Corporate social responsibility activities in services sector

CSR or Corporate Social Responsibility denotes how organizations manage business processes to have an overall positive impact on the society. There is much debate on whether CSR is used as a cloak to hide ulterior motives of the organization or do organizations genuinely care about creating a positive impact on their external environment. The organizations, on their part, maintain that they undertake CSR activities to fulfill their role of good corporate citizens. They believe this can be achieved by discharging their responsibilities through conducting philanthropic activities around their operational sites. Their largesse, however, props up two important questions –

Whether the companies undertake CSR initiatives because they want to be good, responsible corporate citizens or because they want to be perceived as responsible citizens,

How much of their CSR activities are actually exercises in image building, increasing brand value or simply diverting attention from the fact that their core business activities are sucking into the environmental resources and dumping back toxic and potentially lethal waste?

For some companies, the driving factor toward organizing CSR activities is complying with the legislations. Some claim that it's the guiding principals of their founding fathers that compel them to engage in CSR. Whatever be the case, there can be no denying the fact that CSR actions, however voluntary, are mostly driven by business needs. Those needs may manifest themselves in the form of obtaining social licenses to perform business, mitigating

reputational risk, or driving their sales on the basis of their ' responsible image'.

Ideally, the CSR model should be one involving the concerns of all stakeholders- employee workplace issues, customer expectations and aspirations, supplier issues, environmental issues, etc. Most companies, however, have limited the idea of CSR to engaging with the community. The programs dealing with other stakeholders are mostly limited to legal compliance. Voluntary or proactive action in this regard is seldom witnessed.

Also, CSR initiatives by the companies may not be viewed favorably by its shareholders. Using shareholder's money to engage in charity may prop up ethical questions of its own. Hence, it may turn out to be a double edged sword for companies.

Under such a scenario, today's organizations have to develop and implement strategies to carve out a meaningful presence as a good corporate citizen, else they risk eroding their brand value, losing out to competition and ultimately suffering losses.

Details of the project

This research project aims to study and dissect these issues from all the company's, shareholder's, customer's and the society's perspective. There will be special focus on the service sector, which is the fastest growing sector in most economies and is much more sensitive and flexible than products.

On many occasions, the service sector encounters a lot of difficulty in advertising or branding, possibly because of the high costs involved. For

many of these companies, CSR activities present an opportunity to build a positive image of them, project themselves as socially responsible organizations while simultaneously, albeit indirectly, creating brand awareness. It is not an uncommon site to see heavy branding done and media noise created while these CSR events are conducted. Even for companies that do regularly advertise, CSR turns out to be an excellent initiative in building a positive image around their brand.

Objective of the Project:

To understand how CSR plays a strategic role in the development of an organization.

To understand real motives behind organizations' CSR initiatives.

To examine how CSR is used as a marketing tool and in building the brand image for some organizations

The project will mainly involve Desk research, finding out the companies' perspective through their web portals and journals, studying the actual impact of their CSR activities and analyzing many impartial social commentators' views and opinions on CSR and the services companies' initiatives. Secondary research data will be used to fulfill the project objectives.

MAIN TEXT

The notion that organizations have a responsibility towards the greater social environment which they operate in, including the manpower that produces the good or service and the end consumer, is as old as the early 1920s. Early

British industrialists like Lord Lever took a paternalistic view of capitalism. Lever built an entire town for the employees of his Lever Brothers factory, encouraging them to walk to work and engage in a kind of early profit-sharing plan. He named it Port Sunlight, after the Sunlight Soap brand that was so integral to the accumulation of his fortune. Similar " company towns" became a hallmark of industry across the Atlantic as well, with Carnegie, Mellon and other captains of industry adding their own American twists to the model.

As the industry evolved over the century, unethical practices by organizations like unsafe manufacturing, child labor, tainted food started making headlines and consequently ushered in a wave of government regulations. Today though, many organizations have willingly adopted holistic strategies that benefit the world around them, including their own brands.

It is increasingly becoming apparent that CSR is no longer isolated from brand identity. It is not a separate cost of doing business and is even looked upon as a brand investment by some. While a few organizations indulge in CSR with genuinely philanthropic intentions, many have started viewing it as a legitimate brand building exercise and have carved out specific strategies to use CSR for enhancing their brand's established identity and growing their own brand value.

