

# Integration of CSR Strategy Model in Organisations

Lakshmi Mohan

*Abstract From profitability and financial performance, corporates operating in India, added up social performance, after the Companies Act 2013. Though earning profits is the main motive of businesses, corporates owe to the society not only as responsibility, but requirement to repay to the society contrary to the view of many management thinkers. Inclusion of CSR as mandatory by the Companies Act, 2013 is a conscious action to add up to the government's work towards bringing equality and fair growth opportunities to the common people. CSR provides an equal opportunity to the corporate world to engage in the country's development. With CSR strategy in place, companies will be able to plan the whole gamut of their contribution towards the society. The CSR strategy model is sure to enable corporates to become more structured in their CSR role towards community development. The "four P- CSR Strategy Model" would make companies view CSRs' purpose, plan, partners and performance in new light. The research gives a holistic perspective of corporate and community relationship citing CSR practices of three reputed companies, i.e. Tata Motors, Wipro and RIL. The paper also provides understanding of social activities that can enhance corporate's bond with society.*

**Keywords :** Community Development, Companies Act 2013 of CSR, Corporate Partnerships, Corporate Social Responsibility, CSR, CSR Implementers, NGO, Schedule VII, Sustainable Development.

## I. INTRODUCTION

With the passing of Companies Act, 2013, corporate social responsibility (CSR) has found a spot in the dashboard of Indian organizations. The industry, private or public, Indian or MNC, large and small have shown positivity to the reform introduced by the government. Creating a society with equal access to opportunities, by removing disparities and creating a collective responsibility is where corporates could work alongside government. With Companies Act, 2013, clause 135, initial steps for formalizing CSR projects in the corporate world has begun. Companies are expected to form a CSR committee that would professionally manage CSR activities with a detailed plan and ensure its incorporation. It goes without saying that if companies fail to plan their CSR strategy, in actual they plan to fail the CSR mission. Clause no.135 of the Bill deals with CSR provisions. This clause clearly indicates that compliance of CSR is mandatory, if a company has a net worth of INR 500 crore or more or has a turnover of INR 1000 crore or more or net profit is INR 5 crore or more during the financial year. Companies which meet the necessary criteria are required to constitute a CSR

committee with 3 or more directors and at least one of them must be an independent director. If the Company fails to spend such amount, the Board must report the reasons for the same in its disclosure report. Most significantly, the new law is expected to create greater transparency, remove excessive regulation and institute new and better ways of self-reporting and disclosure. The functions of the CSR Committee include formulation of CSR Policy and recommendation to the board indicating the CSR activities to be undertaken. Committee also recommends to the Board regarding amount of expenditure for CSR activities. Further the committee requires to monitor the CSR policy and review as per requirement.

## II. LITERATURE REVIEW

The World Business Council for Sustainable Development (WBCSD) defines CSR as, "continued commitment by a business entity to act ethically and contribute to economic development by improving the quality of life at workplace, home, within local communities and wider society". WBCD talks of a large perspective and contribution of corporates through CSR.

Emezi, has pointed in 2014 that CSR strategy is inclusive of vision, mission and objectives that lead to actionable plans to create immense value to the society and its stakeholders. Further Emezi quotes that when organisations do not set CSR as their strategic priority, it would lead to failure of its CSR goals.

Maria Santos in Social Responsibility Journal justifies through her study that CSR strategies in SMEs enables development of active policies needed to promote implementation of CSR.

Team of researchers Muhammad Yusuf, Makassar, and Abdul Kahar in their paper on Strategy formulation model to improve implementation of corporate social responsibility have impressed upon the truth that strategy formulation shall bring improvement in leaders' commitment towards CSR implementation.

Business leaders have an obligation to make a policy that fructifies to decisions or actions that align with goals and values of society (Howard Bowen, 1953; Wartick and Cochran, 1985). Bowen's thoughts as early as 1953 on CSR brought out definition of CSR; and his phenomenal research led to realising importance of social responsibility and not surprisingly, he began to be known as "Father of CSR".

