financial, social, and environmental requirements.

According to founder of Infosys, Narayan Murthy, “Social responsibility is to create maximum shareholders value, working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.”

2. Review of literature

The concept of CSR had started in 1950s in the form of charity and philanthropy. It had gained momentum after the scholarly work done by Howard R. Bowen (1953), when he got his book published on “social responsibility of Businessman”. He comprehensively discussed the CSR and business ethics. His research work paved the way for solving business problems which helped business executives and academicians for strategic planning and managerial decision-making. He was also known as the father of corporate social responsibility. As the organizations adopt the strategy of expansion and growth, The CSR became an essential strategy. R. Edward Freeman's (1984) have established the concept of Strategic Management: A Stakeholder Approach. He was of the opinion that CSR involves all the major decisions and is about catering the economic, legal, ethical and philanthropic responsibilities. Carroll (1979, 1991).

Sharma Kavita (2016) in her research analyzes the CSR activities of 4 banks out of which two private and two public sector banks. The selection of banks is done on the basis of their operations related to CSR which includes healthcare, community development, educational enhancement, development of women and Children of underprivileged group. The Analysis revealed that mostly Public sector organizations are more transparent in their CSR initiatives, as compared to private organizations.

Jayati Sarkar and Subrata Sarkar (2015), in their research analyzed the future implications of mandatory CSR under recently enacted Companies Act, 2013 in India. Researchers had studied the discretionary CSR behavior of 500 companies that was listed on the Bombay Stock Exchange. They concluded that the new CSR provisions in India are needed and this will create a participatory responsibility of the private sector toward society.

Bhat, Vani mali (2015) in their research studied the awareness level of employees about CSR of enterprises regarding environment. The objective of this paper is to understand the role & importance of CSR in the organization & simultaneously to examine the awareness level of employees & managers regarding environment related CSR.

Nitin kumar (2014) in his Research paper have mentioned that CSR is at the core of sustainable development. It has changed its form from philanthropy to mandatory societal welfare. After the legal sanction from new company act, 2013 CSR has become mandatory CSR. Ministry of corporate affairs had issued CSR rules 2014, which is applicable on corporations whose net worth is atleast 5 billion, turnover is atleast 10 billion and net profit atleast 50 million in a financial year, they will spend 2% CSR Expenditure based on average annual profits.

Premlata and anshika (2013) in their research had given conceptual and theoretical understanding of CSR in India. After

comprehensive collection of data they have come to conclusions that important areas of CSR are higher education, grant of scholarship, environment conservation, health and medical care, sports and games, community development, hygiene in villages, women empowerment, energy conservation, rural development, global warming, SC/ST minority protection etc.

R. Nadaf & M. Nadaf (2014) in their research highlighted the major issues and challenges of Indian corporations related to CSR. In their research they suggested some corrective measures for better CSR implementation. In their research paper they highlighted on theoretical and conceptual foundation of CSR. Simultaneously they have put light on benefits of CSR toward different stakeholders.

3. Research Objectives

Present paper has made an attempt to achieve the following two objectives:-

1. To study the conceptual and theoretical framework of CSR in India.
2. To analyze the strategic CSR of selected companies of Indian IT sector.
3. To study the status of Top ten companies regarding their CSR contribution.

4. Methodology

Present paper used the descriptive & analytical research design and content analysis. Secondary data was collected from various books, journals and websites. The secondary data was collected from the various companies of IT sector from their annual reports and National CSR portal from the year 2014-15 to 2019-20. The data of CSR was gathered from various online portals like csrindia, ngobox and csrbox etc

5. CSR approaches and Models

According to Arevalo and Aravind et. al. (2011), Balasubramanian et al., (2005); Kumar et al., (2001); Narwal and Sharma, (2008), Saxsena N. (2016) it has been observed that there are four models of social responsibility that are prevalent in India:

1. The ethical model (Mahatma Gandhi)
2. The statist model (Jawahar lal Nehru)
3. The liberal model (Milton Friedman)
4. The stakeholder model (R. Edward Freeman)

Gandhi, Nehru, Friedman and Freeman respectively were the originators of these four approaches. In the ethical model the emphasis is on “voluntary commitment by companies to public welfare”. It is also known as Gandhian approach. In the Statist model, “state ownership and legal obligations define the corporate responsibilities’. It is known as Nehru approach. In the liberal model “corporate responsibilities are confined to private owners”, and in the

stakeholder model “companies tries to fulfill the needs of various stakeholders like customers, employees, shareholders, government and communities etc.” (Kumar et al., 2001).

