

Corporate Social Responsibility in Context of IT Sector

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Abstract: *Corporate social responsibility is a stewardship notion that elaborates on how a company is devoted to philanthropic activities towards society and the environment through various actions. In this era of intensifying competition, a company needs to stand out and increase its brand value. CSR aims to develop a positive image of the company in the society. These activities play a critical role in attracting new clients to the organization. The information technology sector in India is gradually forming the backbone of all Indian industries. In India, it encompasses information technology (IT) services and business process outsourcing (BPO). Nowadays, almost every industry is dependent upon the use of information technology for carrying out their operations or day-to-day activities. Moreover, the IT sector integrates the Indian economy with the global economy. After the economic reforms of the 1990s, the Government of India has apportioned numerous impetus for the improved advent of the IT sector. Therefore, it becomes important for researchers to contribute to their research work in the field of IT industry. This research portrays corporate social responsibility in the context of the IT sector where case studies of Tata Consultancy Services Limited and Infosys Limited are elaborated. This includes an in-depth study of the activities or projects initiated by them to contribute towards CSR. A detailed analysis of the facts and figures of the percentage of net profits contributed towards CSR is stated.*

Keywords: Corporate Social Responsibility (CSR), IT-Sector, Companies Act 2013

1. Introduction

Traditionally, the view of a business was to utilize its resources efficiently and to provide the product of the right quality at affordable prices to its company. A product may be a good or a service, or simply an idea that differs from company to company. In the words of Milton Friedman, "There is only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is no fraud."

But, nowadays the concept of social responsibility has developed a new meaning. The term corporate social responsibility (CSR) is based on the idea that a company has social responsibilities that it needs to fulfill to show its presence in the market. A company is responsible to all its stakeholders (customers, employees, suppliers, competitors, government, and the social community). Stakeholders may be a part of the internal or external environment of the company.

The International Organization for Standardization (ISO) has laid down a certain set of standards for CSR. These standards seek to enhance eager participation by companies toward social responsibility and apply to both public and private sector companies in developed and developing countries.

The social responsibility of a company has four aspects – economic responsibilities, legal responsibilities, ethical responsibilities, and discretionary responsibilities.

Amongst the IT sector companies, Tata Consultancy Services Limited and Infosys Limited contribute a huge proportion of their profits towards CSR. The CSR activities that companies undertake vary from company to company. Some of the various activities that a company may initiate are stated below:

- Promoting education.
- Promoting gender equality and women empowerment.
- Reducing social and economic inequalities.
- Safeguarding the environment.
- Improving employment-oriented skills.
- Eliminating poverty and extreme hunger.
- Undertaking social projects.
- Contributing to relief funds.
- Striking diseases.
- Reducing mortality rates.
- Safeguarding art, culture, and national heritage.
- Preserving flora, fauna, animal welfare, agro-forestry etc.

The sub-section (5) of section 135 of the Companies Act 2013 states that every company having a net worth greater than or equal to ₹ 500 crores, or a turnover greater than or equal to ₹ 100 crores, or a profit greater than or equal to ₹ 5 crores in the course of a financial year shall have to spend a minimum of 2% of the average of the net profits of three preceding years on CSR activities.

With this legislature, India becomes the only country with compulsory spending on CSR activities. The information technology sector is one of the highest estimated prescribed CSR funding sectors that contributes majorly to CSR, with Banking and Insurance, Petrochemicals, Metals mining, and Miscellaneous sectors being the others. CSR is a win-win situation as the company's image improves if it undertakes these activities.

2. Objective of the study

The concept of corporate social responsibility has been gaining popularity over the past few decades. In order to sustain their market share, the companies have to resort to the practices of CSR. They have to contribute a certain percentage of their profits towards social well-being and

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environmental problems. The same is the case with the IT sector companies. In this research, the main aim is to find out more about corporate social responsibility in the context of the top-rated IT companies taking case study examples of Infosys and Tata Consultancy services.

- 1) To discuss the concept of corporate social responsibility.
- 2) To understand the CSR in context of the IT sector.

