CORPORATE SOCIAL RESPONSIBILITY OF IT COMPANIES IN INDIA

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ABSTRACT

Information Technology is one of the most important industries in the Indian economy. The IT sector has grown at a high pace in the Indian business environment. The IT industry of India has registered huge growth in recent years. India's IT industry grew from 150 million US Dollars in 1990-1991 to a whopping 50 billion UD Dollars in 2006-2007. In the last ten years the Information Technology industry in India has grown at an average annual rate of 30%.

Some of the major companies in the IT industry of India are - Tata Consultancy Services (TCS) Infosys, Wipro, IBM, HP, HCL, Cognizant Technology Solutions (CTS), Satyam, and NIIT. This research studies the contribution of corporate social responsibility (CSR) of the IT sector in India with special reference to education and healthcare. For this research two IT companies have been taken into consideration - Infosys and Wipro. A comparative analysis was used to find the measures adopted by these two companies for CSR.

INTRODUCTION

"More and more companies are accepting corporate citizenship as a new strategic and managerial purpose requiring their attention. Once seen as a purely charitable activity—a source of general goodwill, with no bottom-line consequence--citizenship is moving from the margins of concern to the center at leading companies." In India, a surging rise in the growth of the economy has been seen over the past decade and a half and a lot of it is attributed to the boom in the Information and Technology (IT) and Information and Technology Enabled Services (ITES) sectors. The country has witnessed this since the government opened the doors of the economy to the forces of globalization, after lowering government regulations in the country and downsizing

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barriers to foreign investment in the early 1990s. The government deliberately targeted the export-oriented IT services sector for growth, giving it special subsidies. India therefore became a hub of IT services, when a few major Indian companies like Wipro, Infosys, TCS, HCL, Satyam, etc., established themselves on the global stage as key players in the ITES segment offering the best match to what the other companies in developed nations of the world had to offer. Therefore, the IT sector in India has been spearheading the economic development process. Within the span of about two decades, the Indian IT industry has emerged as one of the key drivers of the Indian economy. In 2005- 2006, 3% of India's GDP came from the IT sector and it employed close to 4 million people. The industry is estimated to be growing at a compounded annual growth rate of nearly 2% per annum with the aggregate turnover estimated to reach over USD 100 billion by 2010 (Nasscom, 2007). To take advantage of the situation several multinational companies rushed to set up offices in India. As per the BBC 'One Minute Report' on 24th January, 2007, 'there are more than 500 major international companies that have IT operations in Bangalore alone. Several multinational giants like Hewlett-Packard, Dell, IBM, and Accenture are operating with their bases in India." The Indian IT companies have operations overseas. The IT and ITES industry represents not only global traffic in goods and services but also ideas. It has been a champion in heralding activities directed towards a social cause which in business understanding is corporate social responsibility (CSR).

The term Corporate Social Responsibility (CSR) has become a part of the business lingua amongst commercial circles of India. Business activity in the developing nations across the globe has realized the need for business to respond to the needs of the environment in which it operates and therefore to accept social responsibilities for stable and sustainable development.

CSR in INDIA

In India, corporate philanthropy has been the most prevalent and well-accepted form of executing social responsibility. However, corporate philanthropy is no longer considered an adequate response to demands for social responsibility, given its limited rationale and scope. The term CSR, is usually taken to include environmental, social and human rights-based impacts and initiatives of companies and in many countries—both industrialized and developing the concept and practices are taken seriously (Hopkins 2003). The practice of CSR in India got a new

dimension after globalization, both in terms of the way it is executed and by agencies that practice it. The impact of increased revenues pocketed by way of globalization brought many big corporations under the surveillance of the now active and vigorous NGOs and media. It has been predicted that in the times to come companies will be "judged more by their social policies than on their delivery of products and services" (Juholin, 2004). Hence, many companies realizing the imperativeness, volunteered to march on the beats of CSR. CSR has now been accepted as an ongoing activity in sync with that of the business rather than an occasional affair to vitalize the corporate reputation.

