

## **SUSTAINABILITY OF CSR IN INDIAN COMPANIES**

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### **Abstract**

The area of Corporate Social Responsibility has developed considerably over the last decade. Today, businesses are concerning more for contributing to society. Vision, mission and value statement of companies' explicit commitment to CSR and also CSR issues are now being integrated into sustainability of business operations. Each company responds differently to CSR issues. The degree and extent of their response is influenced by factors such as the socio, economic and environmental perspectives of CSR adopts by the company. The paper will discuss the significant CSR practices that emerged within three IT giants of Indian origin (Infosys, TCS and Wipro). This paper is an attempt to find out the significant contributions and status of Indian Corporate on CSR and sustainability of business through the case study approach of three IT leaders of India and build a model for sustainable CSR.

**KEY WORDS: CSR, Sustainability, Indian Companies.**

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## **Introduction**

Corporate India is a unique group of corporate organizations, who are trying collectively and individually to build in sustainable development concepts in their operations. Corporate India includes some of the most innovative, some of the largest and the most forward looking organizations in the world. India is one of the fastest growing economies with major social challenges like *poverty, population, growth, corruption, and illiteracy*. Thus, importance of CSR becomes even more critical to Indian companies in promoting civil society and business partnership.

Social problems can be solved by taking social initiatives by organizations which leads to enhancing public image of the organization. This also leads to assisting government to solve social, economical and political problems of the country .As this research based on case study approach helps the policy makers and corporate leaders to understand the real situation in a concrete manner and its ways of implementation in the study companies.

## **Background of the study**

The approach of CSR has achieved eminence from all corners of the industry. Firms should recognize that government cannot solely achieve prosperity to uplift the society. Many leading companies throughout the world have realized the importance of being involved in social causes as a way to sustain in their business. CSR can act as an essential element in assuring to do good to the community. Additionally, CSR can also be a cost-effective factor in business planning, contributing to risk management which is required for long-term profitability and sustainability.

## **Rationale and Scope of Study**

The rationale of this study is to understand the concept of CSR and its practice among the Indian organizations. The present research attempts to understand the acceptability of CSR engagements by the Indian business and suggests a rational approach a model that can be used for the Indian counterparts.

### Need of the Study

Past research into CSR has focused more on environmental concerns of the organisations. Very little research has been done on developing CSR focus and building new models for implementations of sustainable organisations. This gap in the literature has helped in the direction of the objectives of this research. The objective of the study is to identify the pattern of CSR implementation policies of the study companies, thereby providing a model for the rest of the companies in their CSR journey. Since the CSR process can vary amid different industries and countries, organizations can adopt the model as a whole that is much precise in their implementation process.

### Specific Objective of the study

1. To study the concept of CSR.
2. To explore the sustainable CSR practices incorporated in the corporate agenda of the study companies.
3. To study the socio- economic and environmental factors of CSR through case study analysis of selected companies and develop a Model for Indian companies.

### Research Methodology

This research study has used the intrinsic case study approach. The intrinsic case study approach is applicable to this research project because there are not many organizations committed to implement sustainability-based business models. Only organizations that are implementing business models that place sustainability at the heart of their businesses or leaders in pioneering new business models that focus on sustainability only were approached to participate in this research study.

The initial stage of this research study conducted a web analysis recommended by experts in the domain of research and academia.

In the IT sector the study has chosen the most reputed and prominent three IT giants of Indian origin based on their sustainable CSR contributions. These three companies namely TCS, Wipro and Infosys have been selected because their contribution in the area of Corporate Social

Initiatives are substantial and worthy of emulation by other companies. The data was collected from each of these companies using primary and secondary sources. A semi structured, focused interview of higher-level executives from each company was conducted for collecting the information on the strategic decisions on CSR and sustainability to frame the case study and the content analysis of the study companies.