Ethical Model (1930–1950): The ethical model manifests the Gandhian view of trusteeship. The theory of the trusteeship lies on the notion of trust and shared development. In this model many family owned and big businesses were motivated to revert back to the society for social development.

Statist model (1950–1970): This model based on the beliefs and ideology of Jawahar lal Nehru. India was following a mixed and socialist kind of economy. The statist model focused merely on the state ownership and legal requirements which are the main deciding factors of corporate responsibilities.

Liberal Model (1970– 1990): Milton friedman was the originator of liberal model of CSR which elaborate the triple bottom line. This implies that it is the duty of business to obey the law and generate wealth but with the social and environmental concern. In this model more emphasis is on private charity which can lead to social development.

Stakeholder Model (1990 Present): The model came into existence in 1990 with the realization that all the businesses and corporations must have their role societal development in addition to their objective of earning larger profits. The model implies that companies should perform in

a manner that they should fulfill the expectation of stakeholders associated with company in one way or another. The organizations should focus on accountability and transparency by adoption several mechanisms. So in brief it can be summarized as.

Model	Focus area of CSR
Ethical	Discretionary and voluntary commitment by companies toward public welfare
Static	State obligation and legal compliance determine corporate responsibility
Liberal	Corporations have the responsibilities only toward private owners (shareholders)
Stakeholder	Corporations should meet the needs and expectations of all the stakeholders like customers, employees, community, etc.

6. Strategic CSR in India

According to Werther and Chandler “Strategic CSR is the incorporation of a holistic CSR perspective within a firm’s strategic planning and core operations so that the firm is managed in the interest of a broad set of stakeholders to achieve maximum economic and social value over the medium to long term”. The essence of Strategic CSR lies in having holistic approach. Corporate social responsibility is the important part of growing business strategy.

Companies integrate social and environmental concerns into their business operations and their interaction with their stakeholders so that highest returns can be achieved through enhanced business reputation. Strategic CSR is ultimately needed for the sustainable value creation for business. Strategic CSR is related with the principles of sustainability, which focuses not on financial results like profits or dividends, but also based on present and future social and environmental consequences of corporate activities. CSR is the responsibility of an organization which is best suitable for society, the environment & its own prosperity which is also known as triple bottom line (3p) of people, planet and profit. Triple bottom line concept (3P) interprets the people, planet and profits in more sophisticated manner so that organizations can sustain in future.

7. Evolution of CSR

The Approach of CSR in India has progressively matured. CSR in India is concerned with four phases:

Initial phase of CSR -Tradition, faith, custom and industrialization shaped the initial phase of CSR. In its early stages, CSR was charitable and philanthropic, in particular in the welfare of the community. Prior to the 1850s, companies were involved in spiritual issues such as construction of temples etc. West industry targeted India and modified the CSR after 1850. In the 19th century, pioneers of several industries, such as



Tata, Birla, Bajaj and Reliance, firmly supported their share of donation in the society.

The second stage (1914-60) of Indian CSR occurred when India achieved freedom and the trusteeship notion of Gandhi prevailed. Indian companies were involved in financial growth and societal advancement measures during the period

CSR Third phase (1960-1980): The Third phase has been launched with the advent of organizations in Public sector and different legislations on labor and environmental concerns. During this phase, the company's self-regulation has been moved towards stringent legal framework. Strict restrictions on the private sector were enforced through the high taxation system, allocation and licensing system. Because of that, corporate governance, employment and environmental concern quickly became the focus of policy and law.

