

# Importance of Incentives Which Encourage Companies to Implement CSR Practices

## (A Study of IT Companies at Pune City)

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**Abstract:** - This research paper will give you guidelines for the importance of incentives which encourage companies to implement CSR practices in their organization. There are many factors including motivation of senior management for the implementation of CSR in their organization. This research paper is focused on the study of IT companies in Pune city with less than 500 employees and thinking of executive's for implementation of CSR. If some incentives will be given, then the picture may get change. Conclusions and suggestions will guide us which incentives will encourage the team for better implementation of CSR in the organization.

**Keyword:-** Corporate Social Responsibility, Pune IT companies, Role of Top Management, HR heads

### 1.1 Introduction:-

Corporate Social Responsibility (CSR) means putting something back into the society or giving back to the society. According to the World Bank, "CSR is the commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve their quality of life, in ways that are good for business and good for development."

The people living in a particular society hold many core beliefs and values that tend to persist. Most American still believe in work, in getting married, in giving to charity and in being honest. Over the last decade there has been an apparent shift from adopting more responsible business practices as a result of regulatory citations, consumer complaints, and special interest group pressures, to proactive research exploring corporate solutions to social problems and incorporating new business practices that will support these issues.

Researcher has joined with IT Company in January, 2008, as a Manager Business Development for professional services. Researcher got the opportunity to visit No. of SME IT companies in last 8-9 years and meet HR managers of the Organizations. Researcher have been observing that the HR professionals who are working in the IT Organizations are not concentrating more on the Corporate Social Responsibility (CSR) activities which is not good for the society in long term. Researcher would like to find out exactly what the role they are playing and can be played in future for the betterment of society, alongwith objectives of the company. Companies increasingly need to co-ordinate their corporate social responsibility activities and demonstrate their commitment to corporate social responsibility. Effective corporate social responsibility depends on being seen as important throughout an organization. Delivery is the key to stakeholders developing trust in an organization.

Researcher feels that lots can be done from the HR Managers in this area, but they are not getting support from the management. Need to understand, where these companies are lagging.

### 1.2. Importance of Study:

There is no evidence of CSR activities in the informal sector of the Indian economy, which is responsible for slightly less than half of GDP and employs some 93 percent of India's workforce. Indeed, workers in this sector are afforded no rights or protections whatsoever, and all indications are that no efforts are being made to fight poverty, promote education or health, protect the environment or encourage employee participation in business development. Researcher deeply concerned with the well-being of these Small and Medium Enterprise organizations and would therefore, like to scientifically analyze the reasons and suggest remedial measures to the Management/Government/National Association of Software and Services Companies/Maratha Chamber of Commerce Industries and Agriculture. This study will help organizations as well as government to implement CSR in SME companies.

### 1.3. Research Methodology & Sample size:

The study will have respondents directly from the chosen IT companies in Pune City. This may include Sample composition will be HR executives, Asst. Manager HR, HR Managers, Head of HR Department, VP of HR department, directors, corporate social responsibility department head, past HR managers, admin, corporate communication, CEO, sales/marketing department employees and other knowledgeable employees. All of these participants were selected through random sampling. This sampling method is conducted where each member of a population has an equal opportunity to become part of the sample. As all members of the population have an equal chance of becoming a research participant, this is said to be the most efficient sampling procedure. In order to conduct this sampling strategy, the researcher defined the population first, listed down all the members of the population, and then selected members to make the sample. For this purpose, a self-administered survey questionnaire was given to the respondents to answer.

There are about 300 IT companies at Pune District those are with strength of 50 to 500 employees. Around 150 IT companies and their HR department concern employees will be selected as sample. Herein, there were 150 participants for the questionnaire survey. The respondents were given few days to complete the survey questionnaire upon request. After collecting the questionnaires, the responses will be tallied, computed, analysed, and recorded.

On the other hand, for the personal interviews, most of the interviewees were given time according to their convenience. Choices were given for the respondents who will answer the questions, through phone, email, online conversation, chat or personal interview. There were very few participants who were willing and/or had the chance to share their time and talk about their experience in corporate social responsibility in their organization. Questionnaire has been developed to collect data from employees of IT companies working in HR department or CSR department covering various attributes.

