CORPORATE SOCIAL RESPONSIBILITY IN IT SECTOR: ISSUES AND CHALLENGES

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ABSTRACT-The companies are the explorers and extractors of resources from the society, environment and nature without giving anything in return. Hence the concept of CSR was innovated and introduced. An increasing number of businesses are applying the concept of corporate social responsibility (CSR) to the organization of their activities. A new Trend has started in Corporate is the establishment of special committees within the board of directors to oversee CSR activities. According to the law, certain class of profitable firms is required to spend at least 2 per cent of their average three-year annual net profit towards CSR activities in a financial year. If fails to spend such amount the concerned firms have to provide reasons for the same. This paper is to study the Corporate Social Responsibility in IT Sector and Issues and Challenges for CSR in India. This study is based on secondary data available from news articles, Books and Web were used which were enumerated and recorded.

KEYWORDS: **CSR, IT Sector, Evolution of CSR, Issues and Challenges**

INTRODUCTION:

Corporate Social Responsibility (CSR) is a term that has recently gained worldwide attention and has achieved a new resonance in the global economy. Debates are still going on as to what constitutes the Social Responsibility of business, what is the ambit of Social Responsibility and when a corporation can be termed as truly socially responsible. Stakeholder, the term includes customers, consumers, governments, regulatory authorities, suppliers, employees & shareholders. Stakeholders represent various segments of the society wherein business is one of the components of society extracting resources and catering to the needs and demands of these groups. The Corporates are the explorers and extractors of resources from the society, environment and nature without giving anything in return. Hence the concept of CSR was innovated and introduced. An increasing number of businesses are applying the concept of corporate social responsibility (CSR) to the organization of their activities. At a fundamental level CSR appears to be a complex and multidimensional organizational phenomenon. The essence is re-evaluating and recalibrating the relationship between the organization and its wider context. In this respect CSR can be defined as the extent to which and the way in which an organization is consciously responsible for and accounts for its action and non action(s) and the impact of these on its stakeholders. A range of reasons for adopting CSR can be identified. These are pioneering companies that are driven by the desire of senior managers or owners to do something different. There are synergistic companies for which CSR is in accord with a longstanding commitment to values, or principles such as quality or leadership, where the systems and ideas they utilize are conducive to CSR. There are reactor companies whose practices have been questioned and whose reputations have suffered as a consequence. There are companies that merely follow the trend. And there are uninterested companies that have yet to be persuaded of need to adopt CSR.

CSR entails paying simultaneous attention to the three Ps (people, planet, profit). Many businesses claim to have been doing this for years, albeit not under the heading of CSR. Now they are telling the world about it, and as a result annual reports are replete with information on social and environmental activities. CSR in this respect is all about good housekeeping or stewardship. The agenda for CSR is shaped by national and local concerns and circumstances, which means that what is viewed as responsible is socially constructed (Roome, 2004). All companies are reactive rather than proactive in terms of the formulation and implementation of CSR in response to the emerging fault lines in the globalizing economy and society. All companies react, through their managers, to events or ideas they witness or experiences they have. Since the beginning of capitalism there have been companies that have sought to find more responsible ways of operating, and more recently this has been extended to the use of environmental resources and the relationship companies have with natural systems. There have never been more dimensions to corporate responsibility and it is now emerging as a strategic concern. Some companies consider it as their ethical duty, while for some it is just a legal compulsion. There are also so many corporate houses who believe that CRS can be used as a strategy to become more popular in the market. Contrary to them many companies are showing their deep passion to bring development in the society through CSR initiatives.

HISTORICAL EVOLUTION OF CSR

Since the Second World War organizations have increasingly been subject to strong social pressure to account for the adverse consequences of their activities as profit-seeking corporations. This development, inter alia referred to as corporate social responsibility (CSR), has resulted in organizations and industries being held directly responsible for their actions and any damage caused to society. Because of these developments many organizations have been compelled to consider a more socially acceptable way of doing business.