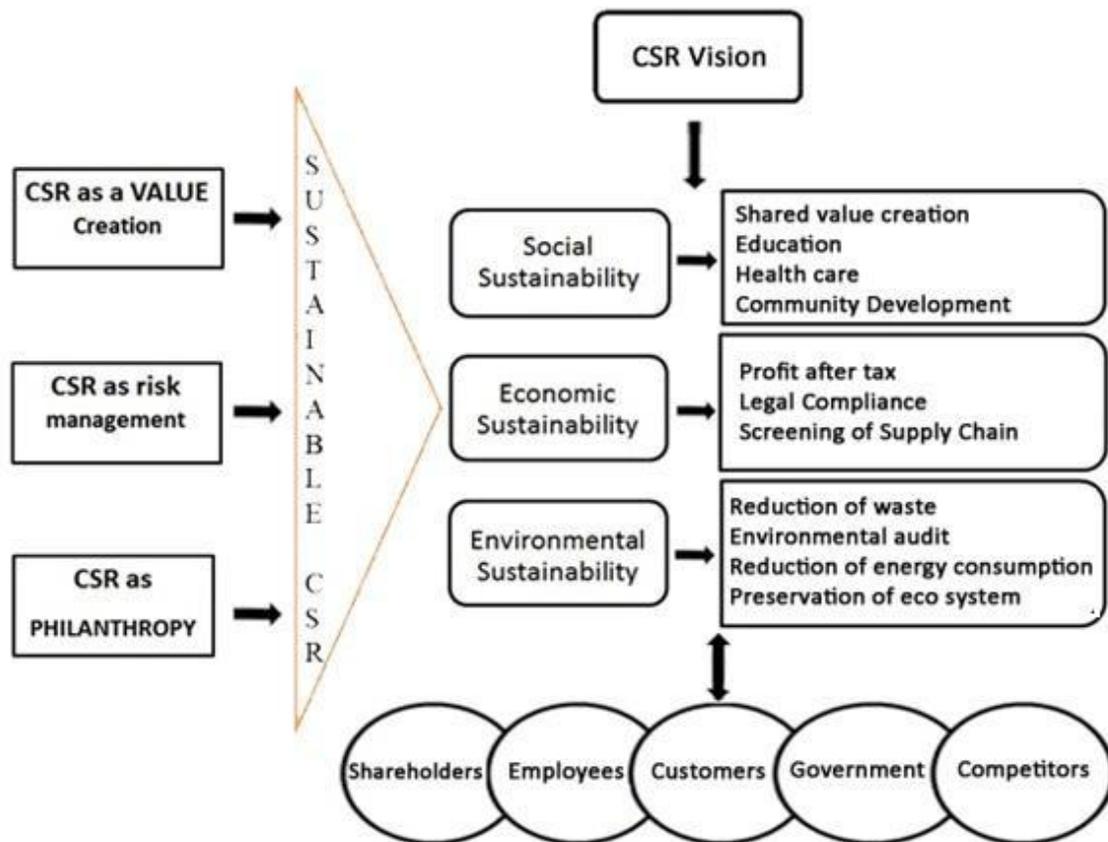
### **Selection of the Companies**

The companies selected for this research project are based on those organizations listed on stock exchange and are adhering SEBI and GRI guidelines for their sustainability reporting ,implementing sustainability-based business models and are listed in Karmayoga website based on their CSR contributions. Sources of this population are the various lists of the leading CSR/sustainability companies that are operating in India. The sources include sustainability indexes like Global Citizenship 360, Smart Growth Network, LEED (Leadership in Energy and Environmental Design), Karmayoga CSR survey reports as well as books, articles that profile sustainable organization.

### **Foundation for the Model**

Infosys, TCS and Wipro were chosen as case studies for this research project because according to initial assessments, all the levels mentioned above were adhered to by them. The progression curve described above is for the measurement of sustainability status. As discussed, Wipro, Infosys and TCS were examined on basis of this theory to know their respective sustainability level progression and are at the 3rd level, that is, sufficient stage of the progression chart.

## Sustainable model based on case companies



### Visualising sustainability CSR Model

*CSR as philanthropy:* Philanthropic corporate social responsibility involves giving funds, cheques, goods, or services and sometimes serving as advertising.. This kind of understanding of Philanthropy is the foundation for most of the CSR initiatives. Philanthropy is not always tracked from a social accounting perspective, making it difficult for these efforts to be audited or held accountable. Hence “philanthropy” cannot be taken as a complete option to continue CSR with. It can begin with the ideology of Philanthropy.

. Over the period from the idea of philanthropy CSR takes a turn towards the idea of Risk management.

*CSR as Risk Management:* “Risk” in business models are evident and so its management. The decisions should be taken, at the right time, the investment of the money, the different projects to be accepted and so on. When implementing the CSR policy or practices it is seen as a risk because huge amounts of funds are poured into the upliftment of either a community ( social) or into reducing paper waste or green buildings (environmental) and so on.

From a company perspective, social risk, like any other risk, arises when its own behaviour or the action of others in its operating environment creates vulnerabilities.

Companies have to frame effective strategies to address the social risks arise in its process. The first step is to identify the risk areas and take measures to control or reduce the risk that may affect the productivity and profitability of the organization.

### ***8.9 CSR as a Value Creation***

Finally CSR becomes an integrated Value in the Company’s goals and vision. In this stage CSR has been evolved as a part of the business strategy and should in sync with the company’s vision and mission. There has to be an internal link to all of the above.