Some of the major reasons for the significant growth of the IT industry of India are-

1.   Abundant availability of skilled manpower
2.   Reduced telecommunication and internet costs
3.   Reduced import duties on software and hardware products
4.   Cost advantages
5.   Encouraging government policies

The companies which had a higher exposure to the market in the west reflected a larger commitment and rigorous faith in the practice of CSR. One such sector is the information technology (IT) and IT enabled services (ITeS). The Indian economic map, post globalization, has seen a very prominent presence of the IT and ITeS companies most of which have met the west-driven economic challenges and have coped with the needs of their western world-based customers. ITeS as a sector has an estimated contribution of 7% towards the Indian GDP. This sector includes pioneers of leadership in India, for instance Mr. Ratan Tata, Chairman Tata

Group, a huge Indian conglomerate with its presence in ITeS through TCS, Mr Narayan Murthy, the ex chairman of Infosys, Mr Azeem Premji, of Wipro etc. However, it has also been an IT company that has exposed the misdoings of the corporate to the greatest extent and has put the IT sector under the scanner of all agencies of business ethics and corporate governance. The CSR initiatives of most of the companies in the IT sector have been brought to public attention and they have not stayed introvert about it. This in turn has enhanced awareness even amongst the

other organizations. Thus, there arises a debate about the acknowledgment of IT industry as a champion heralding the CSR commotion in India.

LITREATURE REVIEW

Various studies have been conducted on IT sector that contributes a lot towards the technology system and the society development. Out of them, some of the reviews have been discussed in brief as follows:

Burke and Logston (1996) focused on the internal side of the business and the managers strategy. There core is how to integrate the organization system with the CSR strategy to make it profitable. There focus is on how CSR programs and alike can create strategic benefits to the firm. They use the integrative management approach using CSR to deliver business. They have identified five dimensions of strategies useful for relating CSR to value creation of the firm. The five strategies mentioned are: centrality, measure of the closeness of fit between a CSR policy or program and the firm's mission and objectives, specificity, Ability to capture private benefits by the firm, pro activity, Degree to which the program is planned in anticipation of emerging social trends and in the absence of crisis, voluntarism, The cope for discretionary decision-making and the lack of externally imposed compliance requirements and visibility, Observable, recognizable credit by internal and/or external stakeholders for the firm. By becoming more aware of the benefits to both the firm and its stakeholders, managers can make better decisions

Copenhagen Business School (CBS), Center for Corporate Social Responsibility, (2000) explores the state of the art in corporate social innovation (CSI) research and briefly outlines the main themes in the corporate social responsibility (CSR) debate(organizational legitimacy, moral choices, stakeholder interaction, and sustainable development) and the organizational innovation literature (incremental vs. radical and sustaining vs. disruptive innovation; user-driven innovation; entrepreneurial opportunities; individual entrepreneurs, and institutional entrepreneurship). The paper then reviews the major objects of corporate social innovation singling out the base of the pyramid (BOP), social entrepreneurship, and eco-innovations as key themes. It closes by analyzing how social innovation is enacted at each of the four levels

discussed in the first part. Finally, a list of references concerning real life practice is included to function as inspirational readings.

Professor Paul Foley & Dr Chanaka Jayawardhena (2001) this literature investigates the attitudes and responses of the IT sector to issues surrounding the digital divide and examines the extent to which this relatively new industrial sector has embraced the concepts of corporate social responsibility. Some of the key issues are:

• Less than 25% of IT companies have a clear strategy for corporate socialresponsibility (CSR).

• Three quarters of IT companies recognize that the environment in which theyoperate has changed since the advent of the Internet, but few have changedtheir attitude to CSR as a result.

• Only 1 in 6 IT companies support Internet access initiatives for thedisadvantaged.

• Most IT companies are scathing about the low level of charitablecontributions made by industry as a whole and the IT sector in particular.

• Most IT companies consider charitable contributions to be a prime target forspending cuts if there is a downturn in turnover and profits.

Bimal Arora and Ravi Puranik (September 2004) Pointed out that Corporate Social Responsibility (CSR) is a North-led agenda with narrow focus. Bimal Arora and RaviPuranik apply a development-oriented framework to contextualize CSR to structural adjustments-related macro socio-economic issues relevant to the developing countries, with a focus on CSR in India. They review contemporary CSR trends in India concluding that although the corporate sector in India benefited immensely from liberalization and privatization processes, its transition from philanthropic mindsets to CSR has been lagging behind its impressive financial growth.

