EMPLOYEE'S PERCEPTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY WITH SPECIAL REFERENCE TO INFORMATION TECHNOLOGY COMPANIES IN CHENNAI CITY

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ABSTRACT

As enterprises expand globally, attention to business ethics in varying environmental, economic and cultural contexts which has become increasingly important. This study considers various aspects of Corporate Social Responsibility and attempts to interpret differences in the level of performance among Employees in Information Technology Companies. The overarching goal of this paper is to evaluate and compare CSR performance level between Employees located in Chennai City. This is done by evaluating six elements within two areas of Corporate Social Responsibility namely environmental performance and consumer focus.

KEY WORDS: Corporate Social Responsibility, Consumers, Information Technology, Environment and Ethics.

"The future belongs to those who understand that doing more with less is compassionate, prosperous, and enduring, and thus more intelligent, even competitive."

Paul Hawken

CORPORATE SOCIAL RESPONSIBILITY: AN OVERVIEW

This paper focuses on the Corporate Social Responsibility of Information Technology Companies in Chennai in general. In this study, the CSR concept is fine tuned to a specific type of industry, Information Technology and its perception by a specific type of respondents, the Employee's. In addition the researcher investigates how these CSR dimensions drive Employees' evaluation and trust. Over the last few years there has been rising

expectation from the Information Technology toward society. No longer can the firm consider itself as the independent entity regardless of the interest of general public. Corporate today have realised that in order to continue thriving they have to adopt more holistic and inclusive corporate model which has direct correlation with corporate performance. This can be possible when they incorporate the concept of Corporate Social Responsibility. Corporate Social Responsibility is a commitment to improve community wellbeing through discretionary corporate practice and contribution of corporate revenue.

CSR AND INFORMATION TECHNOLOGY

IT sector has grown at a high pace in the Indian business environment[1] but it has also been blamed for affecting the environment and the lives of many citizens. The CSR activities in the modern corporate affairs have been identified as a very important practice for Indian companies due to the impact of increased revenue, thanks to the globalization.

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, Satyam, 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.

SCOPE OF THE STUDY

The study is confined to the IT industry and companies located in Chennai. Chennai has been chosen since it is home to all the major IT companies of Tamil Nadu. Companies were chosen randomly based on annual report published in their websites and from NASSCOM. The Researcher has concentrated on IT sectors in and around Chennai where corporate hubs are occupying a predominant role. What was a voluntary practice carried out, is now made mandatory by the Government to contribute 2% of profit towards this CSR practice which increases the goodwill in one hand and service to society on the other.

REVIEW OF RELATED LITERATURE

The researcher has reviewed the following research articles to enrich the research.

Bowen, (1953)[2] mentioned in his book, 'Social Responsibility of the Businessman', businessman are obliged to follow policies, make decisions or take action that is appropriate given a society's values and goals. He mentioned that the policies and actions of large corporations have a major impact on society. According to his

book corporate goals related to social responsibility could be achieved through economic gain. His definition and discussion of the topic focused on U. S. corporations, and he believed that to attain specific social goals, such as community improvement or national security, corporations should be highly productive and focus on making economic progress. For Bowen, social responsibility was directly tied to the economic aspects of social welfare.

McGuire, (1963)[3] tried to bring a more precise definition of social responsibility, writing that the idea of social responsibility is that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extended beyond obligations. McGuire was the first person to expand the concept of social responsibility beyond economic and legal obligations to include those of the community as well as employee welfare and education.

Gray, (1996)[4] expressed in his study explains the disclosure of social and environmental information in the **annual reports** of large companies with reference to observable characteristics of those companies. He has done an extensive study to establish variables such as corporate size, profit and industry segments can explain corporation's disclosure practices. This paper provides an extension of literature by considering a more disaggregated specification of social and environmental disclosure and by employing a detailed time- series data set.

Purushotahman, (2000)[5] the study focused on **corporate social reporting** in Singapore, taking five themes such as environment, human resources, energy, community involvement and products and services. The study concluded by presenting a relationship between sizes of the company and reporting. The economically better performing companies were found to be more inclined towards corporate social reporting. He also mentioned the fact that human resources was the most disclosed theme and that award winning companies were following more corporate social reporting practices.

