

Leader in CSR 2020: A Case Study of Infosys Ltd.

Dr. Chitranshi Verma

Abstract: *The concept of corporate social responsibility (CSR) is gaining importance in the corporate world. Nowadays various firms, be it large size or small size companies all are involving in CSR activities to gain competitive advantage and to create a long lasting impact on its stakeholders. Although CSR is much popular in the developed nations but the potential benefits of CSR are also being clearly understood in the developing economies of the world as well. It is often described as 'performance with a purpose'. CSR is closely linked with the principles of sustainable development, according to which companies should be obliged to make decisions based not only on financial/economic factors but also on the social, environmental and other consequences of their activities. This paper has tried to examine the development of CSR activities in India by incorporating the Corporate social responsibility initiatives being taken up by Infosys limited over the past few years and how it has helped the company in strengthening its brand image. In recent years, the business cases for CSR have been gaining ground, revolving around the idea that what is good for the environment, the workers and the community is also good for the financial performance of the business. This paper has tried to explain how the IT giant Infosys through its CSR initiatives has created its niche in the global market.*

Keywords: Corporate Social Responsibility, CSR initiatives, Infosys, Brand equity

1. Introduction

Customers build the brand equity of a socially responsible company by enhancing its future profits and goodwill. Therefore, CSR activities are modes for companies to increase their reputation, and thus affecting the brand equity as a result.

Corporate social responsibility (CSR) is a self-regulating business model that enables a company to be socially accountable-to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

To engage in CSR means that, in the ordinary course of business, a company is operating in ways that enhances society and the environment, instead of contributing negatively to them.

The term corporate social responsibility (CSR) refers to practices and policies undertaken by corporations that are intended to have a positive influence on the world. The key idea behind CSR is to pursue other pro-social objectives, in addition to maximizing profits. The movement toward CSR has had an impact in several domains. Examples of common CSR objectives include environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures.

Corporate social responsibility is a broad concept that can take many forms depending on the company and industry.

Through CSR programs, philanthropy, and volunteer efforts, businesses can benefit society while boosting their brands. As important as CSR is for the community, it is equally valuable for a company. A properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

In 2010, the International Organization of Standardization (ISO) released a set of voluntary standards meant to help companies implement corporate social responsibility. Unlike other ISO standards, ISO 26000 provides guidance rather than requirements because the nature of CSR is more qualitative than quantitative, and its standards cannot be certified. Instead, ISO 26000 clarifies what social responsibility is and helps organizations translate CSR principles into practical actions. The standard is aimed at all types of organizations, regardless of their activity, size, or location. And, because many key stakeholders from around the world contributed to developing ISO 26000, this standard gains an international consensus.

Why should a company implement CSR?

Many companies view CSR as an integral part of their brand image, believing that customers will be more likely to do business with brands that they perceive to be more ethical. In this sense, CSR activities can be an important component of corporate public relations. At the same time, some company founders are also motivated to engage in CSR due to their personal convictions.



Figure 1

Volume 9 Issue 2, February 2021

www.ijser.in

Licensed Under Creative Commons Attribution CC BY

According to Section 135 of Companies (CSR) Rules, 2014 and Schedule VII of Companies Act 2013 “Every company with a net worth of Rs 500 crore or more or turnover of Rs 1,000 crore or more or net profit of Rs 5 crore or more during the immediate preceding financial year, must have a CSR committee and spend at least 2 per cent of average net profits earned during three immediate preceding financial years to CSR activities”.

CSR history in India

India has a long, rich history of close business involvement in social causes for national development. In the initial years, there was little documentation of social-responsibility initiatives. After Independence, JRD Tata—who always laid a great deal of emphasis to go beyond conducting themselves as honest citizens — pointed out that there were many ways in which industrial and business enterprises can contribute to public welfare beyond the scope of their normal activities.