Either way, CSR has now ceased to be a choice with almost all major organizations, especially the service organizations, investing huge sums of money toward CSR activities with biggest examples being IBM, Microsoft

together having more than 4 billion $ invested in CSR activities across the globe.

CSR in Services

Compared with other industries, service industry's corporate social responsibility has its own characteristics.

Human resource of the service industry

Service industry afford a lot of people's employment, this is the biggest contribution of service industry's growth . A part of the employment increase is the absorption of additional labor force, but the most main part is the absorption of surplus-labor which moves from other economic sectors. The reason for this phenomenon is from the two aspects:

Many sectors of service industry are labor-intensive, as an inevitable increase in demand for services stimulating growth in the supply of products, in order to expand the scale of service-sector employment.

As a result of the social productivity's enhancement and service industry's own rapid development, the labor force transfer to service industry vastly, thus, to provide more equal employment opportunities for the community and provide more services and handle the relationships with staffs and community well have become the service industry's most important social responsibility.

Characteristics of service industry's products

Service industry contacts with consumers directly, products provided by service industry is invisible, this product cannot be delivered and stored in

advance, moreover the time of service must be short enough to the customer's demand, and the quality of service must be conform to consumer's judgment standard, can maintain and promote customer's satisfaction. As a result, credit management; provide consumers with standardized, reliable quality and safe services are particularly important responsibilities of the service industry.

Service industry's function of new technology

Service industry is a major user of new technology; enterprises and individuals have provided the substantial return to new technical inventor and play an important role on development of new technologies. Service industry guides the direction of new technologies' development, generates new demands from the existing technological research and development. Services industry is the main spreader of new technology, particularly those engaged in technical services and support services. Service industry promoted mutual communications and interactions between the many technologies, for example, transportation and warehousing industry fuse transportation, warehousing management and information technology fields directly. Thus, coordinate with the manufacturing industry, use and promote the environmental protection technology and product positively, establish the perfect environmental protection system, improve the environmental protection work continually, avoid environmental risks positively, are the primary responsibilities of service industry in the environmental protection aspect

Stakeholder expectations v/s evolving business

It is no longer descriptively rich enough to speak of " corporate social responsibility." In the ever changing CSR paradigm, we see that how a corporation interacts at every level is an essential and integral part of its identity.

A broader definition of CSR, then, would be the company's positive contribution to society based on the way it treats the core elements of its business-which are the six fields of play:

Employees

Customers

Suppliers

The communities in which it operates

The governments that influence its operations;

The planet it relies on for its existence

What is really emerging here is a holistic view of the organization as a global citizen; as a vital member of communities whose actions affect and are impacted by all it touches.

The six fields of play depict the various stakeholders and highlight the fact that CSR should be used to fulfill their expectations. But in today's business scenario, CSR's role doesn't end at fulfilling stakeholder expectations. CSR

has become a key strategic tool for organizations to achieve their ends while simultaneously avoiding pitfalls in an evolving business environment.

With the recession squeezing earnings, organizations need every advantage they can get. Brand has become even more important in separating the winners from the losers in a marketplace where corporate reputations have been battered by scandal and bruised by recession. Transparency is now an essential for any company seeking an edge. In this environment, effective CSR initiatives, well told, can help significantly bolster stakeholder trust and boost bottom lines.

CSR can also help mitigate risk. There is always the question of guilt by association and if there are elements in the organization's supply chain that are not safe to do business with, public perception of the organization, the brand and the actual product take a hit.

There is tremendous potential upside to initiating positive social responsibility programs. With a return to increased government regulation a real possibility, and the public's awareness of corporations' environmental impact peaking, sustainability measures will help cut business costs and demonstrating willingness to self-police may forestall more aggressive regulation.

Also, CSR helps corporations follow that age old adage, better to prepare and prevent than repair and repent. The most recent example is that of British Petroleum. In the wake of the spill in the Gulf of Mexico, their entire brand is tainted, their market position eroded and at risk of further deterioration, and

their profits in peril. It is worth underlining that the cost of rectifying problems after they've exploded is far greater than the price of prevention.

Difference between Charity and CSR

There is a general propensity to confuse charity with Corporate Social Responsibility. There is a clear distinction between the two. While charity may imply donating money, time, effort or any other kind of selfless giving to help the needy, CSR's function is seen as part of a much wider domain. Companies aim to align their values with their CSR activities and whether the activities are people or planet centric, there is seldom any selflessness involved on part of the organizations. They look to derive long term benefits from CSR activities and many of them find a strong business case for CSR. The long term benefits, CSR proponents argue, cannot be derived from checkbook charity. Many organizations like TATA, WIPRO, and INFOSYS have set up dedicated CSR wings and they now form an integral part of their strategic planning.

