

“Impact of Corporate Social Responsibility towards Strategic Role of HRM: A study in IT industry (Accenture, Tech Mahindra and Sapient)”

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Abstract:

Information Technology (IT) is defined as the design, development, implementation and management of computer-based information systems, particularly software applications and computer hardware. Today, it has grown to cover most aspects of computing and technology. India's growing stature in the Information Age enabled it to form close ties with both the United States of America and the European Union. However, the recent global financial crises has deeply impacted the Indian IT companies as well as global companies. As a result hiring has dropped sharply, and employees are looking at different sectors like the financial service, telecommunications, and manufacturing industries, which have been growing phenomenally over the last few years. India's IT Services industry was born in Mumbai in 1967 with the establishment of Tata Group in partnership with Burroughs. The first software export zone SEEPZ was set up here way back in 1973, the old avatar of the modern day IT park. More than 80 percent of the country's software exports happened out of SEEPZ, Mumbai in 80s.

Keywords: Information Technology, Corporate Social Responsibility (CSR), Sustainable Development, Strategic role of HRM.

INTRODUCTION

Human Resource Management (HRM) and Corporate Social Responsibility (CSR) are two concepts that are becoming increasingly important to company strategies. Indeed, companies are in search of new practices to increase their productivity and their competitive positions. Moreover, HRM is an indispensable tool for any organisation, and CSR is becoming increasingly crucial for companies' competitiveness.

The Information technology industry in India has gained a brand identity as a knowledge economy due to its IT and ITES sector. The IT-ITES industry has two major components: IT Services and business process outsourcing (BPO). The growth in the service sector in India has been led by the IT-ITES sector, contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012 According to NASSCOM, the IT-BPO sector in India aggregated revenues of US\$100 billion in FY2012, where export and domestic revenue stood at US\$69.1 billion and US\$31.7 billion respectively, growing by over 9%. The major cities that account for about nearly 90% of this sectors exports are Bangalore, Chennai, Delhi, Mumbai, Hyderabad, Pune, Kolkata. Export dominate the IT-ITES industry, and constitute about 77% of the total industry revenue. Though the IT-ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012. According to Gartner, the "Top Five Indian IT Services Providers" are Tata Consultancy Services, Infosys, Cognizant, Wipro and HCL Technologies.

This sector has also led to massive employment generation. The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. Generally dominant player in the global outsourcing sector. However, the sector continues to face challenges of competitiveness in the globalized world, particularly from countries like China and Philippines.

Human resource managers are well positioned to play an instrumental role in helping their organization achieve its goals of becoming a socially and environmentally responsible firm – one which reduces its negative and enhances its positive impacts on society and the environment. Further, human resource (HR) professionals in organizations that perceive successful corporate social responsibility (CSR) as a key driver of their financial performance, can be influential in realizing on that objective. While there is considerable guidance to firms who wish to be the best place to work and for firms who seek to manage their employee relationships in a socially responsible way, there is a dearth of information for the HR manager who sees the importance of embedding their firm's CSR values throughout the organization, who wish to assist the executive team in integrating CSR into the company's DNA. And as high profile corporate failures such as Enron make all too clear, organizations that pay lip-service to CSR while neglecting to foster a CSR culture run the risk of damaging their corporate reputation if not their demise. Indeed, HR's mandate to communicate and implement ideas, policies, and cultural and behavioural change in organizations makes it central to fulfilling an organization's objectives to "integrate CSR in all that we do." That said, it is important to understand that employee engagement is not simply the mandate of HR. Indeed people leadership rests with all departmental managers. HR can facilitate the development of processes and systems; however, employee engagement is ultimately a shared responsibility. The more the HR practitioner can understand their leverage with respect to CSR, the greater their ability to pass these insights along to their business partners towards the organization's objectives in integrating CSR throughout their operations and business model.

Factors leading to growth in the IT/ITes sector are:

- Low operating costs and tax advantage.
- Favourable government policies.
- Technically qualified personnel easily available in the country.
- Rapid adoption of IT technologies in major sectors as Telecom, Manufacturing etc.
- Strong growth in export demand from new verticals and non-traditional sectors as public sector, media and utilities.
- Use of new and emerging technologies.

COMPANT PROFILE

Accenture is a global management consulting, technology services and outsourcing company, with approximately 259,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012.

Tech Mahindra

Is part of the US \$15.9 billion Mahindra Group and is a leading global systems integrator and business transformation consulting organization, focused primarily on the telecommunications industry. Tech Mahindra expanded its IT portfolio in 2009 by acquiring the leading global business and information technology services company, Mahindra Satyam (earlier known as Satyam Computer Services).

Tech Mahindra's capabilities spread across a broad spectrum, including Business Support Systems (BSS), Operations Support Systems (OSS), Network Design & Engineering, Next Generation Networks, Mobility Solutions, Security consulting and Testing. The solutions portfolio includes Consulting, Application Development & Management, Network Services, Solution Integration, Product Engineering, Infrastructure Managed Services, Remote Infrastructure Management and BSC (comprises BPO, Services and Consulting).