CSR in 2020



Since then, there has been a growing realisation towards contribution to social activities globally with a desire to improve the immediate environment. Slowly, it began to be accepted, at least in theory, that business had to share a part of social overhead costs. (Singh RG, 2010). The last decade of the 20th century witnessed a swing away from charity and traditional philanthropy towards more direct engagement of business in mainstream development and concern for disadvantaged groups in the society. This has been driven both internally by corporate will and externally by increased governmental and public expectations. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards. India is the first country in the world to make CSR mandatory, following an amendment to the Companies Act, 2012 in April 2014.

Implementation in 2020 is a mixed bag, what with COVID-19 activities taking up the biggest chunk of funding. A number of cyclones and floods wreaked havoc in large parts of the subcontinent. As a result, funds were also directed to disaster relief operations in Assam, Kerala, Bihar, Odisha and West Bengal. Sustainability and CSR in 2020 had to face serious challenges.

On the basis of factors of impact assessment, compliance, funding and implementation on ground, the verdict is out. Infosys has beaten Tata Chemicals for the Number 1 position in 2020 India sustainability and CSR chart. Tata Chemicals held the top spot for three consecutive years, until now. Infosys was the second ranker in 2019, and has risen to top for CSR in 2020. Infosys Foundation Chair Sudha Murthy’s loving perseverance in supporting the most deserving has left a deep impact on other businesses

to do social good. All the companies conduct responsible businesses that place corporate social responsibility (CSR) high on the agenda. This ranking is based on the companies’ spending patterns on CSR, performance and spending with respect to the responsibility matrix, ESG performance and how companies are incorporating Sustainable Development Goals (SDGs) into their responsible business actions.

Case Study of Infosys limited

Infosys Limited, a global leader in next-generation digital services and consulting conglomerate, has spent Rs 360 crore on various Corporate Social Responsibility (CSR) programmes during FY 2019-20, the company’s annual report revealed. CSR can’t be merely a job, it’s a passion,” says Sudha Murthy, Chairperson, Infosys Foundation, the

CSR arm of IT services conglomerate Infosys. In fiscal 2020, the Company's CSR efforts included COVID-19 relief work along with education and health-related programmes following after in multiple states.

Infosys Limited has been an early adopter of Corporate Social Responsibility initiatives. Infosys Foundation was established in 1996 as a not for profit nodal body dedicated to community development and also to fulfil company's CSR commitments. This was long before the Companies Act, 2013 mandated that a company should function through a registered trust or society for any CSR activities to be undertaken by it, the company said. Over the years, Infosys has been focusing on sustainable business practices encompassing economic, environmental and social imperatives that not only cover business, but also the communities around it. The company focuses on social and environmental responsibilities to fulfil the needs and expectations of the communities around its business. "Our Corporate Social Responsibility (CSR) is not limited to philanthropy, but encompasses holistic community development, institution-building and sustainability-related initiatives.", the Company said.

This foundation works towards removing malnutrition, improving health care infrastructure, supporting primary education, rehabilitating abandoned women and children and preserving Indian art and culture. The Infosys foundation has collaborated with various non government organizations (NGO's) to cater to needs of local communities. Its focus has always been to contribute to the sustainable development of the society and environment and to make our country a better place for future generations. The Foundation's focus areas in accordance with the requirements under the Companies Act, 2013, are – Protection of national heritage, restoration of historical sites, promotion of art and culture, destitute care and rehabilitation, environmental sustainability and ecological balance, promoting education, enhancing vocational skills, promoting healthcare including preventive healthcare, rural development, gender equality and empowerment of women.

CSR Policy of Infosys intends to:

Strive for economic development that positively impacts the society at large with minimal resource footprint.

Embrace responsibility for the company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

Pursuant to the provisions of section 135 of the Companies Act, 2013 (Corporate Social Responsibility Rules, 2014), during the year the Company ought to have spent Rs. 360 crore on CSR activities in accordance with the provisions of Section 198 of the Act. The CSR amount of Rs. 115.35 crore has been spent in Bengaluru particularly. "The gross amount required to be spent by the Company during the year is Rs 360 crore and there was no amount unspent during the year.", company's annual report said.