Ruchi Tiwari (2010) states that The CSR activities in the modern corporate affairs have been identified as a very important practice for Indian companies due to the impact of increased revenue, thanks to the globalization. The IT sector distinctly emerges as a champion in not only adopting CSR but also in managing it. It stands out and ranks 1 in all the four parameters selected for judging the CSR performance of the various sectors like cement, steel, oil. This clearly depicts that CSR is well integrated as a part of the business strategy of the IT sector because of which it enjoys the reputation of being a CSR champion. Several institutionalized

attempts by bodies like NASSCOM have helped to promote CSR activities and encourage young corporate houses in adopting it. It acts as a facilitator in furthering CSR within the sector and ensures effective communication as well. Service-driven sector with a customer driven face like the banking sector lags far behind in making CSR a part of business strategy. Though banks like HDFC and ICICI do have a CSR plan, yet the sector needs to relook and understand the business benefits and advantages of CSR.

Charles Handy (2011-2012) states that building and nurturing the larger ecosystem is key to the success of a corporation. At Infosys, we look at sustainable practices as an opportunity to apply our core strengths to effect winning solutions for the entire ecosystem. This holistic view of business allows us to constantly address the expectations of our diverse stakeholders. Business responsibility to us is about earning the respect of our stakeholders in everything we do. Infosys has give its contribution in the areas of sustainability, stakeholder engagement, human rights, employees' well-being, corporate social responsibility, proactive advocacy and inclusive growth.

Literature review on Corporate Social Responsibility and Ethics

The aim of the following literature review is to identify the most important and knowledgeably important academic and practical works throughout the past decade upon the concept of Corporate Social Responsibility (CSR) and Ethics in IT companies. The research should gradually flow thought the history of the concept, definitions, academic and practical view of various writers, including the appraisals and criticisms as well as real live examples if applicable. Moreover, draw certain linkages towards the other paradigms. Finally, the findings and conclusion should be taking place upon the development and current stance of the concept and its future respectively.

OBJECTIVES OF THE STUDY

1) To study the corporate social responsibility of Infosys and Wipro with special reference to education and healthcare.

2) To compare the measure adopted by Infosys and Wipro with respect education and healthcare.

RESEARCH METHODOLOGY

In order to achieve the objective present study has taken secondary sources. The secondary data is mainly congregated from published and unpublished works on the related topics. I read several research papers based on the above research objectives and relevant references in the literature, the research framework are an attempt to investigate the corporate social responsibility by IT companies in India. For this I collected details of two IT companies Wipro and Infosys with special reference to their contribution in education and healthcare.

DATA COLLECTION & ANALYSIS

In this research, descriptive research is used for collection and analysis of data, because this research is all ready done by other researchers we only add value on that research. Descriptive research is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation can be either quantitative or qualitative.

For descriptive search I have selected 2 above mentioned companies which represent IT sector.

CSR BY **INFOSYS** WITH SPECIAL REFERENCE TO HEALTH CARE AND EDUCATION

Infosys Limited (NYSE: INFY) was started in 1981 by seven people with US$ 250. Today, Infosys is a global leader in consulting, technology and outsourcing with revenues of US$ 7.231 billion (LTM Q3 FY13).

Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

Infosys gives back to the community through the Infosys Foundation that funds learning and education.

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Healthcare

Making high-quality healthcare the norm is an ongoing challenge. Since its inception, the Foundation has initiated several activities that benefit the rural and urban poor. Apart from constructing hospital wards, donating hi-tech equipment and organizing health camps, the Foundation also distributes medicines to economically-weaker sections in remote areas.

The Foundation constructed the Infosys Super-specialty Hospital on the Sassoon Hospital premises in Pune. The Foundation installed office management software at the KEM Hospital in Mumbai. This enables the hospital to manage store requirements, keep accounts as well as publish hospital papers and other information on the Web.

A Dharmashala was constructed at the Kidwai Cancer Institute in Bangalore.The Foundation constructed a pediatric hospital at the Capitol Hospital in Bhubaneswar, which caters to poor patients. A CT-scan machine was also donated to the hospital

A hospital was built for tribals at H.D.Kote, Mysore. It has also donated high-tech surgical equipment to hospitals located at Mysore, Bijapur, Bellary and Hubli in Karnataka.

Incubators, air conditioner units, neonatal resuscitation equipment and refrigerators have been given to the Bowring Hospital, Bangalore, while ultrasound scanners have been donated to the Ramakrishna Ashram, Coorg and the Bangalore Government Hospital. The Foundation has made donations to the Drug Foundation for Nuclear Medicine at the cancern hospital in Miraj and the Kidwai Hospital in Bangalore.