Though there is great importance of management systems and integration of CSR into business, not much research has been carried out. (Adams, 2002, Berland & Essie, 2009; Norris & O'Dwyer 2004).

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\* Correspondence Author

**Lakshmi Mohan\***, his/her department, ITM Business School Kharagpur, Navi Mumbai, India, Email: lakshmimohan@itm.edu

Elkington in Global Compact Initiative, as early as 2002, summed up CSR into 3Ps: “profit, people and planet”. According to Elkington, any good organisation must not only be concerned about profit but must care about the environment/planet and people’s welfare.

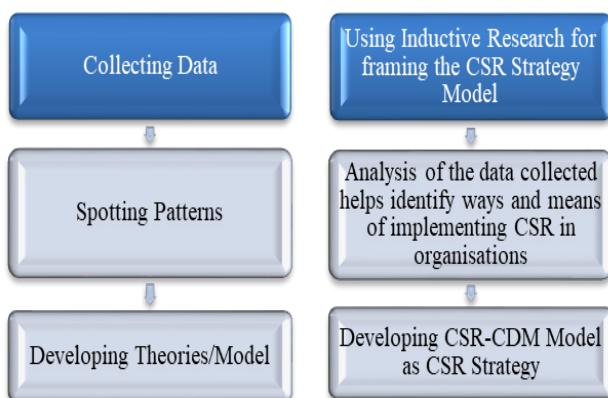
The fundamental major problem with CSR practice by companies is that they lack CSR strategy, though may carry out some initiatives and projects. (Rangan et al., 2012) Companies must treat CSR as any other investment for initiatives that the company takes. Thus, companies must view CSR as an important initiative. (McWilliams and Siegel, 2001).

### III. LITERATURE OBJECTIVES OF THE STUDY

- To bring out a CSR Strategy Model that can be used by organizations to plan-create-implement CSR in their organisations.
- To observe and analyse CSR approaches of three large organisations.
- To study various areas of community development.

#### A. Methodology

The research is carried out through inductive approach which begins with observation and culminates to form theories towards the end of the research. CSR Patterns, practices and experiences observed form basis to reach to theories and conclusions. The cases have been selected for the study using theoretical sampling (Strauss & Corbin, 1998). All three companies chosen to represent varied business sectors having global and strong reputations based on their investments in CSR. Extensive research was carried out to understand the contextual nature and practices surrounding each organization. The aim of data collection process has been to develop high potent, in-depth case histories of CSR engagement and implementation processes in these organizations. Secondary data was collected coupled with interviews to arrive at rich insights for the research. Senior managers responsible for the CSR programs were interviewed to obtain stable and authentic data, and cross checked with other data sources like website, annual reports, articles, news, promotional materials and literature sources. Cross-case analysis is essential for multiple case studies which has been applied in this study. The analysis is a combination of data collected. The inductive research process leads to holistic view and supports in framing the strategy model for CSR.