Likert scale technique is also used to design questionnaire and collection of data. An attempt has been made to measure and evaluate the impact of corporate social responsibility activities on various performance parameters.

### 1.4 Analysis and Interpretation of Data:-

The primary data collected for this study is collected from HR executives, Admin, Asst. HR manager, HR Manager, Head of HR Department, Directors, Past HR Managers and Sales/Marketing Department employees working in IT companies with the help of structured questionnaire.

Microsoft Excel and IBM SPSS Software are used to do the data analysis.

The analysis of primary data collected from 150 respondents suggests that there is a positive relationship between HR professional and CSR department of organizations. It's also indicate that as incentives for implementation of CSR practices , ethical motivation of top management and Government incentives are at high level of importance.

The analysis of both primary and secondary data has given a broad perspective of how role played by HR Executives for current and future trends of corporate social responsibility of organization.

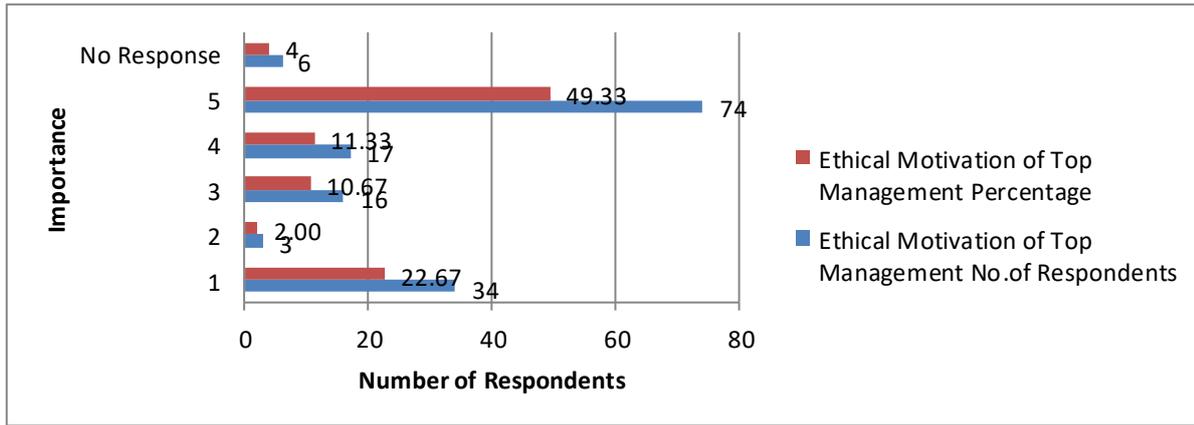
#### Incentives Encourage to Implement CSR practices.

**Table No.1.4.1**  
**Ethical Motivation of Top Management**

Sr. No.	Level of Importance	No. of Respondents	Percentage
1	1	34	22.67
2	2	03	02.00
3	3	16	10.67
4	4	17	11.33
5	5	74	49.33
6	No Response	06	04.00
<b>TOTAL</b>		<b>150</b>	<b>100.00</b>

(Source: questionnaire.)

**Graph No. 1.4.1**  
**Ethical Motivation of Top Management**



The above table and graph shows level of importance for ethical motivation of top management as incentives to encourage company to implement CSR practices in the company.

22.67% respondents are said level of importance is 1 (lower) as per ethical motivation of top management concern as incentives to encourage their company to implement CSR practices, 2% respondents are selected 2 level of importance, 10.67% respondents selected level 3, 11.33% respondents are selected level 4 and 49.33% respondents selected level 5 (higher) for ethical motivation of top management as incentive to encourage their company to implement CSR practice in their company. 4% respondents are not responded.