3. Review of Literature

- 1) *Dr. Rajni Saluja and Sangam Kapoor, 2017*: The purpose of this study titled "Corporate Social Responsibility- Evolution" was to describe the concept of CSR. In this research, the history and the legal framework of CSR are elaborated.
- 2) *S. Vijay Kumar, 2017*: This research titled "Corporate Social Responsibility in India- An Overview" revolves around the history and evolution of CSR. It describes the phases, the significance, the drivers, and the key issues in CSR. It also analyses the future of CSR in India and what the Companies Act 2013 says about CSR.
- 3) *Dr. Hanuman Rehman and Dr. Ram Singh, 2019*: This research titled "An Overview of CSR taken by the Tata Group" studies the policies of the Government of India and the programmes of CSR. It analyzes the various CSR activities conducted by the Tata group.
- 4) *Aakash Aade and Hanisha Chhabra, 2019*: The purpose of this study titled "Corporate Social Responsibility- A Case Study on TCS" was to analyze the effects of CSR practices on the brand building of companies and to study the CSR activities undertaken by Tata Consultancy Services Limited. This study includes data for three consecutive years, i.e., from the financial years 2016-17 to 2018-19, data being collected from secondary sources.
- 5) *Someshwari and Dr. Lakshmana P., 2019*: The purpose of this study named "Corporate Social Responsibility - A Study on Infosys Ltd." was to understand the concept of corporate social responsibility and to analyze the CSR projects undertaken by Infosys Limited. This study was based on the secondary data collected from the annual reports of Infosys Limited, textbooks, journals, and other pertinent websites.
- 6) *Dr. Somnath Patil, Dr. Atul Kumar, and Manjiri Joshi, 2022*: This study titled "Infosys: CSR Activities" elaborates on the CSR Activities initiated by Infosys Ltd which is a leading IT sector company. It shows us how the company has spread its CSR footprints all over the globe by spending on CSR activities worldwide.

4. Research Methodology

Secondary data of Tata Consultancy Services Limited and Infosys Limited are analyzed separately for three consecutive years from 2021 to 2023. A separate in-depth analysis is conducted for both the companies with regard to their CSR initiatives and their percentage contribution to CSR to the

net profits earned by them. Financial statements of the two companies were analysed and other online and offline sources were looked upon for the same.

TCS Limited and Infosys Limited are both top-rated IT Sector companies in India. Both these companies have a dominating share in the Indian market and have a huge impact on the CSR status of the country. Hence, in order to study the CSR in context of the IT-Sector there was a need to analyse their initiatives and contribution to CSR by both these companies.

Case Study of Tata Consultancy Services Limited

Tata Consultancy Services Limited, headquartered in Mumbai is a multinational IT services and consultancy firm based in India. The services it provides include consulting, cybersecurity, cloud, data and analytics, enterprise solutions, network solutions and services, etc.

TCS, a member of the Tata group, the biggest multinational corporation in India, employs over 614,000 of the best-trained consultants in the world across 55 nations. The business, which is listed on the BSE and the NSE in India, produced consolidated revenues of ₹ 2,25,458 Crores in the fiscal year that ended on March 31, 2023.

The financial position of the company as of the fiscal year ended March 31, 2023 is highlighted below:

S. No.	Particulars	Amount (₹ Crore)
1.	Revenue from Operations	2,25,458
2.	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	59,259
3.	Earnings Before Tax (EBT)	56,907
4.	Earnings After Tax (EAT)	42,147

Data Source: Tata Consultancy Services | Business | Tata group

In the vision of TCS, a connection is sought to be established between opportunities in the digital economy and individuals, which would lead to communities being empowered through CSR initiatives. Providing access to a wide range of opportunities to everyone in a just and lasting manner is the ultimate goal, and therefore, TCS is dedicated to prioritizing historically marginalized groups such as youth, women, and minorities.

TCS focuses on initiating CSR activities in the areas of Education and skill to bring up subsistence through employment opportunities and entrepreneurship. Basic health and wellness and water, sanitation, and hygiene factors are also considered by the company to provide accessibility of nutrition and healthcare organizations to marginalized groups.