As per the report, the average net profit of the Company for the last three financial years stood at Rs. 17,978 crore. Prescribed CSR expenditure (2% of the average net profit as computed for the financial year stood at Rs. 359.56 Crore. As per the report, the CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the A

The CSR committee comprises two independent directors and the COO and Whole-time Director. The members of the CSR committee are – Kiran Mazumdar-Shaw, who is also an independent director at Infosys, Chairperson; U.B. Pravin Rao and Dr. Punita Kumar-Sinha. The committee meets four times during the financial year to identify the areas of CSR activities and programmes, and execution of the initiatives as per defined guidelines.

In its 13th Annual Sustainability Report, Infosys defines its role in the society as a corporate institution, and the choices it is making to move towards a zero-carbon future. The report provides detailed information on the practices Infosys follows as a responsible business, and an ethically strong organization. The report, which has been prepared in accordance with the GRI (Global Reporting Initiative) Standards Comprehensive option, also explains how Infosys' concept of being a Live Enterprise reflects strongly in its practices as a sustainable organization. It also forms the basis of the company's Communication on Progress (CoP) with the UNGC each year.

The key highlights of the Sustainability Report 2019-20 are:

Energy Efficiency

- Smart automation has enabled remote monitoring, control, and optimization of operations across 150 buildings covering about 30 million sq. ft of space across Infosys.
- Infosys limited its absolute increase in electricity consumption to 20%, while the employee strength grew by 166% over the last decade.
- Achieved 33.5MW reduction in connected load due to energy efficiency retrofits over the last decade.
- Infosys has installed radiant cooling technology in over 5 million sq. ft of office buildings, providing an efficient and healthy environment for employees.

Renewable Energy

- Infosys commissioned an additional 10 MW capacity in the solar plant in Sira, Karnataka, to make it a 40 MW plant. With this, the company now has a total capacity of about 60 MW of solar PV across Infosys, including rooftop and ground-mounted systems.
- 44.3% of total electricity across Infosys campuses in India was from renewable sources in FY20.

Carbon offsets in the community

- 150% of carbon offsets were cumulatively generated through the company's community offset projects for all its scopes of emissions.
- 102,000 families continued to benefit socially and economically from the company's carbon offset projects, reducing over 462,000 tCO₂e emissions, as on March 31, 2020.

Green Buildings

- In fiscal 2020, Infosys' new buildings in Hyderabad were awarded Leadership in Energy and Environmental Design (LEED) Platinum certification from the US Green Building Council.
- The company also received the LEED Platinum Existing Building certification for its campuses in Bangalore, Pune and Bhubaneswar. With this, Infosys now has 34 projects with the highest level of green building certification, spanning a total area of 25.08 million sq. ft. An additional 4.3 million sq. ft of space is currently in the process of green building certification.

Water Management

- Infosys achieved 63.75% reduction in per capita freshwater consumption between fiscal 2008 and 2020; 9.45% reduction in per capita water consumption in 2020
- 40 litres/employee average daily fresh water consumption
- Zero wastewater discharge from Infosys campuses

Waste to resource

- Infosys continued to maintain capacity to treat 100% organic waste including food and garden waste within campuses
- Infosys reduced the use of non-recyclable and single-use plastics by 91% since 2018

Climate Change

- Infosys is the first Indian corporate to receive the UN Global Climate Action Award in 'Climate Neutral Now' Category at COP25 in December 2019 for its carbon neutral program.

Tackling COVID-19

- Implemented organizational policy changes to accommodate remote working, leave, flexible working, asset management, reimbursement, etc. and made arrangements to ensure safety and comfort of employees across campuses and of employees stranded onsite, among several other measures.
- Enabled remote working for employees worldwide via secure laptops and desktops, with information security controls, and increased bandwidth capacities for the company's data networks and associated IT infrastructure, along with leveraging collaboration platforms extensively.

- Framed guidelines for employees to work from home, including sensitizing them about the aspects of confidentiality, data privacy and cyber threats.
- Supporting COVID-19 relief measures pan-India by contributing to the PM CARES Fund, helping hospitals, destitute, daily wage workers and underprivileged sections of the society
- Construction of a dharmashala at AIIMS, Jhajjar Providing training to teachers in Andhra Pradesh and Odisha
- Helped set up a 100-bed quarantine facility for patients in Bengaluru in collaboration with Narayana Health City (NHC). Further, it also helped establish a 182-bed quarantine facility for the Bowring and Lady Curzon Medical College & Research Institute, Bengaluru.