A leprosy camp was conducted, and relief work was carried out at the Leprosy Colony in Gulbarga.

The Infosys Super-specialty Hospital, built by the Infosys Foundation at the Sassoon Hospital in Pune, makes quality healthcare both affordable and accessible. This state-of-the-art hospital, run by the government, is the first of its kind in the city. It offers a range of specialized services and caters to poor patients who cannot afford high-end treatment at private hospitals.

Education

In a world where education has become the biggest differentiating factor, the Foundation offers an edge to deprived and rural students; through its activities. The foundation has donated 10,200 sets of books in Karnataka alone, and in Andhra Pradesh, Karnataka, Orissa and Kerala, under its Library for Every Rural School project. Through this program, the Foundation has set up more than 10,150 libraries in rural government schools. The cost of each set ranges between Rs. 2,000 and Rs. 3,000.

To simplify the standard of computer education for students in rural areas, a separate book has been written and is being distributed under the library project. This book has also been translated into Hindi, Tamil and Telugu.

To identify and help students in dire need, the Foundation works with Prerna, an NGO in Raichur and Bangalore, and Vidya Poshak in Dharwad, to distribute scholarships to poor students. With the help of these organizations, the Foundation reaches out to deserving students across Karnataka. The Foundation has also made donations towards the reconstruction of old school buildings. For instance, 14 government schools in slum areas of Hyderabad were reconstructed.

The Foundation collaborated with the Center for Environment Education (CEE), Bangalore, for the orientation of teachers specializing in science and the environment. The Center developed training material on water. During the program, it linked the Science and Social Studies curriculum with the environmental perspective. Around 15 camps were held in various parts of Karnataka over the last 3 years. Totally, around 1,000 teachers were trained.

Furniture was donated to this government school in South Karnataka. The school is near a river bed and becomes snake-infested during the rains, making it dangerous for the children to sit on the ground.

CSR BY **WIPRO** WITH SPECIAL REFERENCE TO HEALTH CARE AND EDUCATION

Wipro Limited (formerly Western India Products Limited) is an information technology (IT) consulting and outsourcing Service Company located in Bangalore, Karnataka, India headed by Azem Premji. As of 2012, the company had 140,000 employees in 54 countries. Wipro is the second largest IT services company in India which has contributed a lot towards the welfare of the society.

While financial commitments by Indian companies towards philanthropy may be nowhere near that of Warren Buffet or Bill Gates, they are in their own way trying to bring about change in the lives of those less fortunate. The **Azim Premji Foundation**, for instance, is understood to be managing a fund of close to $1 billion from Wipro chairman Azim Premji and has been channeling this into healthcare and education.

Education

Premji is one of the most influential Indian technology czar billionaire who has been donating large sum of money donates $2bn towards education towards social causes such as education and health.

CSR is increasingly seen as an integral part of business strategy, with a greater focus on sustainability and engagement with internal and external stakeholders. The Premji Foundation, for instance, works with states to improve the quality of education.

It has touched 22,000 schools, which translates into 2.5-3 million students A parallel effort is the Wipro Applying Thought in Schools programmed, which has reached 1,500 schools. The initiative aims to improve the quality of education, especially for the most under-privileged. The Premji Foundation is now embarking on setting up a university, which will mould future teachers The foundation was set up with resources contributed by Azim Premji and has a corpus(amount) of $1 billion. It focuses on creating models that significantly improve the quality of learning in schools, particularly in rural areas, in an effort to promote universal elementary education in India. Separately, Wipro's CSR efforts are spearheaded by Anurag Behar to provide community relief and rehabilitation in times of disasters, as well as improve education, healthcare and wellness among the needy.

- **CSR Wipro Care program** is set up for community relief and rehabilitation in times of disasters to education opportunities, health and wellness programs for the needy, touches every level of society.

- **Education for Children of Migrant Labor,** children from the large number of migratory families serving the booming construction industry in urban India.

- **Child Friendly School,** improving quality requires a multi-pronged strategy involving improvements in school as well as educational system. This includes supporting interventions like enhancements to the curricular package, the teaching-learning environment and fostering positive school-community linkages.

- **Computer Aided Learning Study,** The Computer Aided Learning program was initiated in the year 2002 to harness the potential of computer technology for education. The objectives of the program were to make learning a play, assessment a fun and equal knowledge for all students

- Educational Leadership and Management, Management Development Program (MDP)

Healthcare

The Premji Foundation has also been making its mark in healthcare to a large number of villagers in Aurangabad through mobile clinics. It has also been engaging local communities in healthcare delivery.