Fourth phase (1980 to now)-Indian firms have moved from charity to strategic approach in the fourth phase (1980 to now). In the 1990s, liberalization and deregulation were initiated by the Indian government. Indian firms are currently expected to meet their stakeholder and corporate responsibilities. Now it has been known that companies cannot prosper until they share some of their income with community. An ideal CSR has to have a component for ethics and philosophy. India has now taken a position in terms of Corporate Social Responsibility

(CSR) standards as one of the top 10 Asian economies.

8. Status of CSR spending of selected Indian companies of IT sector

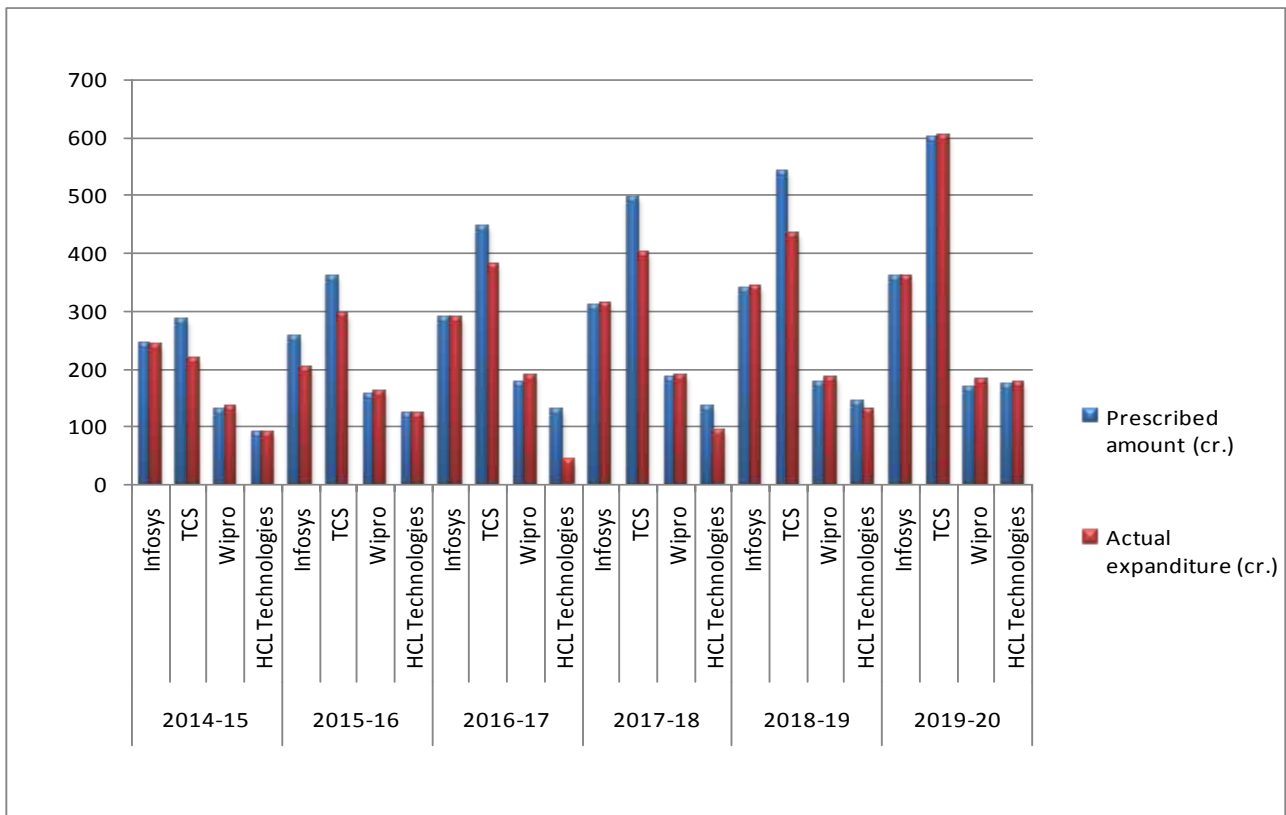
Table 1: Status of CSR spending of selected companies of Indian IT Sector (Year wise)

