

CORPORATE SOCIAL RESPONSIBILITIES (CSR) PERFORMANCE OF SELECTED IT FIRMS IN CHENNAI - AN EXPLORATORY RESEARCH

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***ABSTRACT**--Historically businesses have always been known for their financial responsibility. Their main responsibility has been to make profits and increase shareholder value. It is only in last few decades that a radical change has taken place in the business whereby these businesses are expected to behave responsibly and take care of other stakeholders apart from their shareholders. This paradigm shift has happened due to the profound external and internal pressures by various stakeholders which have been experienced by the businesses. In today's competitive scenario corporations that do not respond to these pressures and societal expectations risk losing legitimacy. Organizations are expected to be more 'caring' towards all the stakeholders. Slowly the business is beginning to accept the fact that it stands to gain from improved relationship with owners, customers, suppliers, employees and the surrounding environment.*

Key words—corporate, social, responsibilities, performance, chennai, exploratory, research.

I. INTRODUCTION

As business does not operate in a vacuum it is important to understand its relationship with the society. The intellectual capital i.e. people in future will evaluate the business on the relationship with the society and hence, this is one of the prime reasons for the companies to become socially responsible. It has been noticed that consumers have greater respect for companies that are engaged in social responsibility and demonstrate community involvement which is the second reason for the companies to weave social responsibility in their strategic planning. Gradually more and more companies are recognizing the business benefits of clearly defined corporate social responsibility policies and practices. Numerous researches done earlier have shown that socially responsible corporate behavior has a positive impact on economic performance, enhanced brand image, increased sales and customer loyalty, reduction in costs, increased profitability and productivity, enhanced quality to attract and retain quality human resources and access to capital. Now every organization is trying to place itself in the category of a responsible citizen. These organizations realize that in order to stay productive, competitive and also relevant in a rapidly changing business environment they are not left with any choice than to become socially responsible.

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1990s – CSR as a concept

It has been assessed that the decade of 1990s remained quite passive in terms of coming up with substantial researches on CSR. A diversion from corporate social responsibility to corporate social performance was found and stakeholder theory, business ethics theory, and corporate citizenship were the major themes that took the centre stage. We do not see any new definitions being added to the body of literature. Wood (1991) expanded and set forth a CSP model that entailed several CSR concerns. After this, the most significant advances to CSR in the 1990s decade came in the realm of business practice. In, 1992, a non-profit organisation called Business for Social Responsibility (BSR) was formed to represent the initiative and professionals bearing responsibility for CSR in their companies.

BSR defines CSR quite broadly to include themes of business ethics, governance and accountability, community investment, human rights, environment, marketplace and workplace. Taking a practical, managerial point-of-view, BSR asserts that “CSR is viewed as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision making processes through the company.” In this phase, Ellington (1997) proposed the concept of Triple Bottom Line and focused on social responsibility (people), environmental responsibility (planet), and economic responsibility (profit). According to him a socially responsible company can be considered as an institution for economic prosperity, social equity and environment protection.

2000s - CSR as a concept

The dawn of the twenty first century saw rapid globalization. Growing global competitive environment marks the trend of this century. With tough competition emerging all over the world, the chances of business to become successful were less. The global public is highly knowledgeable and demanding. The organizations were now answerable to civil society, as well as government. Another shift that happened was that till now organizations were working with few stakeholders and had less influence in the lives of these stakeholders whereas now impact of companies on variety of stakeholders have increased manifold. These stakeholders include employees, customers, nearby communities, media and the local and regional government and even global organizations, such as OECD, UN, World Bank and so on.

Thus the beginning of the 21st century saw a new dimension to CSR. Many countries made mandatory on the part of their stakeholders to report their social performance. Scholars and researchers analyzed and redefined CSR in a way that broadened the area and responsibility of CSR unprecedentedly. Let us have a look at some relevant definitions of concepts of CSR in 21st century: CSR was defined by European Commission (2002) as relationships between companies and societies to tackle social and environmental concerns. As per this definition companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Lantos (2001) defined CSR as ethical, altruistic and strategic.

Ethical CSR means that the companies should be morally responsible to prevent injuries and harm that could be caused by their activities. Companies that implement altruistic CSR voluntarily care for personal or organizational sacrifice. When a firm exhibits or undertakes caring corporate community service activities that accomplish strategic business goals it is termed as strategic CSR. According to Jamali and Miurshak (2007) observed that organizations due to lack of knowledge and experience in the CSR field may not feel any obligation

to the society. World Business Council for Sustainable Development defined CSR as a “continuous commitment by 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”.

