# INFLUENCE OF ORGANIZATIONAL CULTURE ON CSR INITIATIVES IN INDIA

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*Abstract*
*This paper captures brings in a holistic perspective towards CSR in terms of History and Evolution of CSR, its progress of over years, Chronology of Initiatives taken up Government, current socio economic issues faced by India, CSR approach adopted by various organizations.*

*The paper presents & suggests an integrated and comprehensive approach that could adopted/adapted by organizations in India and it will help them to have a structured approach towards designing & implementing a CSR strategy as a part of their environmental responsibility. It explores the relationship between Organizational Culture and CSR initiatives of the organization.*

*Keywords: Corporate Social Responsibility, Corporate Citizenship, Triple Bottom line, Organizational Culture.*

## Introduction
The concept of giving by haves with havenot is as old as the civilization and across religions it has various connotations like "Daan" in Hinduism, "Zakat" in Islam, and is equally prevalent among citizens who practice other religions as well. The regilious tenets have built in the concept along with religious practices.

In the corporate context it started as Corporate Philanthrophy, the initiative was taken by buisness leaders with social consciousness, who started social service by establishing trusts and in India we have trusts established by leading business groups like TATA, Birla, Reliance and in the last one decade after the maturity of Information Technology space, we have foundations instituted by leading IT organizations like Infosys, Wipro, HCL and so on.CSR as has been defined by leading organizations in the world and some of the definitions are as under:-
*The EC defines CSR as "the responsibility of enterprises for their impacts on society". To completely meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders" The WBCSD defines CSR as2 "the continuing commitment by business to* contribute *to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."*

*According to the UNIDO3, "Corporate social responsibility is a management concept whereby organizations integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy".*

CSR per se helps an organization to contribute back to the community that it operates in and gets it profits and in the process it helps to strengthen the corporate brand equity among the stakehodlers. CSR from the above definition can be interpreted as "holistic initiative that helps an organization to respond to the community in which it operates and support the society at large' , "helps to broaden the definition of stakeholders to include the community/society that it does business in as well and thus become a responsible corporate citizen" & "Philanthrophy is just a part of CSR and CSR has multiple facets that address on various societal needs like environment, health care, eduction etc"

CSR in India is progressing from institutional building in the areas like education, research and culture to more societally direct factors such as Child Nutrition, Women Welfare.The real-movment towards CSR came through the effots of Government of India, who during the early 2000s realized that the Industry in the country has come up the maturity curve and as responisble corporate citizens, they should partner with the government in the area of social development. The government initially for few years made it as voluntary and made it legally obligatory with Companies Bill of 2013. Post the CSR Bill, there has been a mixed scenario in the implementation of CSR by organization in India.

## Research Objectives & Methodology
The researcher proposes to study the following questions:-
• Understand the linkage of corporate social responsibility in India to the socio economic conditions in India

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- Study the various approaches adopted by corporates in India in the area of CSR?
- Analyze  the impact of organizational culture on the CSR initiatives of the organization

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The research methodology proposed for the study is to collect the data through secondary data sources like various reports available online and the details of CSR initiatives listed in online domain by the organizations, as a part of their corporate governance requirements.

**Literature Survey**
Organizational Culture (OC)  as an area has been widely research by authors for the last one century and based on earlier researches the various dimensions to understand the OC of an organization are represented below diagrammatically : -

| S. No | Dimensions of Organizational Culture | Observable aspects of the dimension |
|---|---|---|
| 1 | Antecedents | <ul><li>Founder's values</li><li>Industry & business  environment</li><li>National culture</li><li>Senior leaders' vision and behavior</li></ul> |
| 2 | Organizational Culture | <ul><li>Observable artifacts</li><li>Espoused values</li><li>Basic assumptions</li></ul> |
| 3 | Organizational Structure & Practices | <ul><li>Reward systems</li><li>Organizational   design</li></ul> |
| 4 | Group & Social Processes | <ul><li>Socialization</li><li>Mentoring</li><li>Decision  making</li><li>Group  dynamics</li><li>Communication</li><li>Influence &empowerment</li><li>Leadership</li></ul> |
| 5 | Organizational Outcomes | <ul><li>Effectiveness</li><li>Innovation &stress</li></ul> |
| 6 | Collective Attitudes & Behavior | <ul><li>Work attitudes</li><li>Job satisfaction</li><li>Motivation</li></ul> |