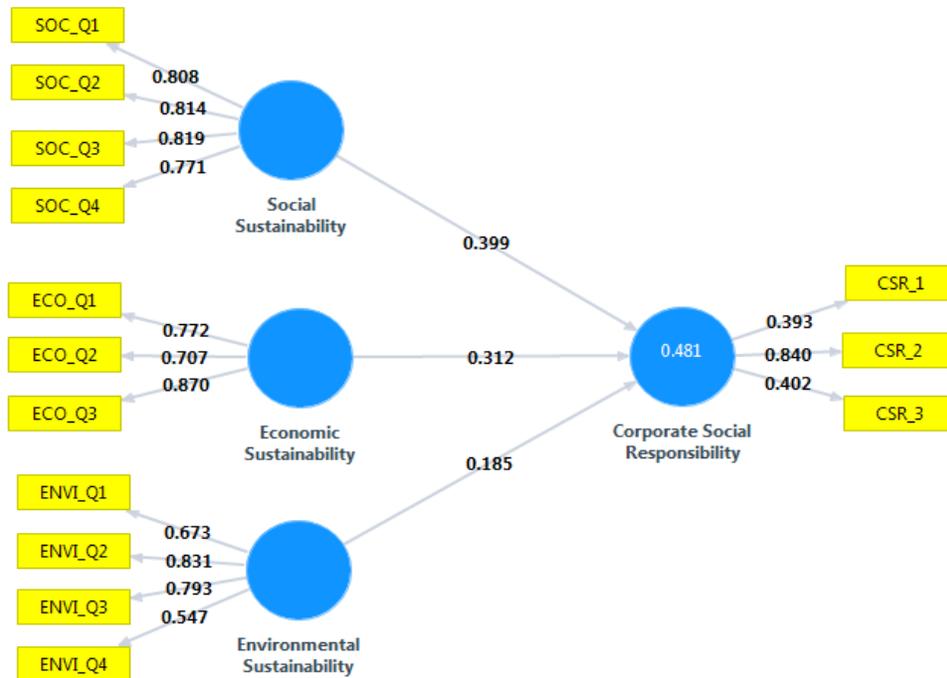
Most of the CSR practising companies have implemented Sustainable CSR practices to address the demands and expectations of the society. But the critiques argue that these practices are mainly aiming on profitability and reputation, but not yet proved the validity of this argument.

The SCSR model requires stake holders such as customers, governments, legal bodies, competitors, local communities as well as internal bodies like employees and investors to work together to address sustainability from a system perspective. A SCSR model will only emerge completely when sustainability is institutionalised in society; that is, when sustainability is addressed as social issues, rather than addressed separately by individual front. Nevertheless, organizations can make substantial progress towards sustainability by adopting elements of the SCSR replicating attributes of Wipro’s, TCS’s and Infosys’s business models. Organizations and stake holders can use this SCSR model as a design guideline.

## Measurement Model

To confirm the items under each dimension of the model proposed, the researcher has done the testing where she has gone back to the case companies such as TCS, Infosys and Wipro and made a second level of interview with CSR and sustainability heads of these companies.

From the questionnaire and from the semi structured interviews the data has been collected regarding the framework model of sustainable.



## Measurement model

Validity of the model, the requirement for convergent validity, construct reliability, Cronbach alpha or internal reliability, and communality is achieved.

**Table 1 :Convergent Validity and Construct Validity Results**

Construct	Average Variance Explained (AVE)	Composite Reliability	Cronbach Alpha
<b>Social Sustainability</b>	<b>0.646</b>	<b>0.879</b>	<b>0.818</b>

<b>Economic Sustainability</b>	<b>0.618</b>	<b>0.828</b>	<b>0.793</b>
<b>Environment Sustainability</b>	<b>0.518</b>	<b>0.807</b>	<b>0.783</b>
<b>CSR</b>	<b>0.541</b>	<b>0.675</b>	<b>0.705</b>

**Table2:ConstructValidity**

<b>Construct</b>	<b>Social Sustainability</b>	<b>Economic Sustainability</b>	<b>Environment Sustainability</b>	<b>CSR</b>
<b>Social Sustainability</b>	<b>0.804</b>			
<b>Economic Sustainability</b>	0.308	<b>0.786</b>		
<b>Environment Sustainability</b>	0.695	0.087	<b>0.720</b>	
<b>CSR</b>	0.584	0.451	0.490	<b>0.684</b>

**Conclusion**

The findings of the study would provide incremental knowledge on the sustainable practices of the IT companies on corporate responsibility. The results were focused firstly to understand the levels of CSR practices of top Indian IT companies' .Secondly; the research has given deep insights on the practices of the companies. Thirdly, the case study analysis explored the sustainable CSR engagements of the corporate and it led to a model building that the Indian corporate can emulate and to encourage private public partnership (PPP) for CSR promotion.

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