Osveh Esmaeelinezhad *et. al.,* (2015)[6] opined that in recent decades, Corporate Social Responsibility (CSR) has attracted the attention of scholars and practitioners. An empirical study of a sample of 220 employees from the second most popular automotive industry in Iran shows the positive affect of ethical and philanthropic responsibility on employee engagement. This paper provides useful information and insight for managers towards the relationship between CSR dimensions and employee engagement based on social identity theory and social exchange theory. Consequently, understanding of the pertinent significance of each of the four types of CSR could provide/support managers with a better knowledge of which facets of the organisation's image on social concerns affects workers' engagement more compared to other kinds of responsibilities. It has been proven by some researchers that some aspects of CSR have a greater impact than others on individuals.

RESEARCH GAP

Few studies have been conducted in the area of Employee's perception. They have considered different dimensions of Employee's Perception, various factors, but much importance is not provided to IT Companies and Organisational Commitment. This study has made an effort to understand Employee's Perception towards CSR in IT Companies.

OBJECTIVE OF THE STUDY

✓ To check relationship between Employee's Perception and Corporate Social Responsibility in IT Companies of Chennai City.

HYPOTHESIS:

H0-There is no relationship between Employee's Perception and Corporate Social Responsibility in IT Companies.

H1- There is a relationship between Employee's Perception and Corporate Social Responsibility in IT Companies.

METHODOLOGY

The study is based on both Primary and Secondary Data. The research is empirical in nature. The major part of the research is based on Primary Data collected through well structured   questionnaire. This study focussed only to Employee's working in Information Technology Companies in Chennai City about Corporate Social Responsibility towards them and environment. The questionnaires were circulated among Employee's in Chennai City through convenient sampling. The Sample size for the study is 100 which include Employees working for Corporate Companies.

DATA ANALYSIS AND INTERPRETATION

Factor analysis attempts to bring inter-correlated variables together under more general, underlying variables. More specifically, the goal of factor analysis is to reduce "the dimensionality of the original space and to give an interpretation to the new space, spanned by a reduced number of new dimensions which are supposed to underlie the old ones" (**Rietveld & Van Hout 1993**)[7], or to explain the variance in the observed variables in terms of underlying latent factors" (**Habing 2003**)[8]

TABLE No. 1

KMO AND BARTLETT'S TEST OF SPHERICITY

Factor	KMO Value	Result	Bartlett's test of Sphericity	Significance	Result	Interpretation
Social Indicators	.895	Highly Acceptable	0.000	Significance	Ho Rejected	There is a relationship between Social Indicators and Corporate Social Responsibility
Economic Indicators	.895	Highly Acceptable	0.000	Significance	Ho Rejected	There is a relationship between Economic Indicators and Corporate Social Responsibility
Environment Indicators	.903	Highly Acceptable	0.000	Significance	Ho Rejected	There is a relationship between Environmental Indicators and Corporate Social Responsibility
Development of Interpersonal Skills	.927	Highly Acceptable	0.000	Significance	Ho Rejected	There is a relationship between Development of Interpersonal Skills and Corporate Social Responsibility

(Source: Computed)

Interpretation:

From the test result, it is found that the KMO value lies from 0.895 to 0.927, which is very closer to 1, representing greater suitability. If the KMO index is high/ closer to 1 / equal to1, the Principal Component Analysis (PCA) can act efficiently; if the KMO value is closer to/ equal to 0, the PCA is not relevant. In all cases examining the factors that deter CSR initiatives, the calculated significance value is 0.000, which is less than reference value of 0.05. Hence the alternative hypothesis is accepted concluding that there is a significant relationship between Employee's Perception and Corporate Social Responsibility in IT sector.

TABLE No. 2

ROTATION SUM OF SQUARED LOADING

Factors	% Variance	Cumulative Variance
Social Indicators	80.358	**80.358**
Economic Indicators	79.644	**79.644**
Environment Indicators	84.919	**84.919**
Development of Interpersonal Skills	80.695	**80.695**

(Source: Computed)

Interpretation:

From the extraction sum of square loading in table no. 2, it is learnt that the factors like Social Indicators, Economic Indicators, Environment Indicators and Development of Interpersonal Skills has not fragmented into underlying factors and accounts for a total variance of 80.358, 79.644, 84.919 and 80.695.