The following table shows the amount contributed towards CSR by TCS Limited for three consecutive financial years, i.e., 2020-21, 2021-22 and 2022-23.

Financial Year	Average Net Profit of the Company (in ₹ Crore) (A)	Amount to be Contributed (in ₹ Crore) (2% of A)	Amount Contributed to CSR (in ₹ Crore)(B)	Percentage of Net Profits Contributed to CSR (B/A * 100)
2020-21	33,153	663	674	2.03%
2021-22	35,806	716	727	2.03%
2022-23	38,662	773	783	2.02%

As per sub-section (5) of Section 135 of the Companies Act, companies have to spend a minimum of 2% of average profits earned in a given year towards CSR. In the financial years ending 31st March 2021, 31st March 2022, and 31st March 2023, TCS Limited surpassed the minimum limit of spending 2% on CSR by contributing 2.03%, 2.03%, and 2.02% respectively in these three years.

TCS Ltd has a CSR committee, chaired by Natarajan Chandrasekaran, which is constituted in line with Section 135 of the Companies Act. The committee recommends how much amount is to be spent on CSR and what activities are to be conducted. It also monitors the CSR policy of the company. In the fiscal year ending 2023, the committee held four annual meetings.

As per the Company's statements, some of the top CSR projects it undertook in the year 2022-23 include:

Literacy as a Service (LaaS):

The literacy rate in India accounts for 77.7% of the total population as of 2023 as per the National Survey of India. The literacy rate is the percentage of the population who can read and write. Female literacy and literacy for marginalized groups is still a big problem in India. To tackle this problem, TCS Limited launched the LaaS program which aims to provide easy audio and visual learning for such groups. It uses animation and graphical presentations for the facilitation of functional literacy.

Ignite My Future In School (IMFIS):

This program was launched in 2017. It provides the trainers with an educational program that inlays in the minds of the trainees computational thinking into subjects including languages, mathematics, sciences, social sciences, and arts. Computational thinking triggers curiosity and problem-solving skills among the students. This program tries to build 21st-century skills for brighter and more successful futures. This will also lead to employment generation and hence will help to curb the social enemies, i.e., poverty and unemployment in the nation.

Go Innovate Together (goIT):

goIT program plans to prepare the trainees with interactive mentorship programs and design workshops for the future which include Science, Technology, Engineering and Mathematics (STEM), and Computer Sciences. This program aims to benefit several students in various states of India. It is a modern technique for the future of digitalized India.

BridgeIT:

TCS Limited has introduced the groundbreaking Bridge IT program to help underprivileged communities overcome the digital divide. This program creates tech-savvy digital entrepreneurs who use information technology to provide vital digital services in education, adult literacy,

employment, and social discrimination to local citizens. Through extensive collaboration with women and marginalized members of society, it hopes to eliminate social inequalities still present in the nation.

This program was launched in 2014 and now has spread its presence in 30 districts and 10 states. In the fiscal year ended 2023, this program has created 347 digital entrepreneurs who have set up their digital service centers and now provide Aadhaar cards, PAN cards, and Voter ID services in rural areas, out of which 146 are women.

Youth Employment Program (YEP):

Unemployment amongst the youth is still a very big challenge in India. The marginalized sections are still not able to access the 21st-century skills required for employment. This program, initiated by TCS administers transmitting skills such as professional communication, aptitude, programming languages, domain skills, and employability training. These skills are imparted to underprivileged people with the help of industry experts, domain experts, and certified counselors and instructors. This program boosts the confidence of participants, enhances their skills which further adds to their CVs, and makes them job-ready.

In the fiscal year ended 31st March 2023, this program benefitted over 31000 students and most of them have gained employment in the service sector.

Digital Impact Square (DISQ):

DISQ was founded in Nashik, Maharashtra in 2015. It is a social innovation program that inspires innovation in the youth workforce who employ the influence of technology and interact with the digital ecosystem to build a key for everlasting change in the community. It has functioned with 7 associates with more than 600 developers across India.