II. REVIEW OF LITERATURE

Karamjeet Singh, Kamal Kant (2010) made an investigation of the ethical dimensions of corporate disclosures in the globalised environment. In this study, ethical dimensions were identified good, transparent communication policies and practices. The study highlighted that other moral requirement such as truth to reveal calls for courage that comes from a pure conscience, truth may seem to be detrimental in the short-run, but it is in the interest of all in the long-run, everything has a cost and truth is no exception. The result revealed that ethical conduct of business is a pre-requisite condition for disclosures based on ethical dimension. Disclosure made considering all ethical aspects lead to building relationships based on trust and commitment that ensure the success of a corporate entity on the time horizon.

Berent Smith (2009) examined the influence of the marketing students’ personal, cultural orientation, ethical ideology on ethical perception and ethical inclination within the context of two hypothetical marketing and sales scenarios. 180 respondents from undergraduate marketing students at a university in the northeastern part of the United State of America were selected as research samples. Correlation and regression were employed to identify the result of the study. The results show that individually held cultural values and ethical ideologies influence the ethical inclination of marketing students. The author suggested that business educators and managers should concentrate some of their efforts towards earning and challenging the individually held cultural values, ideologies and inclinations of young marketers.

Sarangapani Nivarthi. Ali Quazi, M Abu Saleh (2009) scrutinised the possibility for business and government to act on widespread corruption and corporate scandals issues through values driving spirituality in society forming the foundations for CSR program development. This study focused on utilitarianism, an action is right if it leads to the greatest possible balance of good consequences for all and also ethical relativism holds subjectivity at the core of ethical practices. This paper contributes to understanding on the integrations of formidable driving forces of behavioral transformations, political behavior and rational choice of collective action shaping the reforms to overcome social dilemmas in India. The study concluded that India needs to develop an effective legal, social and political system in which corporations are made accountable to society through legal compliance, contribute to community welfare, development of an ethical driven political governance.

Shane V Casewell (2008) explored ethical research in Athletic training students and educator’s individual moral philosophies and ethical decision – making abilities. This study also investigated the effects of gender and level of education on mean composites individual moral philosophies and ethical decision- making scores. 813 questionnaires were mailed and distributed in classroom settings at 30 institutions having the Commission on Accreditation of Allied Health Education Programs (CAAHEP) – accredited athletic training programs. The study

employed stratified multistage, cluster-sample and correlation. The results highlighted that opportunities occur for students in using different ethical perspectives, educators should be aware of their students and their own moral philosophers in order to optimally facilitate professional growth.

Ferando M, Dharmage S C, Almeda S (2008) investigated the ethical ideologies of senior Australian managers. Questionnaires were employed to examine the ethical ideologies of senior managers from organisations listed on the Australian stock exchange. Correlations, ANOVA, regression were employed to identify the variation in the idealism and relativism of Australian managers along with their corporate ethical values and individual characteristics of religion, gender and age. The result revealed that Australians managers have a strong belief in individual's rights being paramount within the society. They were expected to form a large number of looser relationships with little concern for others, which means that they were relativistic.

III. PERIOD OF THE STUDY

The study covers a one-year period, viz., 2017-2019 for determining the extent of corporate social performance on a sample of 23 Information Technology listed in National Stock Exchange (NSE).

IV. STATISTICAL TOOLS AND TECHNIQUES USED:

The study uses statistical tools such as Independent t-tests for finding the difference between Corporate Social Performance of IT Firms during the two time periods 2017-19. The statistical method used for analysis is Multiple Regression. To study the reliability and validity of the corporate social performance index (CSPI), Cronbach's Alpha and Correlation are used.

V. STATISTICAL SOFTWARE USED

To analyze the data, software packages such as SPSS 20.0 was used.

VI. LIMITATIONS OF THE STUDY

- 1) Non-availability of data as majority of companies does not report any CSR initiatives undertaken by them.
- 2) An equal weightage was assigned to all disclosure criteria in methodology used to assess the extent of social performance.
- 3) Although the CSR movement has progressed over the decades there has been very little done to measure the impact of CSR on communities.
- 4) Insufficient evaluation and poor communication of results; annual and sustainability reports describe too many activities with little information on impact.
- 5) The limitation is the use of content analysis research method of CSPI as it is subject to human error.