The Azim Premji Foundation has decided to set up ten resource centers in ten different districts in the next one year. The foundation plans to duplicate it in 626 districts of India. The plan is to work with the Government in solving the problems of health and nutrition, but the foundation doesn't want to restrict it to the Government. The idea is to offer the resource centre to the government institutions, government schools, private schools and other institutions to contribute to their capacity. Students graduating from the Azim Premji University will be free to join the government, private institutions or turn entrepreneurs, the foundation could absorb the initial 500 students.

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Rural Health Program

Wipro Cares launched Project Sanjeevani, its first rural healthcare project, on the 6th of November 2009, in Aurangabad district. It was launched in partnership with Savitribai Phule Mahila Ekatma Samaj Mandal (SPMESM), a reputed NGO, which has extensive experience in working in rural healthcare. The project will cover nine small villages, all situated in and around Wipro's Waluj factory. Over the next three years, Project Sanjeevani aims to build a sustainable Primary Healthcare system with the involvement of the local population. Towards this aim, the project will: Provide quality primary health services by operating a Mobile Health Clinic
Strengthen the local Anganwadi institutions to improve the attendance of children so as to ascertain and improve their health, Identify and treat malnutrition cases in the project area, Identify and register pregnant women and provide them with basic medical services.
Create awareness regarding personal hygiene, diet and vaccination through awareness programs and counseling sessions

FINDINGS AND CONCLUSION

Based on the literature and details of the healthcare and education contribution by Wipro and Infosys towards society, it can be established that both companies considered being the backbone of the Information Technology sector in India. Those who are searching for IT jobs, India's technology industry and the stock market have their eyes fixed on these both companies. There is a great deal of competition between them in terms of manpower, revenue, profitable deals and the profits gained and CSR activities done.

Which Indian IT company is the best?

Wipro is seen as more of a creative workshop which is "full of energy". But I give an "excellent systems" rank to Infosys.

March 5 2011	INFOSYS	WIPRO
Revenues (Rs cr)	7,130	6,071
Operating profit margin (%)	32.8	29.7
One million $ clients (numbers)	166	157
Attrition (%)	10.5	15
EPS (Rs)	69	22.7

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Market capitalization	62,886	53,061
Budget for CSR	20 cr per annual	Not disclosed
Locations of factories/offices	Bangalore,Bhubaneshwar, Chandigarh,Chennai,Gurgaon, Hyderabad,Jaipur, Mangalore, Mysore,Mumbai, New Delhi, Pune, Thiruvananthapuram	Bengaluru, Chennai, Kolkata, Pune, Greater Noida, Mumbai, Kochi, Bhubaneswar
No.of employess	113800	108,071
Sales 2010-2011 in Rs. Crores	22742	27651
Products/ Services	Finacle(product)/IT consulting service solutions and outsourcing services	Personal computer, IT Software,Vegitable fats and oils

Difference between Infosys, Wipro

Revenue:

Infosys has recently shown a fall in net profit of about 3.6 % which is equivalent to Rs.1, 582 Crore. Rs. 5,742 crore is the revenue generated from the products and services offered by Infosys which is far less than what it earned previously. This represented as a decrease in profits.. Wipro, also, has also been able to prove itself by demonstrating an increase in profits.

Hiring:

The company most active in hiring new sets of people is Infosys. They have been able to break a record by hiring around 6,000 employees in a year.

Wipro looks forward to hiring employees from various campuses and universities; they are more focused on hiring on new graduates.

Clients:

Infosys has seen marked success in achieving around 32 clients in just one quarter; there are various clients from the financial and the banking sectors as well.

Wipro is also following the same trend and has gained success. These companies have been able to acquire large number of clients due to their available products and services.

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These both companies have achieved a lot of success in terms of profit margin and acquisition of clients and with their constant development and plans for the future. Companies have achieved success in terms of profit margin. Companies are making sure to hire more and more potential professionals where as Wipro is focusing chiefly on candidates fresh out of universities.

Though these companies are the mainstay of the Indian IT sector, there is much more to be done to build up the Technology sector of the country. All of these firms are still in their development stage and expect to be in even better shape in the near future.

LIMITATIONS:

1   Did not get enough time to research more on the topic.

2   Primary data was not available.

3   Data specific to the topic was difficult to collect.

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