A social commentator came up with the term " educated rupee", which means going beyond the superficial checkbook charity and attempting to reach out to the intended beneficiaries, making sure the allocated funds reach those beneficiaries and also ensure that the positive difference in the lives or environment of the beneficiary is permanent and sustainable. Many organizations have endeavored to do this, i. e., not just donate their money but their educated rupee, aiming to make a visible, sustainable difference in the society.

Building Brand equity through CSR initiatives

The use of CSR as a valid marketing tool looks to be on the rise. Organizations are now looking at Corporate societal marketing, which includes any or all marketing initiatives that use the company's resources and the objective highlighted is non-profit in nature. Whether the non-profitability of the objective is in both letter and spirit, is another matter altogether.

Organizations are growing to realize that the society and individual's perception about the company goes a long way in building or damaging its brand equity. Customers, both current and prospective, are bound to have a positive image of organizations that associate themselves with relevant social causes, and the prospective ones might even be willing to switch brands.

Corporate societal marketing can be used to satisfy different objectives including an enhanced corporate image, building an emotional bond with customers, increasing the employee morale and creating that all important point of differentiation with respect to their competitors. Also, it creates tremendous goodwill in the customer's mind which might be helpful if the company were to face a time of crisis. These and other sundry benefits can be accrued through detailed CSR programs which help in building, shaping and sustaining brand equity.

A strong brand image is one of the most important steps towards building brand equity. This is where the concept of customer based brand equity

comes in. CBBE, as defined by Keller, is defined as the " differential effect that brand knowledge has on customer response to marketing activity".

Above is the customer based brand equity (CBBE) model. At a very basic level, this model explains that the strength of a brand lies in what feelings the customers have developed about the brand over time, through their exposure to the brand or the brand elements through communication messages. Brand equity in short, is what is established inside the customer's mind about the brand. Marketers try and expose the customers to the appropriate experiences with their product and services through their marketing programs with the hope that the desired positive responses become associated with the brand.

CSR initiatives help building brand equity through varied ways. One of the more important ways is through building brand awareness. Brand awareness generally implies the level of brand recall and brand recognition. At a deeper level though, brand awareness is more about associating the brand elements with certain parts of the memory. This is what's exhibited through the customer's brand recall and brand recognition. Brand Recognition is the extent to which a brand is recognized for stated brand attributes or communications and brand recall is the extent to which a brand name is recalled as a member of a brand, product or service. CSR initiatives can be a good way to increase the brand recognition, if not the brand recall, since the latter's more difficult to occur because of the inherent nature of CSR programs. On the other hand, repeated exposure to the brand can occur through CSR programs, which can go a long way in increasing brand

recognition. Hence, CSR programs help in increasing brand awareness through increased recognition but not necessarily brand recall.

Subsequent to brand awareness comes enhancing the brand image. For many customers, the meaning or the image of the brand is a big factor in making the final purchase decision. Creating brand meaning and characteristic, establishing what it stands for are what constitute building a brand image. In the process of building a brand image, many association and linkages, functional or image related become attached to the brand, which creates favorable brand associations. CSR programs helps in building such favorable brand responses mainly through image related associations, especially in terms of user profiles and brand personality and values.

The company's CSR program may eventually lead prospective customers to form positive images of the existing brand users, and this might be a status to which they themselves might aspire, like in terms of being socially responsible or being a good citizen.

Not unlike people, brands also acquire character traits and values, not least of which is sincerity. CSR programs shore up this exact character trait for a brand, in a way that the customer's perception of the brand becomes one of caring and authenticity.

CSR programs can evoke a variety of judgments from customers. These judgments may arise from a variety of issues , like the credibility of the organization in question. Brand credibility denotes the level to which the brand is rated in terms of its expertise, trustworthiness and likability. CSR initiatives can impact all three factors in a positive manner, since an

organization willing to invest in CSR initiatives may be viewed as more

caring, dependable, and likable for doing the correct things.

If the cause bears some relation to the line of business for

the firm or the nature of its products, the firm may seem

more well-rounded and thus more expert. For example, a

recent campaign by Procter & Gamble (P&G) linked two of

its brands (Always and Tampax) to women's health issues.

