CORPORATE SOCIAL RESPONSIBILITY IN IT COMPANIES: AN OVERVIEW

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Introduction

The topic of corporate responsibility has been captioned under many names, including strategic philanthropy, corporate citizenship, social responsibility and other monikers. As the names imply, each carries with it a certain perspective on the role of business in society. Regardless of the label, for now the dominant paradigm underlying corporate social responsibility or CSR is centered on the idea of creating "shared value." This operational view of CSR is reflected in a firm's social performance, which can be assessed by how a firm manages its societal relationships, its social impact and the outcomes of its CSR policies and actions (Wood, 1991).Frederick wrote that 'Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms'(Carroll 1999).

(Frederick 1960) stated 'Social responsibility means that businessmen should oversee the operation of an economic system that fulfills the expectations of the people. This debate acknowledges the importance of CSR in the first-world, but raises questions regarding the extent to which corporations operating in developing countries have CSR obligations. Conventional wisdom suggests that CSR is more relevant to corporations operating in the developed countries due to elevated community expectations of socially responsible behavior. The social responsibility of business encompasses the economic, legal, ethical, and discretionary (or philanthropic) expectations that society has of organizations at a given point in time (Turner, 2006).

Among other countries, India has one of the oldest traditions of CSR. But CSR practices are regularly not practiced or done only in namesake especially by MNCs with no cultural and emotional attachments to India. Much has been done in recent years to make Indian Entrepreneurs aware of social responsibility as an important segment of their business activity, but CSR in India has yet to receive widespread recognition. (Kingston and Wagner 2004) suggest that leadership on sustainability and CSR are important to set priorities and to ensure that commitments are achieved. The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. Bebbington (2008) use the term CSR reporting, which highlights the link between the reporting function and the organizational functions and operations that are concerned with, and impacted by, activities associated with CSR.

Review of Literature

Geeta Rani & Kalpana Hooda (2013) in their study have stated that, social responsibility is an obligation to the people living inside and outside the business organizations. Business comes in contact with various groups of society such as owners, employees, customers, government, suppliers etc. The responsibility of business, which includes satisfaction of these parties along with the owner, is called social responsibility of business.

David Crowther & Guler Aras (2008) in their study have stated that, ethical behaviour and ethical business has effects not only for stakeholders, and shareholders but also on the entire economy. We believe that when acting ethically in the business decision-making process then this will ensure more effective and productive utilization of economic resources. Corporate behaviour affects responsible and proper economic and institutional improvement.

Vaaland & Heide (2008), in their study have stated that, CSR should be managed by handling unexpected incidents, long term reduction of gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities. Jamali (2008) in his study stated that, CSR issues are increasingly gaining attention all over the world. Gradual changes in the global economy, such as the rise in social activism, the emergence of new expectations, globalisation, international trade, increased expectations of transparency, and corporate citizenship now increasingly require corporations worldwide to perform well in every aspect of business (economic, social and environmental).

E. Simeon Scott (2007) examined five themes arising from definitions of corporate social responsibility (CSR): responsibility to the community and society; promoting democracy and citizenship; reducing poverty and the inequality between rich and poor; employee rights and working conditions; ethical behavior. The paper also aims to evaluate three important articles on CSR, and investigate conceptual value added, with reference to these five themes.

Michael Hopkins (2004) in his study has stated that, enterprises have noted that social responsibility is good for business for, and from, each of the seven main azimuths within which they trade and operate. These are: their shareholders and potential investors; managers; employees; customers; business partners and contractors or suppliers; the natural environment; and the communities within which they operate, including national governments. Such azimuths are now commonly known as an enterprise's stakeholders.

Matten and Moon (2004) paper examined the role of government in driving corporate social responsibility among the corporate. The study explained that the drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employee's relation knowledge, goals etc. further, the study cleared that government is driver of CSR by making this relationship true and fair through making policies and regulations.

Nigel Sarbutts (2003) in his study has explored the way of doing CSR by small and medium sized companies. The societal activities of small and medium sized companies is based on their cost is Benefit Analysis. Small Corporation always struggle for more reputation and minimization of risk. In such a situation, CSR comes as hope for these companies. Large companies have so many resources for implementing CSR activities but SME''s have less resources. It can be a barrier for them to stay in the market. So, in that situation by imparting much information, proper utilization of resources, doing well for businesses, SME''s can minimize their risk and manage CSR.

Sir Geoffrey Chandler (2001) in his study has stated that, "People" constitute the company's stakeholders: its employees, customers, business partners, investors, suppliers and vendors, the government, and the community. Increasingly, stakeholders expect that companies should be more environmentally and socially responsible in conducting their business. In the business community, CSR is alternatively referred to as "corporate citizenship," which essentially means that a company should be a "good neighbor" within its host community. Windsor (2001) in his study has examined the future of Corporate Social Responsibility or the relationship between business and society in long run. With the help of history or past trend of CSR, Caroll''s model analysis and in global context, it is found that there are three emerging alternatives of CSR i.e. conception of responsibility, global corporate citizenship, stakeholder management practices.