Year	Company	Prescribed amount (cr.)	Actual expenditure (cr.)	% of Actual exp toward prescribed amount
2014-15	Infosys	243	239.54	98.58%
	TCS	285	218.41	76.64%
	Wipro	128.3	132.7	103.43%
	HCL Technologies	89.99	89.99	100.00%
2015-16	Infosys	256	202.3	79.02%
	TCS	360	294.23	81.73%
	Wipro	156	159.82	102.45%
	HCL Technologies	122.13	122.4	100.22%
2016-17	Infosys	287.42	289.44	100.70%
	TCS	445.51	380	85.30%
	Wipro	176.4	186.31	105.62%
	HCL Technologies	129.16	40.96	31.71%
2017-18	Infosys	310.26	312.6	100.75%
	TCS	497.36	400	80.42%
	Wipro	183.3	186.6	101.80%
	HCL Technologies	134.33	91.37	68.02%
2018-19	Infosys	340.36	342.04	100.49%
	TCS	541.56	434	80.14%
	Wipro	176.04	185.3	105.26%
	HCL Technologies	144.25	129.5	89.77%
2019-20	Infosys	360	359.94	99.98%
	TCS	600.06	602	100.32%
	Wipro	166.7	181.8	109.06%
	HCL Technologies	173.01	176.29	101.90%

(Source: Data Collected and Compiled from Annual reports of Company concerned and National CSR portal from 2014-15 to 2019-20)

Chart 1.: Yearly Trend of Prescribed amount and Actual expenditure of CSR in selected companies of Indian

IT Sector



(Source- Data Collected and Compiled from Annual reports of Company concerned and National CSR portal from 2014-15 to 2019-20)

In the above table-1 and chart-1 the CSR Spending of selected companies of Indian IT sector are tabulated and depicted from year 2014-15 to 2019-20. The data of all the companies are taken from annual reports and from the Indian CSR portal. It is apparent from the data that, out of four companies TCS and Infosys are spending enormously on year on year basis. In 2019-20 highest CSR spending was of TCS i.e. 602 crore as against the prescribed amount of Rs. 600.06 crore. It is 100.32% of CSR budget of this year. Second in the line is Infosys, who spend 359.94 crore as

against 360 crore, approximately 99.98 % of the CSR budget. This shows that Infosys expenditure on CSR is slightly less than the prescribed budget. Third in rank was Wipro who spent 181.8 crore as against the prescribed amount of 166.7 crore, which is 109.06% of the CSR budget. Last in the line is HCL Technologies who spent 176.29 crore on CSR activities as against 173.01 crore, which is 101.90% of the CSR budget. In previous years all the four companies were performed well and tried to spend more than what is stipulated as per CSR budget. As shown in the chart from

2014-15 to 2019-20 all the four companies in this sector are spending vigilantly in various focus areas for achieving inclusive and sustainable development.

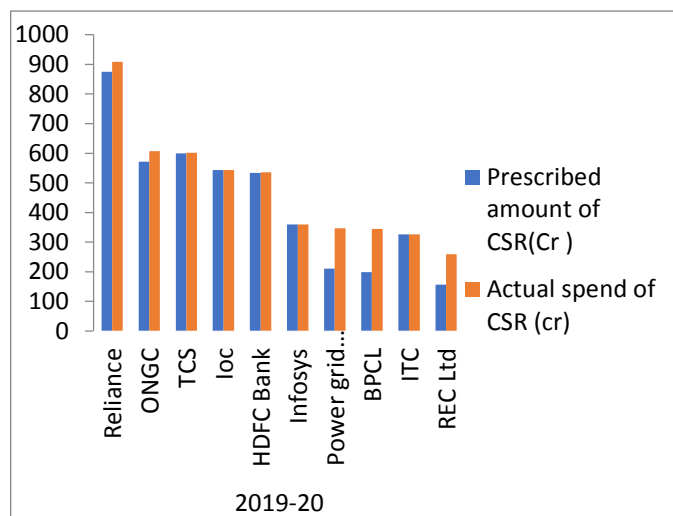
9. Status of Top Ten companies regarding CSR Expenditure

Table 2- Top 10 Companies by Actual CSR Spend (in Cr.)