In the fiscal year ending 31st March 2023, DISQ promoted innovation by utilizing digital technologies and gathering input from the government, local government, domain experts, and citizens.

Employee Engagement:

To win the marketplace, first, the company needs to win in the workplace. For employee engagement, TCS has formed its unique engagement model which delivers long-lasting social influence all over the world. Through its 'Each one Empowers one' portal, launched in 2022, the company aims to support social inclusion, economic growth, and financial stability. The beneficiaries of this program can now receive better opportunities in government benefit programs, financial systems, and community decision-making.

In the financial year 2022-23, TCS initiated #millionhoursofpurpose, which was a civic movement encouraging its employees to support various causes. With this, the employees of TCS Limited have addressed

initiatives such as raising mental health awareness, educating children in schools, planting saplings and trees, using paper bags, etc. TCS employees also have to participate in volunteering activities undertaken by the Tata group twice a year.

Thus, TCS Limited believes in establishing significant prospects by bridging people with a window of opportunities in the digitalized world. The goals it accomplishes are directed towards the creation of an equitable and unprejudiced world for all. All these values are aligned with that of its parent company, i.e., the Tata Group.

Case Study of Infosys Limited

Infosys Limited, a global consulting and information technology services company was established in 1981. Headquartered in Mumbai, it has an employee base of more than 3,28,000 employees. It is the second largest IT company after TCS Limited and provides next-generation digital and consulting services.

Infosys Limited believes that their responsibilities stretch more than just their business. To fulfill those responsibilities, Infosys Limited established the Infosys Foundation in 1996 to support their social initiatives to offer aid to the marginal sections of society.

The financial position of the company as of the fiscal year ended March 31, 2023 is highlighted below:

S. No.	Particulars	Amount (₹ Crore)
1.	Revenue from Operations	1,46,767
2.	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	44,414
3.	Earnings Before Tax (EBT)	33,322
4.	Earnings After Tax (EAT)	24,108

Data Source: *Infosys - Consulting / IT Services / Digital Transformation*

The following table shows the amount contributed towards CSR by Infosys Limited for three consecutive financial years, i.e., 2020-21, 2021-22 and 2022-23.

Financial Year	Average Net Profit of the Company (in ₹ Crore) (A)	Amount to be Contributed (in ₹ Crore) (2% of A)	Amount Contributed to CSR (in ₹ Crore) (B)	Percentage of Net Profits Contributed to CSR (B/A * 100)	Amount Unspent to be transferred to Unspent CSR a/c (in ₹ Crore) (2% of A - B)
2020-21	18,620	372.39	325.32	1.75%	47.07
2021-22	19,834	396.70	344.91	1.74%	51.79
2022-23	21,842	436.84	391.51	1.79%	45.33

For the years 2020-21 and 2021-22, the amount unspent was moved to the Unspent CSR account within 30 days after the fiscal year ended.

Similarly, for the Fiscal year ending 31st March 2023, the Company spent ₹391.51 crore on different CSR initiatives. Amounts still unspent: ₹45.33 crore (as per sub-section (5) of Section 135); these will be allocated to ongoing projects and spent in compliance with the CSR Rules after being moved to the unspent CSR account.

The focus areas of Infosys Foundation for the fiscal year ending 31st March 2023 were mainly segregated into the following themes- Primary and Secondary.

The primary themes included Education, Healthcare, Environmental Sustainability, and Women's Empowerment. Whereas the secondary themes included Art and culture, Development of Rural areas, Disaster management, and Care for the poverty-stricken.

Education:

Education is one of the six fundamental rights of every Indian citizen. For the development of human resources, there is a need for education. It is one of the most powerful tools to bring betterment to society. But, many underprivileged sections of the country are unable to have access to good education. The Infosys Foundation seeks to address this problem. It now includes more comprehensive components such as digital learning. The foundation nurtured various partnerships with numerous institutions such as eVidyaloka Trust and Yuva Unstoppable to provide opportunities to these marginalized sections. In total,

1,73,816 beneficiaries gained from the various programs conducted by Infosys Limited in the field of education.