The Hofstede Model of OC assessed the culture based on following dimensions

India as a country has made significant strides in the areas of economic and social areas, due to various initiatives by the Central and State Governments. The upper and middle classes have been able to make significant progress in the areas of economic and social development and as a result these segments of the society have made their mark both in the country and abroad. India is today looked as next promising economy and is positioned among the top 5 economies in the world.

The following social and demographic indicators indicate the magnitude of efforts needed to make sure that the fruits of development are made available to all the citizens of the country :-

| S. No | Social Indicator | Current Status | Call for Action |
|---|---|---|---|
| 1 | National Literacy | 75% | • Quarter of Population are to be transformed into literates<br>• Literacy and Poverty Alleviation have a strong correlation<br>• Education of one child will transform the social status, earning potential of the family.<br>• Corporates |
| 2 | Women Literacy | 65.46 | • In case of men it is 82.14%<br>• Literacy of a women will enable literacy of entire family. An educated mother will always motivate her children towards pursuing education. It will lead to women empowerment |
| 3 | Child Mortality (under 5 years) | 55 / 1000 | • 53 children per 1000<br>• The high child mortality is linked to high fertility in the Below the Poverty Line ( BPL) segments of the population<br>• The government has been budgeting and spending from towards nutrition of pregnant women and child welfare through Anganwadi<br>• The Anganwadi feeding is being taken by NGOs with support from corporate CSR |
| 4 | Employability Skills of youth | 25% | • Only 25% of Indian Engineering Graduates are employability (NASSCOM Survey)<br>• The skill gap is as high as 75-80% across sectors |
| 5 | Health | 0.7 per 1000 | • The low availability of doctors has an impact on health especially at the bottom of the pyramid due to affordability |
| 6 | Sanitation | Half of rural India | • The problem exist in urban slums |
| 7 | Safe drinking water | 6% | • The number being national average<br>• The low availability of safe drinking water has an impact on health of citizens |
| 8 | School Infrastructure | 4.8% | • Only 4.8% of govt schools have all the nine facilities under Right to Education ( RTE) |

The above social indicators have been a trigger and guiding factor to the CSR activities initiated by organizations across the country.

**Data Collection & Analysis**
Initially organizations were selecting CSR areas, based on parameters like reference of promoters, convenience, preferences of persons responsible CSR and so on. The Companies Act, 2013 can be described as a landmark in the history of India CSR and marks the beginning of new era.The criterion for applicability of CSR Clause along with pertinent information like Role of board toward CSR, Guidelines about CSR Committee have been indicated as below:-

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| Provisions of the CSR Bill | Details |
|---|---|
| Networth/Turnover/Net Profit | • Net worth of INR 500 crore or more<br>• Turnover of INR 1000 crore or more<br>• Net Profit of INR 5 Crore rore and above |
| % of Profits to CSR Contribution | Every year atleast 2% of average profits made during the last three financial years be allocated towards CSR activities |
| Purposes of CSR Funds | Poverty Alleviation /Education/Girl Child & Women Welfare/ Disease Mitigation/Employability Skills Training/Social Infrastructure  etc |
| Role of Board of Directors | Approve CSR Policy & Annual Report/ Oversee implementation of CSR activities |
| Execution of CSR Activity | The company can plan & execute activities independently or through an NGO |
| CSR Committee | To have atleast 3 or more directors of which one has to be an independent director. The composition of CSR committee is to be disclosed in the annual report. |
| Purpose of CSR Committee | The CSR Committee is to formulate & recommend the CSR policy and annual expenditure to the board of directors for approval |

The total quantum of funds from all organizations, who are responsible as per the bill is INR 20,000 Crore and is bound to grow progressively over the years with the growth in Industry and country's economic development. The parameters on the basis of which organization are identifying the CSR priority areas include, Socio-economic conditions in the environment in which it operates ; Alignment to Organization's Core Operation & Corporate Philosophy ; Organizational connect with community &Branding (direct and indirect), employer branding with existing and prospective employees etc.