**Fig. 1. Inductive Research Reasoning Method for CSR -CDM Strategy Model**

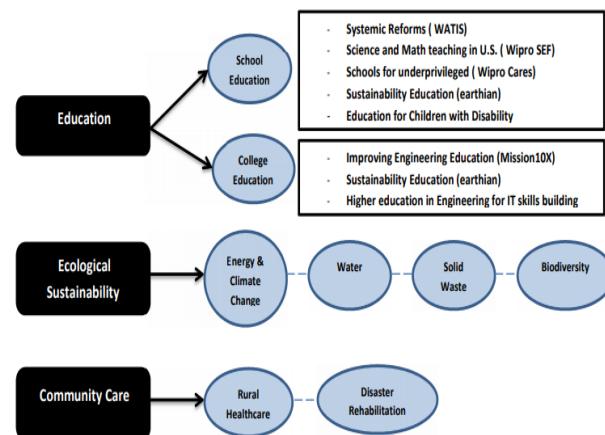
### IV. REVIEW CRITERIA

#### A. Case A - CSR at Wipro

**a) Purpose:** Wipro’s CSR purpose spells the importance of respect for humanity, ethics, sustainability and progressing the triple bottom line. The company has set well defined and measurable sustainability goals. The purpose is further classified into vision and mission of CSR which is ‘Respect for every individual’, ‘Being global and responsible’ and ‘Unyielding integrity’ are essential tenets they follow as a responsible organization. Working on societal issues and communities proximate to Wipro’s operational centres in India and abroad is part of their CSR commitment. Wipro also follows the schedule VII for the various community development activities they engage in.

**b) Plan:** Wipro Foundation carries out CSR programs of Wipro Ltd and is progressing towards matching the governance and management processes. Wipro has a 5 members’ board of trustees who review the progress of CSR activities on a quarterly basis. The CSR expenditure is planned as stipulated by Companies Act 2013 which prescribes 2% of the average profit before tax for the previous three financial year-ends. As per the plan, expenditure for 2019 was slated at 1,761million as against the actual spending which came to 1853 million.

**c) Designing the CSR strategy:** Wipro’s choice of CSR actions is meant to result in social change and sustainability. At the beginning of the year, goals and objectives with the budgets are discussed and signed with the CSR Board and the Chairman. The strategy is well defined to integrate into mainstream planning, budgeting and review process.



Source: Wipro Annual Report-18-19

#### • Designing the operation plan:

- Select, adopt and commit to programs is a tri-mantra adopted by Wipro.
- Timelines are set for start and end of the program.
- Organising and planning of partners, employees or government for the program implementation.
- Allocation of the budget for each social initiative.
- Creating organizational capacity at multiple levels



- **Adhering to Government policy:** Wipro follows the prescribed CSR expenditure, considering 2% of the average profit before tax (PBT) for the previous three preceding financial years. Wipro adheres to the CSR specifications of Companies Act 135. The company is always ready with the reports and disclosures at the end of the year.

- **Designing the impact measurement:** Wipro follows IOOI (Input, Output, Outcome and Impact) as framework for Impact Assessment in case of social interventions. Though impact in education is not easy to assess Wipro focuses on outcomes at HE level of capability building. The outcomes reported by Wipro are based on interactions with their partner organizations, review meetings, field visits and other reports from CSR partners.

#### d) Partners

**Associating with CSR implementers:** Wipro worked with 175 partners for 2018-19 across India, US and UK. Wipro engaged with communities, NGOs and Employees in the fields of education, rehabilitation and disability. Wipro also collaborated with Government in the CSR space. In 2019 more than 12,500 employees spent about 30000 hours of volunteering time at 20 locations

**e) Performance:** At Wipro formal accountability is vested at all levels of leadership. Headed by the Chairman, Board Sustainability Committee comprises of CSO, CEO, VP and functional groups.



**Fig. 3. Top leadership commitment**(Source: Wipro Annual Report-18-19)

The pertinent points include institutionalizing CSR vision, creating synergies with stakeholders and implementation in the true sense, speak volumes about performance of the organization. Wipro has outperformed in the area of CSR. The amount spent surpasses the stipulated 2% prescribed by Companies Act 2013. Recognition and rewards include Member of Dow Jones Sustainability Index (DJSI), World's Most Ethical Company for the 8th successive year by the Ethisphere Institute World, for the ninth time in a row, Silver Class Sustainability Yearbook Award 2019 and several others.

#### B. Case B - CSR of Tata Motors

**a) Purpose:** The vision of Tata Motors signifies that 'All stakeholders wellbeing is the very purpose of existence', conceived by Jamshetji Tata. Living to this spirit, Tata Motors has been pioneering the corporate social

responsibility agenda in all dimensions. Tata Motors' strategy stems from going beyond "connecting aspirations" to accelerating aspirations" of communities.