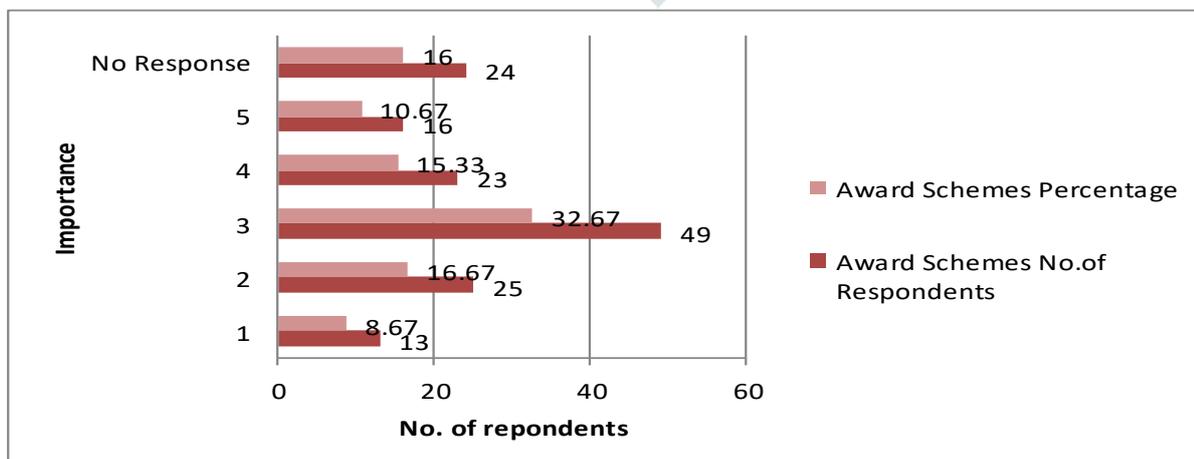
Maximum respondents are selected level 5 of importance for ethical motivation of top management and their percentage is 49.33.

**Table No.1.4.2**  
**Award Schemes**

Sr. No.	Importance	No. of Respondent	Percentage
1	1	13	08.67
2	2	25	16.67
3	3	49	32.67
4	4	23	15.33
5	5	16	10.67
6	No Response	24	16.00
Total		150	16.00

(Source: questionnaire.)

**Graph No. 1.4.2**  
**Award Schemes**



The above table and graph shows level of importance for award schemes as incentives to encourage company to implement CSR practices in the company of respondents.

8.67% respondents are said level of importance is 1 (lower) as per award schemes concern as incentives to encourage their company to implement CSR practices, 16.67% respondents are selected 2 level of importance, 32.67% respondents selected level 3, 15.33% respondents are selected level 4 and 10.67% respondents selected level 5 (higher) for award schemes as incentive to encourage their company to implement CSR practice in their company. 16% respondents are not responded.

Maximum respondents are selected level 3 of importance for award scheme and their percentage is 32.67.

### 1.5 Conclusions:-

As per incentives from 1 (lower) and 5 (higher) which will encourage company to implement CSR practices in the future concern, majority of respondents given higher i.e. level 5 importance's to ethical motivation of top management. Level 4 importance to Government incentives and free/subsidized counselling/training on CSR practices. Below that level 3 important by majority of respondents are given for promoting corporate image, pressure from consumer protections agency and media, availability of graduates with CSR understandings and award schemes.

### 1.6. Suggestions to Government/ Policy Makers:

#### 1.6.1. Organize workshop/conferences for SME CSR professionals:

It's observed that professionals those are working in SME as CSR head or CSR representative for the organization have lack of knowledge and skills for corporate social responsibility. Government need to encourage information and knowledge sharing of CSR through workshop and conferences among organizations and professionals those is working for CSR. These workshop need to organized in such a way that some CSR consultant also need to educate from this and they must work for organizations where help is required to implement corporate social responsibility.

#### 1.6.2. Award Scheme:

The Government needs to aggressively encourage organizations with less employees and turnover, particularly SME for implementation of CSR strategy and activities in their organization. If Government introduces awards at various level and various activities then such organizations get motivations for CSR activities. Other organizations also get motivated and encourage if such awards publicity will be done in newspaper and other medium of media. I believe that this will definitely give boost to the corporate social responsibility activities in small and medium enterprises.

#### 1.6.3. Need to Define some Indian Standards and Rating:

We have to define some Indian standards and rating to rate companies for corporate social responsibility. This define body will major the transparency in the past and future plan of organizations for CSR activities. This will also help to organizations to promote their image among the customers, vendors, employees and other stakeholders. This can also help to bring social responsibility fund in India, because this will help investors and customers to identify socially responsible organizations.

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