The current focus areas for CSR initiatives by Indian organizations include Health, Education, Livelihood, Poverty alleviation, Environment, Water, Housing & Energy (including renewal energy). Based on the comparative study of the 24 companies, it was found that while some companies chose to narrow their focus on a few thematic areas, others took a broader view and undertook a larger scope of areas to focus on. Out of 24 case studies that were analysed, it was found that there were as many as 16 corporates focusing on 3-5 thematic areas.  A recently carried research indicates the following:-

| Dimension | Finding (s) |
|---|---|
| Well Structured Foundation | In case of 37 percent corporates, the CSR initiative is being implemented through a well-structured separated Foundation. |
| Separate CSR Department | Among 58 percent corporates there is a separate CSR department that takes care of the activities to be implemented |
| Partnerships | The importance of building strong public-private partnerships as well as working closely with NGOs as implementation partners is being increasingly realised by corporates |
| Stake-holder Relationship Management | Stakeholder engagement has become one of the important aspects of CSR practices. The list of stakeholders impacting the CSR initiatives include employees, neighbouring community and general public. Neighbouring community refers to the people in catchment area of corporate who have a direct effect of business on them |
| Sustainability Reporting | Organizations as step towards transparency and accountability are reporting in their annual report about the social, environmental and economic impact of its activities including CSR activities. |

The organizational culture and the CSR initiatives by various organizations is tabulated below:-

| Name of the organization | Cultural Dimensions | CSR Approach/Initiatives |
|---|---|---|
| Deutsche Bank | The values of DB are  :- a) Integrity, b) Sustainable Performance, c) Client Centricity d) Innovation e) Discipline& f) Partnership. | Integrated approach that includes grants, Volunteering, Community Awards, Matched Giving and Environmental Initiatives |

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|---|---|---|
|  | Post economic crisis 2013, it has intensified its oversight over ethics |  |
| General Electric | 350,000 employees with one common mission: build, power, cure, move, and connect the world. We embrace simplicity and diversity and we believe great, world-changing ideas can come from anyone, anywhere in our organization | Has devised a five year plan of USD 20 Million and leverages its technology towards water purification, power generation and health in existing hospitals and build new medical centers in Africa |
| Glaxo Smith Kline (GSK) | The core values are a) Patient Focus, b) Integrity, c) Respect for People & d) Transparency | GSK has prepared a 20 year plan with USD 1 Billion to eliminate Lymphatic Filariasis in partnership with World Health Organisation (WHO). GSK will donate medicine to WHO that will treat 1/5th of global population across 83 countries |
| Heinz | Our values of Ownership and Meritocracy are two exciting elements of the Kraft Heinz culture. They create an environment of empowerment unique to our company and provide high-potential employees with unlimited growth opportunity | Heinz' Corporate social responsibility mission is: "Heinz will achieve sustainable growth by enhancing the nutrition, health and wellness of people and their communities. We will conduct business in an ethical manner, guided by our strong commitment to integrity, safety, and the principles of social and environmental responsibility. In communities where we operate, Heinz will manufacture safe, high-quality products, reduce environmental impacts, and maintain business and labor practices that ensure human safety and dignity. As a global company, Heinz will also make the world a better place to live by helping people in need through our charitable foundations, employee contributions, and community partnerships." Heinz donated more than $17 million in cash and products across the globe over the past two fiscal years to support community programs, with a focus on promoting the health, nutrition, and well-being of children and families. |
| Microsoft | The corporate values of MS are 1. Accountability, 2. Quality and Innovation, 3. Responsiveness to Customers, 4 ) Growth Mind-set& 5) Diversity and Inclusion | Microsoft As a global leader in technology, it has an opportunity and a responsibility to apply its expertise in software to helping people, particularly people in underserved communities. Through monetary grants, software and curriculum donations, technology solutions, and employee volunteer hours, Microsoft supports programs and organisations that address the needs of communities worldwide. It is partnering with governments, NGOs in the area of developing technology skills in the community, through cash grants, software donations and specialized curriculum. |
| IBM | The three guiding forces of IBM culture are **"Human nature**: this is inherited and is universally shared across all human cultures. **Culture**: our collective programming, which is learned, not inherited. | Has long history of supporting non-profit organisations around the world, IBM has discovered that its noncash contributions are often valued even more highly than cash grants. With the conviction that small businesses are the growth engines of nearly every economy, IBM launched an innovative |