**b) Plan:** The approach of Tata Motors in their planning process is unique. They consider inputs, and feedbacks from their stakeholders in order to conceive, plan and deploy resources for CSR. Concerning developmental projects, the organization adopts a human lifecycle approach in designing the program and deployment, thus enabling horizontal integration. Having the 'human lifecycle approach' helps address issues and concerns of human beings over their entire lifespan. The projects are mostly on health, education, employability & skilling, environment, drinking water, community development and volunteering. The strategy inclines towards CSR projects that involve knowledge creation in order to build expertise in automotive domain. Eco system is used as a catalyst for CSR and entrepreneurship development is encouraged. The CSR operation plan takes into account the adherence of Government policy. The plan includes mobilising resources and partners and designing the impact measurement.

**c) Partners:** Tata Motors collaborates with CSR implementers and Government. The company is also known to engage employees in CSR, wherein 40% of the workforce at Tata Motors seem to have invested almost 60000 volunteering hours on social development.

#### d) Performance (2018-19)

**Table – I: Impactful achievements of Tata Motors:**

Area	Impact (people/students/ environment impacted)
Health- "Agrogya"	381437 People
Education- "Vidyadhanam"	146894 Students
Skill development- "Kaushalya"	106038 People
Tribal community development- Vasundhara	3000 Tribal
Environment- 1117186 saplings	
Disaster hit region	700000

**• Top leadership commitment:** The CSR committee comprises of two Independent Directors and two Whole-time Directors who formulate and recommend developmental activities and expenditure to the Board. Senior leaders act as mentors and monitor the projects with fullest commitment.

**• Company's Affirmative Action (AA) Program** is an instrument to bring social equity by making women, SC&ST communities, physically challenged and deprived class as focal point of all CSR programs. This is actioned through education, employability, essential amenities, health and other CSR projects. Apart from several awards as recognition, Tata Motors was recipient of the Golden

Peacock Global Award for CSR in 2019 and awarded 4 star rating by Economic Times.

### **C. Case C – RIL**

**a) Purpose:** The vision of RF is to build an inclusive India by pioneering a holistic model to address the nation's multifaceted development challenges and contribute to its collective aspirations. Further the company identifies CSR areas that connect with their vision which includes Rural transformation, Health, Education, Sports for development, Art, Culture, Heritage, Urban renewal and Disaster response. Thus, RIL addresses through its foundation several impediments towards nation's development.

**b) Plan:** Reliance Foundation leverages technology to provide sustainable solutions. These technological interventions connect communities on multiple digital platforms for optimum use of resources, informed decision making and capacity building.

- **Designing CSR strategy:** RF focuses on a three-pronged strategy which includes **direct engagement with the community, leveraging the power of technology and Partnerships and collaborations**. Further the areas of developmental activities are planned well in advance. For 2019 their focus was on rural transformation, health, education, sports, disaster support, arts, culture and heritage and urban renewal .At RF the key philosophy for all social initiatives are based on three core commitments of scale , impact and sustainability, based on which ,they create the CSR operation plan at different locations.

- **Adhering to Government policy:** The Company's CSR policy and initiatives delineates the vision, mission, thrust areas and key requirements as per the Schedule VII of Section 135 of the Companies Act, 2013 which lists out various areas in which corporate entities are expected to deploy their CSR funds and implement programmes for social development. The company adheres to the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business stipulated by the Ministry of Corporate Affairs, India. The Company publishes its sustainability performance in a Sustainability Report which is prepared in accordance with Global Reporting Initiative (GRI) standards.

- **Designing impact measurement:** A team of trained professionals from Reliance Foundation directly engage and collaborate with the communities, right from understanding their needs, planning and implementing the programmes, and measuring the values and impact they have created.