Research Gap
After reviewing National and International literature regarding Corporate Social Responsibility, the researcher identified the following research gap.
1. No study specifically mentioned factors of Corporate Social Responsibility related to one particular Industry.
2. In the previous studies, the researchers did not address the total effectiveness of Corporate Social Responsibility.
3. Several studies did not relate the independent variables with the dependent factors of Corporate Social Responsibility.
Based on the above Research Gap, the researcher intended to conduct the present research work.

Objectives
1. To study the factors responsible for Corporate Social Responsibility in IT companies.
2. To measure the influence of Corporate Social Responsibility factors on organisational effectiveness.

Hypothesis
1. The factors of Corporate Social Responsibility do not differ significantly.
2. There is no significant influence of Corporate Social Responsibility factors on organizational effectiveness.

Methodology
This research is based on both Primary and Secondary data. The study is both descriptive and empirical in nature. The primary data is collected through the structured questionnaire consists of independent demographic variables and statements pertaining to Corporate Social Responsibility in IT Companies. All the statements of Corporate Social Responsibility are structured with Likerts's five point theory which ranges from strongly agree to strongly disagree.

Sampling Plan and Data Collection
The Primary data is collected from Top, Middle and Operational level employees in IT Companies. Chennai consists of many Large Scale, Medium Scale and Small Scale IT companies but the researcher restricted the data collection only to large scale and medium scale companies because the Corporate Social Responsibility in those Companies are significant.

The researcher applies convenient sampling method to collect the response from the employees. The researcher contacted five large scale companies and ten medium scale companies. Among those companies, the researcher is able to get permission from two large scale and three medium scale companies. In all these five companies the researcher circulated

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thirty questionnaires in each company. Among these one hundred and fifty circulated questionnaire, the researcher is able to receive only one hundred and twenty responses, hence the sample size of the research is one hundred and twenty.

Data Analysis
After collecting one hundred and twenty responses from all levels of employees in two large scale and three medium scale companies, the researcher is able to code the responses into numerical values. These coded data are analyzed using the SPSS package 20 and used Factor Analysis and one way analysis of variance.

Analysis and Discussion
In this section the Researcher identified both intrinsic and extrinsic factors of Corporate Social Responsibility through factor analysis by Principle Component Method and the Table are presented below.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.658
Bartlett's Test of Sphericity	Approx. Chi-Square	734.132
	df	91
	Sig.	.000

From the above table, it is found that the KMO and Barlett's test of Sphericity with approximate Chi Square value are found to be .658, 734.132 respectively. This shows that all the 14 variables of Corporate Social Responsibility are normally distributed and suitable for factor segmentation.

The number of factors and their respective variances are identified in the following table.

Table 2: Total Variance

Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.540	18.142	18.142	1.572	11.232	11.232
2	1.515	10.823	28.965	1.570	11.217	22.449
3	1.392	9.945	38.910	1.568	11.198	33.646
4	1.172	8.372	47.282	1.525	10.896	44.543
5	1.061	7.578	54.860	1.444	10.317	54.860
6	.976	6.972	61.832			
7	.839	5.993	67.825			
8	.801	5.722	73.547			
9	.742	5.297	78.844			
10	.691	4.936	83.780			
11	.645	4.604	88.384			
12	.620	4.431	92.815			
13	.530	3.784	96.599			
14	.476	3.401	100.000			

From the above table, it is found that 14 variables are reduced to 5 predominant factors, namely Intrinsic Corporate Social Responsibility, Extrinsic Corporate Social Responsibility, Stakeholders advantage, competitive advantage and Corporate Governance. They also have the individual variances 11.232%, 11.217%, 11.198%, 10.896% & 10.317% respectively. All these 5 factors have cumulative variances 54.860%, this implies Corporate Social Responsibility in IT Companies depends upon that Stakeholders namely, Employer, Employee and Customers. The Competitiveness among various IT Companies also plays a vital role in Corporate Social Responsibility.

The following one way analysis of variance with respect to designation and experience of the employees, it is found that these two independent variables are significant from following table.

Among the following factors, Stakeholders Advantage, Competitive Advantage and Corporate Governance are significant with respect to designation as stated in the table below.

Table 3: Anova

		Sum of Squares	do	Mean Square	F	Sig.
Stake holder advantages	Between Groups	.409	2	.205	.674	.510
	Within Groups	150.848	497	.304		
	Total	151.257	499			
Competitive advantage	Between Groups	2.733	2	1.366	4.325	.014
	Within Groups	157.005	497	.316		
	Total	159.738	499			
Corporate governance	Between Groups	1.902	2	.951	3.879	.021
	Within Groups	121.862	497	.245		
	Total	123.764	499			

From the above table, it is found that competitive advantage (F=4.325, P=.014) and Corporate Governance (F=3.879, P=.021) are statistically significant at 5% level. The Mean comparison indicates that the Top Level executive in IT Companies strongly agree for competitive advantage (Mean=4.35) and Corporate Governance (Mean=3.879) this implies Top Level Executives in IT Companies are very much aware of Corporate Governance in the Organization.

Findings and Conclusion

The research revealed that Corporate Governance in IT Companies is entirely based on stakeholders of the company as well as the competitiveness in the Industry. A good Corporate Governance gives first preference for Corporate Social Responsibilities in particular the Corporate Social Responsibility in IT Companies is to grow human resources within the Company as well as the Society around the Company.

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