VII. CORPORATE SOCIAL PERFORMANCE IN IT SECTOR

India has a long history of corporations engaged in social activities and mostly philanthropic activities. However, since the late nineties, CSR activities have increasingly come under scanner of both of policy makers as well as of corporations' stakeholders. At the policy level, the formal focus on CSR started in India with Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs (MCA, 2009) that culminated in the enactment of Section 135 of the Companies Act 2013 (MCA, 2013). The outcome of this amendment in the Companies Act 2013 is making CSR spending as well as CSR disclosure mandatory for specific types of companies. CSR issues have gained significant importance across countries but India has become the first and the only country to have made CSR mandatory for large and profitable companies incorporated into law. In all other countries CSR efforts by corporations are largely voluntary, with only a select number of countries mandating corporations to disclose such activities. According to Companies Act 2013 firms are now supposed to have a CSR committee which would not only formulate the CSR policy but would specify programs and projects and monitor its implementation & progress. They will have to report and disclose these activities on their website and annual reports. As most of the Indian firms lack an inclusive and strategic approach towards CSR, in spite of this new regulation there are bleak chances of their contribution giving us any results or leading towards an inclusive growth. Hence, it becomes imperative to measure the extent of corporate social performance and assess the gaps so that appropriate steps can be taken to fill the existing void.

VIII. ASSESSING CORPORATE SOCIAL PERFORMANCE

To assess the corporate social performance, this study first develops a Corporate Social Performance Index (CSPI) based on the variables mentioned in Table1 and then Corporate Social Performance Quotient (CSPQ) is computed using the formula mentioned in Table1. This section establishes the reliability and validity of CSPQ using Cronbach's Alpha.

Table 1: Testing Reliability of Corporate Social Responsibility Index (CSPI)

Cronbach's Alpha	0.976
N	234

Note: Results computed from primary data

Table 1 shows the reliability test of CSPI. The extraversion subscale consists of 252 items & agreeableness subscale consists of 30 items Reliability and Validity of any index needs to be checked for using the same for any further study. It is found that the Cronbach's Alpha value is 0.976, suggesting a high level of consistency for CSPI (Corporate Social Performance Index). Using the CSPI, the extent of corporate social performance of different Indian Information Technology firms is measured and the CSPQ is shown in

IX. ASSESSING CORPORATE SOCIAL PERFORMANCE QUOTIENT (CSPQ) OF 20017-2018 & 2018-19.

Table 2: Disclosure of Corporate Social Performance by Indian Information Technology Firms

COMPANY NAME		
	2017-18	2018-19
3I Infotech B P O Ltd.	0.6	0.6
3I Infotech Consultancy Services Ltd.	0.6	0.6
3I Infotech Ltd.	0.6	0.7
Accel Frontline Ltd.	0.5	0.5
Accentia Technologies Ltd.	0.33	0.33
Acropetal Technologies Ltd.	0.03	0.03
C T I L Ltd.	0.33	0.33
California Software Co. Ltd.	0.37	0.37
Cybertech Systems & Software Ltd.	0.5	0.5
Datamatics Global Services Ltd.	0.63	0.73
Datamatics Software Services Ltd.	0.7	0.7
First source Solutions Ltd.	0.83	0.83
H C L Comnet Systems & Services ltd	1	1
H C L Technologies Ltd.	1	1
I T C Infotech India Ltd.	0.83	0.87
Igate Global Solutions Ltd.	0.53	0.6
Infinite computer solutions India Ltd	0.67	0.7
Infosys B P O Ltd.	1	1
Infosys Ltd.	1	1
K P I T Technologies Ltd.	0.53	0.57
Kpit Global Solutions Ltd.	0.03	0.03
Mindtree Ltd.	0.63	0.63
N I I T Ltd.	0.9	0.9
N I I T Smart serve Ltd.	0.7	0.7
N I I T Technologies Ltd.	0.9	0.9
On mobile Global Ltd.	0.67	0.67
R Systems International Ltd.	0.4	0.4
Reliance Corporate It Park Ltd.	0.93	0.97
Rolta India Ltd.	0.9	0.93
Siemens Technology & Services Pvt. Ltd	0.93	0.97
Sonata Information Technology Ltd.	0.6	0.63
Sonata Software Ltd.	0.63	0.63
Sparta InfoTech India private Ltd	0.83	0.83