TABLE No.3

FACTORS ASSOCIATED TO EMPLOYEE's											
Social Indicators			Economic Indicators			Environment Indicators			Development of Interpersonal Skills		
Q No	C -1	Name	Q No	C-1	Name	Q No	C-1	Name	Q No	C-1	Name
15a	.896	**Communal Factor**	16a	.907	**Recital Factor**	17a	.937	**Milieu Factor**	18a	.897	**Skill Progress Factor**
15b	.906		16b	.904		17b	.936		18b	.892	
15c	.912		16c	.912		17c	.940		18c	.914	
15d	.898		16d	.913		17d	.946		18d	.917	
15e	.911		16e	.914		17e	.921		18e	.913	
15f	.912		16f	.883		17f	.917		18f	.914	
15g	.906		16g	.843		17g	.884		18g	.900	
15h	.870		16h	.861		17h	.887		18h	.906	
15i	.856								18i	.894	
									18j	.888	
									18k	.877	
									18l	.866	

ROTATED COMPONENT MATRIX

Interpretation:

Social Indicators are grouped under the name **Communal Factor** consisting of Innovation Management, Management of Training and Qualification efforts, Employee satisfaction and Motivation, Stakeholder Involvement, Management of Charity and Communication with these variables (15a, 15b, 15c, 15d, 15e, 15f, 15g, 15h and 15i).

Economic Indicator variables are categorized under the name **Recital Factor** consists of (Q.No.16a, 16b, 16c, 16d, 16e, 16f, 16g and 16h) Implementation of Corporate Governance, Improvement of Supply Chain Management, Marketing and Brand Management, Improvement of Product and Process Quality and Risk Management, Business Expansion and Investor attraction, Improvement of Customer Relations, Improvement of Supplier Relations and Managing Issues and Risk Management.

Environment Indicators is the most important factor for CSR, which is grouped under one variable and is named as **Milieu Factor** which consists of (Q.No.17a, 17b, 17c, 17d, 17e, 17f, 17g and 17h) Water Management, Contribution to Environment Preservation, Waste Minimization and Recycling, Minimizing usage of Plastic, Management of Hazardous Material, Proper Disposal of Chemicals, Green Audit/ Plantation of Trees and Energy Management.

Final factor under this is **Development of Interpersonal Skills** among employees has not fragmented into any factor and is grouped under one single variable comprising of (Q.No.18a, 18b, 18c, 18d, 18e, 18f, 18g, 18h, 18i, 18j and 18l) Involvement of employees in assisting the community provides them an opportunity to reveal their abilities and strength to others, it also reveals the positive side and helps to carry over other roles within the organization, it doesn't have negative influence on the company's business reputation, this may also increase their sense of personal satisfaction, Contribution may develop their qualifications and skills, It broaden the role of his job in a different direction by giving certain responsibilities that will benefit the work environment, Helps to sharpen his sense of justice and morality and advance his ethical outlook, It becomes an agent of change for employees and strengthen their work, It brings a sense of partnership and belonging for the sake of working towards a common goal, Highlights an employee skills beyond his job and Draws attention to his sense of altruism and promote unified teamwork to help the community.

SUGGESTIONS AND CONCLUSION

Employee's play a vital role in Volunteering CSR in IT Companies. Freedom and motivation should be the yardstick practiced by Top Management to make this initiative a successful one. A right combination of Hospitality and Community development Initiatives should be carried out to become a Socially Responsible Citizen.

It is concluded that not that the Government has made mandatory to Contribute 2% of their profits towards this initiatives. Voluntary involvement of Employees is need of the hour so as to make this CSR initiative a successful one to their stakeholders and the community at large.

SCOPE FOR FURTHER RESEARCH

 ➢ Corporate Social Responsibility can be studied from the perspective of both employer and employees. The current study has dealt with employee's perspective only.

 ➢ A comparative study of CSR practices followed in other industries can be done.

➢　　A comparative study on union based companies and union-free companies can also be undertaken to know the CSR practices.

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