Tech Mahindra is a chosen transformation partner for several leading wire line, wireless and broadband operators in Europe, Asia-Pacific and North America. Tech Mahindra has successfully implemented more than 18 Greenfield Operations globally and has over 128 active customer engagements mostly in the Telecom sector. The company has been involved in about 9 transformation programs of incumbent telecom operators.

In the Telecom sector, Tech Mahindra has niche and proven domain expertise, distinctive IT skills, research and development, innovative delivery models and approach to off-shoring. Company's solutions enable clients to maximize returns on IT investment by achieving faster time to market, reduced total cost of ownership resulting into high levels of customer satisfaction. Tech Mahindra's achievements have been recognized by various industry analysts, forums and clients – winning several prestigious awards and accolades. Tech Mahindra has a global footprint through operations in more than 31 countries with 17 sales offices and 15 delivery centers. Assessed at SEI CMMi Level 5, Tech Mahindra's track record for value delivery is supported by over 50,400 professionals who provide a unique blend of culture, domain expertise and in depth technology skill sets. Its development centers are ISO 9001:2008, ISO 20000, ISO 27000 & BS25999 certified.

Sapient

Is a global professional services company established in 1991 and based in Boston, Massachusetts, United States. It employs more than 10,000 people around the world. Sapient was named the Top Interactive Agency in the UK by New Media Age in 2007, 2008, 2009, 2010 and 2012 and ranked the third largest interactive agency in the world by Advertising Age in April 2009.

Literature Review

Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large."The World Business Council for Sustainable Development in its publication "*Making Good Business Sense by Lord Holme and Richard Watts,*" used the following definition on CSR; "*Corporate Social Responsibility is 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 of the local community and society at large.*" Different researchers at different points of time have emphasized the critical importance of HR for the proper implementation of CSR and the role that HR can play in developing the process where the business objectives are assessed and values re-aligned to match them with staff expectations.

Thinking about CSR in terms of agency holds considerable promise as forward-thinking business performs a number of roles in the society. This role tends to change over a period of time. Unless business performs well on economic fronts it will not have resources to discharge its responsibilities to the society. In the words of Jean Jacques Rousseau" Society and corporations must co-exist and contribute to the well being of each other". In similar context Benjamin Franklin observed "doing good is not a private act between a bountiful giver and a grateful receiver, it is a prudent social act". Of late, business has come to realize that enterprises are born out of the society and must therefore serve it for their own enlightened sustenance. Business draws its most important resource namely, human resource from the society. Thus business becomes responsible to share the burden of the society to mentor the community and also to enrich it. In this regard, an increasing number of enterprises have embraced a culture of CSR.

CSR is not an optional “add-on service”. It is directly linked to the concept of sustainable development integrating economic , social and environmental impact in its operations. CSR is voluntarily adopted. It is over and above legal requirements.

Need of Study

- To understand the Strategic role of HRM
- To understand the meaning of CSR
- To understand different CSR activities in Indian corporates (Accenture, Tech Mahindra and Sapient)

SCOPE OF THE STUDY

Scope of the study is limited to study the role of HR department in building CSR and mostly focusing on the different CSR activities carried out by Indian corporates (Accenture, Tech Mahindra and Sapient

Objective of Study

- To understand HR Department role in promoting CSR.
- To understand the role of CSR in gaining competitive advantage to the Organization.
- To understand different CSR activities in Indian corporate (Accenture, Tech Mahindra and Sapient
- To know the relationship between CSR and Strategic role of HRM
- To know the impact of CSR on Strategic role of HRM.

Socially Responsible HRM Practices

According to Fraise and Guerfel-Handa (2005), HRM raises three types of challenges within the CSR framework: the maintenance of employee motivation and the management of skills development, the institution of confidence in management, and the development of employability. Regarding the question of employee motivation, these authors consider that salary is not sufficient; the company must also be able to offer to its staff enriching activities and stimulating projects. This question of motivation is all the more crucial as ‘the staff is the only internal partner of the company and, that as such, he plays an essential role in the dynamic of sustainable development’ (Férone et al., 2001; Fraise & Guerfel-Handa, 2005).HRM practices currently seem very crucial for companies. Several studies connect some of these HRM practices with companies’ commitments to social responsibility. In this study, we will focus on 3 HRM dimensions:

- Recruitment and job access,
- Training and career advancement,
- Health and well-being in the workplace

According to contextual factors, such as ageing, labour shortage, war for talent, etc., such practices could be very essential for companies. Added et al. (2009) highlight the fact that HR must attract new workers but also must enhance a company's human resources. Moreover, well-being at work tends to be a crucial issue for HR departments at a time when people are talking more and more about psychological stress in the workplace. By studying the content of GDF SUEZ's sustainable development report, we will attempt to better understand how this company links these three HR dimensions while introducing socially responsible policies. It is explained here as to what is the rationale of the study, method of sampling, technique of data collection, statistical techniques used to analyse the data etc. A brief account of each of these aspects is given below:

Internalizing CSR: Initiatives of HRM

The role of HR function in embedding the CSR values in the corporate culture is immense and has been underlined also. An organization can exhibit a better image in the minds of people by presenting itself as an excellent employer which cares for its people and involves them in the ambit of social responsibility. This involvement of employees indicates the strategic importance of HRM in the CSR initiatives of an organization. Human Resource policies, forming the framework for the culture in the business management, create awareness towards the need to achieve the business goals in the best possible and ethical manner (Agrawal, 2007). With the help of HR functions, the socially responsible values can be inculcated and sustained in the organizational culture through the following ways:

- The HR department should take the responsibility to develop a formal policy on sustainable practices involving employees. British gas, for example, used employee volunteering as a vehicle to achieve business-driven culture. The success of the initiative led to the development of a formal policy on employee volunteering. The company developed the 'Cardiff Cares' volunteering initiative with the purpose of encouraging employees to raise funds and donate some of their time to the local community (Redington, 2005). Employee fundraising was a way to show support for the local community, to build positive team spirit in the organization and to create a 'winning' environment at the workplace. The managing director and the HR team's strong commitment enabled the initiative to be a big success improving the employee retention levels and employee satisfaction.
- The orientation programme of newly recruited candidates should be designed in a manner that corporate philosophy about CSR gets highlighted. The commitment of top management towards CSR is very important which should be expressed in tangible terms to reinforce the right kind of behavior in the organization. Wipro, for example, inculcates CSR values amongst its workforce right at the beginning during the induction process (<http://www.developednation.org/interviews>). Corporate presentations, keeping employees updated through mails, regular newsletters are the instruments used to keep employees energized about the organization's socially responsible initiatives.
- The Training facilities may also be made available to instill the CSR culture among employees. This becomes necessary to make employees learn and practice CSR activities. The training of employees through "CSR Living Our Values Learning Tool" at Cadbury Schweppes (Young, 2006), the major global beverage and confectionary organization, has been a good example of partnership between HR and CSR. The company has also included social responsibility in the latest management development initiatives like the global "Passion for People" management skills programme.
- Social Reports or Sustainability Reports should be prepared to underline the organization's commitment to social or sustainable practices. In India, the top management, in their messages, speeches to shareholders and in annual reports has been resorting to social reporting but it should be made more formal in nature (Bhatia, 2005 & Raman, 2006). Tata Steel Limited, for example, has been preparing Sustainability Reports under the stringent guidelines of Global Reporting Initiatives, 2002 on economic, environment and social performance (<http://www.tatasteel.com/corporatesustainability>).

•The Human Resource department should effectively measure and evaluate CSR activities. The value added by CSR in the form of direct results, such as, economic savings and indirect results like increase in employee satisfaction, less employee turnover, measured by staff attitude surveys, shall indicate contribution to improved business performance. There is also a need to conduct periodic review of the CSR activities. CurAlea Management Consultants Pvt. Ltd. (2007) has suggested for conduction of periodically an independent internal review or audit of the effectiveness of CSR programmes (http://www.curalea.com/pdffiles/CurAlea_ApproachPaperForAuditofCSR).

Rationale of the study

The CSR activities are very important. The organization should take the responsibility for social welfare. So CSR activities become one of the major part of HR department. The rational strategies should be made by HR department towards CSR activities. So Accenture, Tech Mahindra and Sapient are truly IT companies and it was decided to conduct the study in these industries. Responsible Human Resource Management practices on equal opportunities, diversity management, whistle blowing, redundancy, human rights, harrasment shall give credibility to the CSR initiatives of the organization. It is beyond doubt that protecting human rights such as denial or prevention of legal or social rights of workers is a very important issue under CSR. Companies like Wipro, Infosys, Dabur, and ICICI have even framed whistle blowing policy, providing protection to the employees who come to know about any unethical practice going on within the organization, covering a whole gamut of subjects and showing their positive approach towards unethical practices

Conclusion:

In this paper, we sought to identify the links between CSR and HRM and, more precisely, how CSR affects HRM practices. While the literature emphasises HRM support for CSR policies, we think that such CSR activities can affect the way a company applies HRM practices. To understand the CSR-HRM link better, we conducted an exploratory study by analysing the sustainable development report by GDF SUEZ. We focused on three HRM practices that seem to be essential in today's working environment: recruitment and employment access, training and career development, and well-being in the workplace. We are aware of this study's limits. Interviews with managers in GDF SUEZ (in particular, HR professionals or diversity managers) could help us to better understand the impact of CSR on HRM. To know which HRM practices are essential to solidify the commitment to social responsibility, we could extend our analysis by studying other Groups' sustainable development reports. If HRM practices used to support CSR policy do not alter HRM goals (to attract, retain, and develop talent), we think such practices could help to achieve these goals in the present and future working environment, which potentially lacks labour (Beaupré et al., 2008).

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