**c) Partners:** Reliance Foundation forms strategic partnerships with organisations that have similar goals as well as certain unique strengths. Their partners include state and local governments and non-government organisations working at the grassroots level. RF collaborates with the organisations for sharing technical know-how, human resources and infrastructure. These partnerships support them in delivering better results for the communities they engage with and help address the issues at a larger scale than what the direct interventions could achieve.

**d) Performance:** RF's ₹904 crore CSR expenditure during the year 2019, having touched 26 million lives across 18,000+ villages and 200+ urban locations since inception is worth applauding.

**Table - II: Impactful achievements of RIL**

Area	Impact (people/students/environment impacted)
Rural Transformation	Impacted 1.2 million livelihoods cultivated More than 40 hectares land
Sports	13.7 million children & youth
Health	Over 0.44 million health consultations 1,207 visually impaired
Education	16,000 students
Employment	1,94,056 Direct employment 50,00000 Indirect employment
Environment	73 billion Rainwater harvesting capacity created since inception. 2.1+ crore Saplings planted

RF Won award from the Ministry of Rural Housing and Information and Broad Casting, Government of Andhra Pradesh, on contribution made under CSR activities in the East Godavari District and vicinity areas of KG D6. • Won CSR Award 2018-19 'Ek Kaam Desh Ke Naam' for the initiative 'Women Empowerment through Skilling: Transforming human into human resource' and the 'Social Contributors' award among Top 50 Brands.

## **V. THE FINDINGS ARE COLLATED ON THE FOLLOWING ESSENTIAL 4P'S MODEL**

### **A. Purpose:**

- Having clearly defined purpose with vision and mission sets the foundation for CSR.
- Schedule VII of Companies Act 2013 has been the baseline for the researched companies.
- Most CSR initiatives are drawn out of the purpose of fulfilling stakeholders' well-being.
- Purpose is mainly derived out of the development challenges faced by the country.

### **B. Plan:**

- It was found that the companies match their CSR plans to ensure governance norms and management processes.
- Strategy to achieve goals is planned well in advance, in the beginning of the year.
- The whole operations are set with timelines, partners and budgets, implementation processes and provision to assess impact of the CSR activities.



- “Human life cycle” is a unique approach adopted by Tata Motors, thus a larger canvass can later be broken to simpler plans for CSR implementation.

#### C. Partners:

- Most large companies have entrusted their CSR interventions to their respective foundations.
- Engaging employees as volunteers for select CSR programs not only sensitises them to needs of the society but also adds manpower to implement the activities.
- Inclusion of state and local governments increases the CSR reach and at the same time these companies garner huge support from the governments.

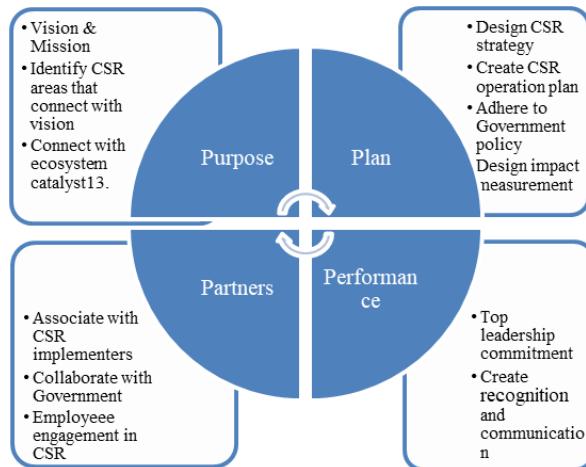
#### D. Performance:

The exemplary performance of Wipro, Tata Motors and RIL are fine examples of inspiration, propelled by top leadership's commitment towards CSR. Mentoring and monitoring are both key to performance. It was visible that the companies researched, had three vital tenets for performance, viz: institutionalising CSR vision, actual implementation and clear communication, all of which led to recognition and performance. Impact measurement is an important part of CSR to analyse thrust areas. The three companies' case study shows that they benchmark their business, one of the reasons they were chosen for this research on creating a community CSR Strategy Model. The recognition and rewards speak volumes on the CSR activities that have been measured and tracked by various bodies. They have used key performance indicators to measure the impact of CSR activities and they have been able to gather inferences and evaluate success or failures and have been found to progress for the better.