Moreover, the Infosys Foundation USA undertook CSR initiatives outside of India; this is over and above the statutory requirement. Over and above the requirements of the Companies Act, 2013, the company spent a total of USD 39,48,360 on multiple CSR activities that included teacher training, student education and services, classroom aids and technology, advocacy and awareness.

2. Conclusion

Despite of so many initiatives and programmes being undertaken by the industrial conglomerates, lot needs to be done in the field of upliftment and development of the country. Other corporates should also take cue and start navigating towards this direction of fulfilling their corporate social responsibilities and do their bit for the stakeholders. And transparency should be maintained and timely disclosures should be made by firms as they are accountable to the society at large. It is the need of the hour that the firms should pay back to society which is providing them resources to reap in huge benefits. Companies should work on the model of PPP- Public private partnership to undertake such initiatives so that the reach of such activities could be maximized.

References

- [1] Mahmood A, Bashir J. How does corporate social responsibility transform brand reputation into brand equity? Economic and noneconomic perspectives of CSR. International Journal of Engineering Business Management. January 2020. doi:10.1177/1847979020927547
- [2] Aaker, DA . Managing brand equity, capitalizing on the value of a brand name. New York: Free Press, 1991.
- [3] Esen, E . The influence of corporate social responsibility (CSR) activities on building corporate reputation. In: Alejandra Gonzalez-perez, M, Leonard, L (eds) International business, sustainability and corporate social responsibility, Vol. 11. Bingley: Emerald Group, pp. 133–150
- [4] <https://journals.sagepub.com/doi/full/10.1177/1847979020927547>
- [5] Agarwal, S. K. (2008). Introduction. In Corporate social responsibility in India (pp. 11-60). SAGE

- Publications India Pvt Ltd,
<https://www.doi.org/10.4135/9788132100027.n1>
- [6] <https://www.thecsrjournal.in/top-indian-cos-for-csr-in-2020.html/>
- [7] <https://www.iso.org/iso-26000-social-responsibility.html/> -
- [8] <https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/> -
- [9] <https://www.infosys.com/investors/corporate-governance/documents/corporate-social-responsibility-policy/>
- [10] <https://www.downtoearth.org.in/blog/governance/corporate-social-responsibility>
- [11] <https://indiacsr.in/corporate-social-responsibility-csr-infosys/>
- [12] www.infosys.com/sustainabilityreport-2019-20.html/
- [13] <https://thecsr.universe.com/2019-20-infosys-foundation-gets-to-spend-80-of-rs-360-cr-infosys-csr-budget/>
- [14] <https://in.sagepub.com/en-in/sas/issues-in-business-ethics-and-corporate-social-responsibility/book271306>
- [15] Anupam Sharma and Ravi Kiran(2012) “Corporate Social Responsibility Initiatives of Major Companies of India with focus on health, education and environment”, African Journal of Basic & Applied Sciences 4(3): pp. 95-105
- [16] Bhupender and Vikas Kumar Joshiya (2012) “ Issues and Challenges of Corporate social responsibility in India”, IJIBF, Vol.2, No. 2, July-Dec.2012, pp. 169-182
- [17] http://www.zenithresearch.org.in/images/stories/pdf/2018/FEB/ZIJMR/16_ZIJMR_VOL8_ISSUE2_FEB_2018.pdf
- [18] International Organization for Standardization. “ISO 26000:Social Responsibility.,<https://www.iso.org/iso-26000-social-responsibility.html>.”
- [19] Kapoor, Shveta & Sandhu, Harmandeep. (2010). Corporate Social Responsibility: A Case of Infosys Technologies Ltd.. Asia Pacific Business Review. 6. 130-140. 10.1177/097324701000600213.
- [20] Sarabu, Vijay. (2017). Corporate Social Responsibility In India: An Over View. Journal Of Asian Business Management. 9. 53 - 67.