Indian businessmen have always shown their care and respect for the society, even before the term CSR was not introduced. Traders and merchants were used to take social initiatives besides their business activities. But as far as literary work is

concerned, developments could be noticed only after 1950s. However, in 1942 Peter F. Drucker has realized the importance of society for the success of any business. According to him "economic purpose of the existence of any business company is maximization of profit and this end is achieved only through realization of social dimension that is customer satisfaction". Howard Bowen first coined the term in his article "social responsibility of businessmen" in 1953. According to him, business should consider the social impact of their business activities.

Prof. Carrol has explained the term in a very clear and systematic way in 1979 as the social responsibility is set of economic, legal, ethical and discretionary expectations of society towards the business organizations operating within its premises. At the global level CSR means taking care of social, environmental and economic issues (Elkington, 1999). More specifically, it means attending to such issues as human rights, working conditions, environmental protection, and consumer protection and fighting corruption. A well-known definition of CSR is that by the World Business Council on Sustainable Development (Holme and Watts, 1999): 'the continuing 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 the local community and society at large'.

As per World Business Council for Sustainable Development in 1964 CSR is a Continuing 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. The WBCSD emphasizes that CSR is a continuous process that is based on ethics and concerns the workforce as well as local and global communities. It also makes a clear link between economic performance and CSR. Hence CSR goes beyond philanthropy. It is essentially based on responsibilities related to the products, services and primary processes of an organization (SER, 2001). It is about the challenge of taking account of additional values and responsibilities. Corporate social responsibility has emerged as an 'inescapable priority' (Porter & Kramer, 2006) or 'business virtue' that might put business 'under a microscope' (Vogel, 2006). These observations have impacted on corporate business management practices, because the notion of CSR has already been implanted within business itself and in the arena of global governance institutions (Coghill, Black, Holmes, & Stubbs, 2005). The idea of CSR is that business and society are interrelated, not two separate entities (Wood, 1991).

In India, Companies Act 2013, brought an end to the long run discussion on CSR practices by the corporates. The journey of CSR as a corporate responsibility has two broad perspectives, pre Companies Act 2013 and post Companies Act 2013. According to the law, certain class of profitable firms is required to spend at least 2 per cent of their average three-year annual net profit towards CSR activities in a financial year. If fails to spend such amount the concerned firms have to provide reasons for the same. CSR policy is still in a nascent stage and hence faces number of challenges. The recent Union Budget 2015 clarified that any expenditure on the Swatch Bharat Abhiyan is to be claimed as deduction u/s 80 G and not under CSR. Thus, Indian law on CSR still awaits clarification on many areas wherein claiming deduction u/s 80, exemptions from tax and treating it as CSR all are in existence.

ROLE OF IT IN IMPLEMENTING CSR

The software industry has seen rapid growth since 1991. Many of the founders of software companies now wealthy were interested in making a mark as successful business leader in more than purely a financial or material sense. They wanted to be seen as good citizens and role models. They are mainly large organizations that are mature in their philosophy of community work and have created cells within their organizations that take care of CSR. This paper studies the contribution of corporate social responsibility (CSR) of the IT sector in India. The IT sector has grown at a high pace in the Indian business environment but it has also been blamed for affecting the environment and the lives of many citizens. According to Burson-Marsteller (2011), the IT industry continues to enjoy high levels of consumer trust. 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 barriers to foreign investment in the early1990s.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, 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. IT services can be used to maintain trust and transparency among all stakeholders of the company thereby inculcating a genuine culture of 'doing the right thing' within an organization. This is essential to offset risks. Tata steel Rural development Society programmes cover education, irrigation, afforestation, adult literacy, vocational training, handicrafts and rehabilitation of the handicapped persons and the community development and social welfare development at Tata steel carries out medical and health programmes, blood donations drives, mass screening of tuberculosis patients immunization camps drug de-addiction, AIDS awareness drives etc. All these require enormous amount of data collection, compilation, processing and analysis for which IT plays a crucial role.