Subex Ltd.	0.43	0.5
T C S E-Serve International Ltd.	0.97	1
Tata Consultancy Services Ltd.	1	1
Tata Technologies Ltd.	0.83	0.87
Tech Mahindra Ltd.	0.93	0.97
Thinksoft Global Services Ltd.	0.63	0.63
Wipro Ltd.	1	1
Zensar Technologies Ltd.	0.6	0.67
Grand Total	28.07	28.8
N (Total)	41	41
Min.	0.03	0.03
Max.	1	1
Mean	0.68	0.7
Std. Deviation	0.25	0.26

Note: CSPQ is computed using CSPI.

Table 2 shows Corporate Social Performance Quotient of IT firms during 2017-2019. Mean value of 2017-18 is 0.68 with a standard deviation of 0.25. Mean value of 2018-19 is 0.7 with a standard deviation of 0.26.

Difference between Corporate Social Performance of IT Firms during the two time periods 2017-18 & 2018-19.

This section finds whether corporate social performance has increased during the period of study.

H01: There is no difference between corporate social performance of IT companies during the two time periods 2017-18 & 2018-19.

Table 3: Independent t-tests of CSPQ during Different Time Periods

Table 3 : Independent t-tests of CSPQ during Different Time Periods						
2017-2018 (N=164)		2018 – 2019 (N=82)		Levene's test for equity of variance (sig)	Equal variance assumed (Sig)	Equal variances not assumed (sig.)
Mean	Std. Dev	Mean	Std. Dev			
0.5643	0.37052	0.6883	0.26328	17.581	0.007	0.003

Table 3 shows the results of independent t-test for the two different time periods and the following observations are made. It is evident that the mean CSPQ for 2017-2018 is at 0.5643 and that of 2018-2019 is at 0.6883. The F value stands at 17.581 which is significant at 1%.

Since the p -value is at 0.003 for Levene's test, we conclude that we have unequal variances and look at equal variances not assumed column, which gives a value of .003. It is concluded that Corporate Social Performance Quotient (CSPQ) in 2018-2019 is significantly higher than in 2017-2018 and is significant at 5%.

Thus, there is a significant difference in the corporate social performance of firms during the time periods, viz., 2017-2018 and 2018-2019. Hence, the null hypothesis, H_0 , is rejected at 5% significance level.

Final Result

During the study period, there is a significant difference in the corporate social performance of IT firms during the time periods, viz., 2017-19.

X. FINDINGS

ASSESSING CORPORATE SOCIAL PERFORMANCE:

The present study assesses corporate social performance of Information Technology firms in India. Corporate social performance is measured by an unweighted index and it shows that CSPQ (Corporate Social Performance Quotient) have improved from 20017-18 to 2018-19. This means that more IT companies are showing incidence of CSR and reporting these activities in their annual & sustainability reports. This increase in the incidence of CSR can be attributed to the amendments in the Companies Act 2013 which makes it mandatory for the companies to not only invest in such activities but also to report these activities in their annual reports. It has been found that before Government of India introduced National Voluntary Guidelines in 2009 there were few IT firms that were voluntary involved in CSR activities and were reporting in their annual reports. It has been observed that as National Voluntary Guidelines 2009 were only recommendatory and did not have any actionable points, CSR in IT firms from 2009-13 did not see any major increase and reporting of these activities.

DIFFERENCE BETWEEN CORPORATE SOCIAL PERFORMANCES OF IT FIRMS DURING THE TWO TIME PERIODS 2017-18 & 2018-19.

A significant difference in the corporate social performance of IT firms has been found during the time periods, viz., 2017-2018 and 2018-2019. The transition from voluntary CSR regime to regulated regime has shown a significant rise in the incidence of CSR activities from 2017-18 & 2018-19. Hence, the new CSR provisions should be looked at as an effort by the government to make the corporate sector play a complementary role in meeting the broader society goal of encompassing development. Under the new CSR rules, the flexibility given to the companies in choosing and monitoring the projects is likely to promote efficiency and effectiveness in project implementation without the CSR rules coming into serious conflicts with the primary objective of shareholder value maximization of companies.

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