Specific associations may have resulted in terms of P&G as

the brand that cares about women's issues. In that sense,

CSM could help consumers link P&G and its specific

brands (Always and Tampax) to women's health. Moreover,

consumers might transfer some of the positive feelings they

have in regard to the importance of women's health issues

to their attitude about P&G as a corporation or to the specific brands. Analogous to the Liz Claiborne example, consumers may believe that P&G is a caring company that supports good causes. Furthermore, true credibility could be

enhanced for the P&G brands if more direct effects are

observed.

The expertise of P&G could be enhanced if consumers

perceive synergies between P&G's support of health-related

research and the firm's ability to develop innovative new

products. Of the dimensions mentioned previously, likability or positive "

halo" effects are probably the most likely to

be transferred from CSM programs. Yet firms should not

underestimate the ability of CSM programs to build both

trustworthiness and expertise. In general, CSM programs

may be especially good at creating credibility because the

nonprofit organization may be perceived as unbiased and as

a highly credible source. This may affect how firms communicate their

involvement with the CSM program.

INDUSTRY EXAMPLES OF CSR ACTIVITIES

WIPRO

Wipro Cares is an initiative by the Wiproites, their family members and

friends to contribute in the areas of education, community and social

development. Wipro Cares philosophy is to utilize the collective wisdom of

volunteers to bring long term benefits and satisfaction to the community, as

they believe that providing funds alone will not help the community. This is a

unique corporate experiment to channelize the contributions of the Wiproites matched by Wipro, and the desires of Wiproites to make meaningful contributions to society, on a continuous basis.

Wipro Cares contributes through two pronged strategy: providing rehabilitation to survivors of natural calamities and enhancing learning abilities of children from the under privileged sections of the society

Leaning enhancement: Wipro Cares has initiated Learning Enhancement Programs at schools catering to the children from the under privileged section of the society. The main objectives of this program is to improve the standards of learning, build confidence, ignite curiosity, broaden their awareness levels, improve their communication skills in English, build a healthy self-esteem and help them break through self imposed limits to achieve his/her greatest potential. In line with its focus, these programs have been successfully implemented in Olcott Memorial School in Besantnagar, Chennai and Government Secondary School in Viveknagar, Bangalore.

The Olcott Memorial School in Besantnagar: Chennai is a 110 years old Tamil medium school run by the theological Society. Wipro Cares volunteers work with the students of classes 4 and 5 (total strength -120 children), for about two hours on the 1st and 3rd Saturdays of every month. The Government Secondary School in Viveknagar, Bangalore in run in three different languages-Tamil, Telegu and Kannada. Volunteers who are comfortable in communicating in one of these languages take up the responsibility of each class where they devote 2 hours every Saturday. The volunteers work with

children from class 2 onwards. There is a plan to further implement this program in several other cities.

Wipro Cares volunteers devote 2 hours every Saturday with the ultimate desire to make learning fun for these children. Once the volunteer builds a good rapport with a group of three-four children, he or she would work on the holistic development of these children – to instill confidence among them, to build communication skills, encourage their creativity and thinking ability.

Makkala Jagriti – Wipro Cares Learning Centre: A Learning Center focused on providing enriching, exciting, safe and secure environment to children from under privileged sections of the society was inaugurated by Makkala Jagriti, and Wipro Cares in Bangalore. Makkala Jagriti is an NGO, whose focus is to work with underprivileged children in the area of education. The Learning Centre will also provide opportunities for contributing to the community to Wipro employees, their friends and families. They can get involved by interacting, involving, teaching & learning in mutually enriching way to reach quality-learning environment to the economically disadvantaged children in an integrated manner through the Learning Centre.

Summer Camp for Children : The idea of interacting with the children of the school using creative and innovative ways such as arts, crafts and other fun activities appealed to the Wipro Cares volunteers. It had two fold objectives: First, to stay in touch with the children that they were involved with during the summer break. Second, to make the summer holidays enjoyable for these children, who would otherwise have to spend time playing with mud

and sand outside their homes, when their parents go to work. The activities also brought forth the hidden talents of these children (and the volunteers) be it story telling with hand puppets, painting or clay modeling.

A group of volunteers take on the additional responsibility of organizing the camp, with the support of the administration. They plan out different activities every Saturday. The summer camps also helped these children develop their skills, confidence and motivation to succeed not just in classrooms but in life.