Wipro is a limited company in the private sector with a public holding. At present their focus area is education. They felt that education is very fundamental to develop, so they helped people to access whatever opportunities that are available. Along with their education initiatives they also have 'Wipro cares'. Example after the Gujarat earth quake they collected over rupees one crores, sent clothes and essentials to Gujarat and also build a hospital. ITC won the 'Golden Peacock Global Award for corporate social responsibility in emerging economies for 2005'. The company received this award for its e-Choupal and social and farm forestry initiatives that help improve the flow of information among common villagers. IT plays a direct role here by allowing the companies to increase knowledge of farmers as India prepares itself to be a knowledge economy. Wipro volunteers did a quick survey around urban slums in Bangalore and Hyderabad. They identify three major issues they are unemployment, to hygiene and

sanitation. Wipro's work prompted business world ACCI-SEDF corporate social responsibility award 2003 to rate Wipro as one of the top Indian corporate championing the cause of CSR and sustainable development. Wipro forum is a collection of organizations and their effort is to improve the quality of education in the country. HCL believed that responsible citizen of tomorrow will be brought through proper education and up bringing at the early stages of their lives. This belief made HCL to dedicate the work to education of orphan, destitute and deprived children. HCL has been working with Balagurvkulam, which is in Chennai and its main objective is to upbringing orphan, destitute and deprived children, irrespective of cast, creed, religion, gender, race, etc and provide them food, clothing, shelter, education and nurture them into responsible and respectable citizens of the world.

ISSUES AND CHALLENGES:

As there is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time. CSR can be considered as a subject at business schools and in colleges and universities to sensitize students about social and development issues and the role of CSR in helping corporate houses strike a judicious balance between their business and societal concerns. This will encourage and motivate young minds, prepare them face future development challenges and help them work towards finding more innovative solutions to the concerns of the needy and the poor. It is recommended that involvement of professionals from the corporate sector, nongovernmental organizations and business schools would be key in ensuring youth participation in civic issues.

The lack of communication between the company and the community there is a little or no knowledge regarding corporate social responsibility within the local communities since there are no serious efforts have been made to spread awareness about CSR initiatives. In order to make CSR initiatives more effective there is a need for creation of awareness about CSR amongst the general public. This awareness generation can be taken up by various stakeholders and the media to highlight the good work done by corporate houses. This will motivate other corporate houses to join the league and play an effective role in addressing issues such as access to education, health care and livelihood opportunities for a large number of people in India through their innovative CSR practices. And the Government should also recognize and reward corporate houses and their partner non-governmental organizations for implementing projects that effectively cover the poor and the underprivileged. Non-availability of Well Organized Non-governmental Organizations is also one of the issues of CSR. It is also reported that there is non-availability of well organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

CONCLUSION:

Corporate social responsibility practiced by companies to balance their short term economic gains and their impact on the society. So that future generations can benefit equally. CSR has become a critical business issue. It is quite difficult to say as to why companies are interested in social issues. Three reasons are generally identified behind increasing investment on CSR; genuine interest in solving societal problems, strategic benefit and legal compulsion. Social responsibility of business is something that cannot remain constant. It keeps on changing its form and scope. Today the social expectations have changed dramatically as a result of change in corporate impact. CSR simply means that the business enterprise must meet its basic obligations to the society. As observed some of the actions under corporate social responsibility are a part of the daily business activities of companies. In fact, it should be etched in their mission and corporate responsibility statement to reflect their commitment towards it. The increased dependence on IT for our information is leading us down a path of return. Undoubtedly, new technology has given life to new business opportunities. Only big companies are sensitive to the issue of CSR. IT companies are spending sizeable money and time is spending in the nation-building. It sector companies are making long-term financial commitments under their csr programmes. Therefore, in practicing CSR it is necessary for corporations to reveal how they are making profits, and how they are responding to the internal and external milieu of their businesses and, broadly, to society and the environment.

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