Healthcare:

“Health is Wealth”, as the proverb says, health is the most important aspect of an individual. To maintain good health, a person must adopt healthy practices such as hygiene and sanitation, exercising, and eating a healthy diet etc. Infosys Foundation has launched various health projects so that it eases the pockets of the marginalized sections. It has partnered with various beneficiaries such as AIIMS Delhi, the Association for Diabetes and Obesity Reversal, etc. These projects provide unhampered accessibility to affordable and quality healthcare for the underprivileged population. By now, there are 57,519 beneficiaries of the healthcare opportunities provided by the Infosys Foundation.

Women Empowerment:

A woman can do anything, a man can do, if she is willing to. Irrespective of this fact, the participation of women is low in the workforce of the Indian economy. Infosys Foundation also focuses on women's empowerment by providing various educational scholarships and grants so that they become competent for applying to well-paying jobs. There are numerous advantages associated with education and skills for women which include a reduction in child literacy rates, a decrease in crime rates, a decline in gender inequality, and improvement in economic growth. Apart from education and academic skills, the Infosys Foundation also collaborated with the GoSports Foundation, for emerging sportswomen in India. They focus on the development of sports centers and academies for various sports.

Environment Sustainability:

Environment sustainability is the duty of individuals or groups of individuals to preserve natural resources and save planetary ecosystems for present and future generations. The Infosys Foundation has a belief that safeguarding the planet will bring out a change in the vision of future generations of how they imagine our planet to be, i.e., a beautiful, rich, clean, and green terrestrial sphere. The Foundation has undertaken various projects to protect the environment such as the Namma Metro in Karnataka, and the revitalization of stepwells in Telangana.

Secondary Themes:

As mentioned above, the Infosys Foundation also focuses on certain secondary themes such as Art and culture, Development of Rural areas, Disaster management, and Care for the poverty-stricken. The Foundation has brought up projects to eradicate hunger, bring up good health and well-being, quality education, clean water, and sanitation, decent work and economic growth, industry, innovation, and infrastructure, reduce inequalities, sustainable cities and communities, life on land, and peace, justice, and strong institutions. The Infosys Foundation has pledged to aid the marginalized sections to rehabilitate their lives. It also provides relief and aid to the affected regions in times of natural disasters/ calamities. They have collaborated with various beneficiaries who distribute food kits and essentials, cooked food, and other materials required for revival. They also partner with Shivganga Gramvikas Parishad which are beneficiaries of comprehensive development of rural areas and bringing out sustainable water projects.

Thus, to create opportunities for everyone and ensure a better future, Infosys is committed to removing obstacles in the way of progress. It is of the opinion that a digital future is bright and that technology can be used for good. The company's focus is on expanding digital skills fairly to everyone, positioning technology to serve basic civil needs, vitalizing local groups, and encouraging cultural diversity as well as prompting the well-being of employees.

5. Conclusion

TCS Limited and Infosys Limited are leading IT-sector companies in India that continuously take CSR initiatives to give something back to society. They are committed to the communities in which they operate. They take pride in working with all sections of society, selecting projects with infinite care, and working in areas that are traditionally overlooked by society at large.

Data-driven decision-making, robust monitoring procedures, and measurable goals are the foundation of all successful enterprises. These ideas must be applied by businesses to their CSR initiatives.

CSR must be an isolated initiative apart from an organization's main operations. Companies can develop into dependable and accountable contributors to societal well-being with the support of well-thought-out CSR initiatives that make the most of their core strengths. Indian businesses must design concise CSR plans with the potential to have a

significant social and economic impact to optimize the impact of CSR. They must also go beyond the usual lens of philanthropy. CSR models can be found in the private philanthropies established by India's economic elite.

Companies will need to find and appoint the right group of experts to oversee well-organized and fruitful CSR projects. Running CSR programs that are directly related to the main business is a better idea than leaving other programs to be handled by knowledgeable non-profits. The company's DNA needs to include CSR. It might be a means of transforming lives and improving the ecosystem.

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