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| | **Personality**: the component that is the additional unique set of mental programs not shared with other human beings; it's partly inherited and partly learned." | philanthropic program in July 2007 that fully leverages the company's distinctive technical expertise: the SME Toolkit. The heart of the SME Toolkit project is a Web site that contains free software, business templates, training documents, and other resources designed to assist small businesses in emerging markets. To bring this project to fruition, IBM collaborated with the non-profit International Finance Corporation (IFC). Additional partner organisations in the 22 countries hosting Toolkit Web sites provide users with local support, increasing the probability that those small businesses will thrive |
| Lupin Laboratories | The vision is "To be An Innovation Led, Transnational Pharmaceutical Company" The values are a) Integrity, b) Passion for Excellence, c) Teamwork d) Entrepreneurial Spirit e) Respect & Care and f) Customer Focus | It has started a project for providing sustainable development in 154 villages across Rajasthan. The scheme instead of providing for piece-meal assistance that does not lead to effective alleviation of poverty or adequate development is designed as a holistic action plan that includes an Agricultural Income Generation Scheme, land cultivation and fruit plantation programs, fodder preservation schemes, sericulture and water-recycling programs, establishment of medical and educational centers, adult literacy programs and credit schemes. |
| TCS | The mission of TATA group is "To improve the quality of life of the communities we serve globally through long-term stakeholder value creation based on Leadership with Trust". The shared values of the group are a) Pioneering b) Integrity, c) Excellence d) Unity and e) Responsibility | TCS has set up a fully-equipped computer training laboratory for children from the Society for the Welfare of the Physically Handicapped and Research Centre, in Pune for imparting basic computer knowledge |
| NIIT | NIIT is a) People Centric Organization b) Ensures Fun @work c) Culture that nurtures employee learning and d) giving back to society | NIIT has launched a highly popular 'hole-in-the-wall' scheme where it places a computer on a public wall in urban and rural areas so that neighbourhood children can learn computer basics using the play-way method |
| Jindal Steel, Bellary | The values are a) Believe in Performance b) Passionate about customers c) transparency & honesty d) hard-work f) vision oriented approach & g) social welfare | Has given Land, Infra & capital funding to set up a state of the art kitchen that can serve 1.5 Lakhs Mid-day meals to children studying in Govt School in the district of Bellary. It continues to contribute to revenue expenditure of a Kitchen every year. |
| CISCO | The values of CISCO are :-<br>1) Change the world<br>2) Focus intensely on customers<br>3) Make Innovation Happen<br>4) Win Together<br>5) Respect and care for each other<br>6) Always do the right thing | The areas of focus for its CSR are :- a) Environmental sustainability b) Governance & Ethics c) People Development d) Social Investment<br><br>Has been funding mid-day meal program with annual cash grant of INR 5 crore in the city of Bangalore. |

**Research Findings**

**O**n a study of above data, the following trends are observed:

- Most of organizations have initiatives steps for CSR implementation from a compliance perspective due to CSR clause in company law.
- Organizations who have strong corporate values have undertaken CSR initiative even before CSR was incorporated into the law.
- The areas of CSR funding/association is linked to the values of the organization.
- The common values across the studied organization are integrity, responsibility and giving back to society.
- The aspect to be observed is that values of these organizations have history which is co-terminus to their existence.
- Organizations, which have strong values in practice, adopt a hands-on approach towards CSR. These organizations have the practice of involving the leaders and employees into the CSR activities either that they undertake directly or through the partnering organization. In contrast other organizations adopt an approach of  funding and cheque hand-over approach, which can defeat the objectives of CSR.

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