SROI or Social Return on Investment is a way to evaluate impact using statistical tool but understanding the fact that there are intangibles that cannot be measured monetarily, advisors and tools are used to provide distinctive measures using defined parameters. SROI tool helps arrive at right decisions, accordingly, formulate strategies and communicate impact. SROI analysis provides ratio of benefit to cost; viz: a ratio of 150:1 implies that for every Re 1 invested or spent, a social value of Rs 150 is created.

#### VI. BASIC PREMISE OF CSR STRATEGY MODEL

CSR Strategy Model is a strategy for inclusive development designed for progress of corporate social responsibility initiatives. It is a tool for strategizing the CSR approach. The model is meant to be implemented through collaborative efforts of individuals, corporates, communities, governmental and non-governmental organisations for health, education, vocational, social and various other services. The model gives a holistic perspective to CSR from ideation to implementation.



**Fig. 4. CSR Strategy Model**

#### VII. CONCLUSION

The paper intended to review strategies of reputed companies taking one year's performance in perspective. It was found that all the three companies had performed better than the previous years, considering reach and social investment. This could not have been possible without proper planning and arriving at strategies to out-perform. Several factors are involved in carrying out successful CSR projects which have been summed up in the 4Ps; viz: Purpose, Plan, Partners and Performance. The case studies of Wipro, Tata Motors and RIL justify the importance of 4Ps. Drawing from India's experience of CSR and noteworthy pointers of schedule VII of Companies Act 2013, organisations world over can emulate the CSR Strategy Model.

It was found that the companies gave huge importance to CSR with highest commitment from the leadership team which can be a precedent for many companies to follow. Good governance, ethical principles and ready for public scrutiny involving a transparent framework and reporting system expresses the values that the companies hold, which is a great eye-opener for industries to adopt a strong and firm foundation. With strategic CSR plan, CSR policy and CSR disclosures in place, these three companies speak of very high amount of dedication as change-makers.

CSR as you see in this research talks of synergies by bringing business, government and civil society together to address social challenges of the nation. To sum up, CSR strategy model is a blue-print for CSR planning that can be used by companies for their CSR contribution.

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## AUTHORS PROFILE



Dr Lakshmi Mohan, Professor with ITM Business School, Navi Mumbai is a professional with over 2 decades in teaching, training and heading institutions coupled with half a decade of corporate exposure. Dr Lakshmi is a Doctorate in Management; Postgraduate in Education Management and Human Resource Management and Masters in English Literature. She is a Core Committee Member of Higher Education Forum and Member of CII – Education Committee. She has been invited as Speaker at various forums and has a penchant for writing articles on leadership and management areas. Recently, Dr Lakshmi Mohan was invited to be an External Member on the Board of Internal Committee of Ultra Tech Cement Ltd. (Aditya Birla Group) as per provisions of The Sexual Harassment of Women a Workplace (Prevention, Prohibition and Redressal) Act, 2013. Dr Lakshmi is a recipient of the "Apeejay Karmaveer Chakra" in 2014 for inspiring youth to contribute towards society. She was an awardee for "Woman Achiever" from NSA and Higher Education Forum bestowed on her the "Best Emerging Director" Award in 2015. In 2017, Fine Arts Society bestowed FAS Stree Ratna Award which was presented by Dr Rajashree Birla to Dr Lakshmi in recognition of her illustrious contribution and achievement in the field of Education and on 8<sup>th</sup> March 2018 on the occasion of National Women's Day Awards, National Foundation For Entrepreneurship Development (NFED) conferred the "Outstanding Woman Professional Award" to Dr Lakshmi Mohan.