Year	Name of the company	Prescribed amount of CSR	Actual spend of CSR
2019-20	Reliance	874.95	908.71
	ONGC	571.81	606.97
	TCS	600	602
	Ioc	543.38	543.38
	HDFC Bank	534	535.31
	Infosys	359.56	359.94
	Power grid corporations	209.92	346.29
	BPCL	198.98	344.57
	ITC	326.17	326.49
	REC Ltd	156.68	258.61

(Source- CSROutlook Report 2019-20)

Chart -1 Top 10 Companies by Actual CSR Spend (in Cr.)



(Source- Author compilation from CSR outlook Report 2019-20)

Above are the top ten companies in India in year 2019-20 who spend more than the mandatory CSR expenditure of 2% of their Average Annual profits. These companies are performing tremendously for the development of the country. Out of these companies Reliance industries ltd. is on the first position to spend around 910 crore in the year 2019-20.

10. Principles, Standards and codes of CSR

There are some principles, standards and codes of CSR which serves as framework for implementation of socially responsible practices worldwide. These mechanisms encapsulates the efforts of various bodies in setting of these standards (Gautham and singh, 2010)

Global Reporting Initiative (GRI): It was initialized in 1997. GRI is basically the reporting standard to be implemented internationally to standardize the sustainability reporting.

UN Global Compact Initiative: it was originated in 1999 by United Nation. This is the collaboration of trade unions, NGO's, environmentalists, large businesses etc to have fruitful discussions on CSR.

Social Accountability 8000: "SA 8000" standard for social accountability, was founded in the year 2000. SA 8000 is related to improving the work standards and code of ethics for workers and it was initiated on the recommendations of ILO.

International Organization for Standardization (ISO) 26000: ISO an International Standard Organization is basically concerning about developing standards on Social Responsibility which is termed as ISO 26000. It was initiated in Nov 2009. ISO 26000 is covering all type of organizations in most of the countries to develop code of ethics and corporate culture for having socially responsible climate.

Occupational Health & Safety Advisory Services (OHSAS) Standard: All organizations who want to establish a health and safety standard mechanism at work place for the safely and security of their manpower.

Organization for Economic Co-operation and Development (OECD): OECD guidelines are basically associated with the improvement of organization on various concerns like, human rights, customer protection, and strategies for

preservation of environment, competition, research and development, technology upgradation, taxation, and corporate governance etc. These guidelines encourage the contribution from Multinational companies for the development of local communities.

Universal Declaration of Human Rights: This standard was launched by United Nations, for the safeguarding of Human rights all over the world.

Principles for Responsible Investment (PRI): PRI is a set of principles for responsible investment globally. It provides a framework for achieving better returns and investment in more sustainable markets.

Equator Principle: Equator principle is a benchmark for preserving environment and societal concerns and challenges. They were launched in June 2003 by private sector banks led by Citigroup, ABN AMRO, Barclays etc.

Global standards of International Labor Organization (ILO): ILO is promoting social justice and human rights globally. It formulates international labor standards in various conventions for setting minimum standards of basic labor rights.

Others: ISO 9001:2000 (quality), ISO 14001:2004 (environment) and OHSAS 18001:2007 are various CSR standards to have a well managed and welfare organization to serve the interest of many associated stakeholders worldwide.

11. CONCLUSION

Corporate social responsibility is now deeply ingrained on a worldwide business discourse. However, numerous difficulties must be overcome before moving from theory to tangible action. Corporations are making progress in terms of transparently implementing

CSR policies. Transparency and discussion can help a company appear more trustworthy while also raising the standards for other businesses. Finally, we may conclude that corporate social responsibility can coexist with economic profits, environmental and social benefits, and thus create a win-win scenario.

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