Providing Basic Infrastructure at the School

For a child to come regularly to the school and stay interested in school activities, it is necessary hat the school is equipped with proper infrastructure. Moreover, research has shown that lack of toilets facilities for girls is the main reason for the high drop out rates among students. In the Government School in Veveknagar, Bangalore-India, Wipro Cares has constructed toilet blocks to cater to the student population. Along with that, we have provided a gate, which will ensure that the kids will not run out of the school to the roads, which may be dangerous. These are small but thoughtful contributions from Wipro Cares.

Disaster

Wipro Cares has adopted Pushpavanam village in tsunami-ravaged belt of Tamil Nadu with a desire to rehabilitate survivors and rebuild the village. Their partner in this effort is BITsunami, a trust formed by the alumni of BITS, Pilani.

Pushpavanam, about an hour's drive from Nagapattinam, has around 1200 house holds with a population of about 6000. It lost 19 people to the tsunami which washed away 200 houses; 500 families lost their livelihood and another 250 families were affected indirectly; 35 boats supporting around 200 families, an important means of livelihood were lost or damaged and almost all cultivable land (about 100 acres) was left barren, leaving both cultivators and the agricultural laborers without a means of livelihood.

In Orissa and Gujarat

The damage caused by calamities was huge; thousands of lives were lost, lakhs rendered homeless, land owners suffered incalculable losses. The calamity affected people had to begin from scratch.

Wipro Cares' contribution in both these states, which were hit by two calamities of hither-to-unseen dimensions, (Cyclone in Orissa in 1999 and earthquake in Gujarat in 2001) is unique. After mobilizing funds from Wiproites which was matched by Wipro, Wipro Cares set up a team to evaluate the damage during both these calamities. The rehabilitation work was done after detailed discussions with the survivors and analyzing their needs.

IDEA CELLULAR:

The Company is a responsible corporate citizen, and strives to give back to the community it operates in. The Corporate Social initiatives, which the Company has identified and implemented are as under:

IIM Ahmedabad – Idea Telecom Centre of Excellence

The Company has entered into a tripartite agreement with the Indian Institute of Management, Ahmedabad (" IIMA") and the Department of Telecommunications (" DoT"), to set-up a Telecom Centre of Excellence at the campus of IIMA known as " IIMA Idea Telecom Center of Excellence" (IITCOE). This Centre of Excellence focuses on the areas of telecom policies, governance, regulation and management, especially marketing and customer care.

IITCOE will identify and capture best practices across countries; will enhance human capital through training and teaching programs for policy makers, regulators and the industry; will bring fresh insights from other countries in telecom and in related sectors, and will find solutions to India's specific situation, especially in the development of rural telephony.

Pocket PCO project:

Idea Cellular, along with International Finance Corporation (IFC), a member of The World Bank Group, has taken an initiative for designing and implementing a " Pocket PCO" program in India.

Idea Pocket PCO is easy to use mobile phone that comes with a special Idea SIM having PCO software embedded in it. The device can be used by the individual as a mobile phone for personal use and as a PCO for business opportunity. The project will help

rural micro-entrepreneurs to create pocket Public Call Offices (PCOs) in India's under-served areas. The focus is to provide access to telephony

services in rural communities, while creating income generating opportunities. The company is committed to help people to improve their lives by providing high quality access to telecommunications.

FICCI-Aditya Birla CSR Centre for Excellence

For the purposes of creating greater awareness and promoting Corporate Social Responsibility (" CSR"), as a part of the corporate mission and values, the Federation of Indian Chambers of Commerce and Industry (' FICCI'), the company and other group companies of the Aditya Birla Group, viz., Hindalco Industries Limited, Grasim Industries Limited, Aditya Birla Nuvo Limited and Essel Mining and Industries Limited have set-up a CSR Centre called as ' FICCI-Aditya Birla CSR Centre for Excellence'. The object of setting-up the Centre, amongst others, is to create and develop the culture and concept of CSR among corporates, businesses, industries, organizations as well as other institutions, which benefit employees, their families and the society at large through welfare and training programs.

BHARTI AIRTEL

Reduce Paper usage:

Due to technological innovations such as e-bills and electronic recharging, Bharti Airtel customers are given a chance to help save the environment. This has led to the major achievement of paper savings of approximately 32, 500 sq meter every month. This leads to the saving of 96 trees every year. In addition, as per calculations during 2005-06, and is continuously improving since then. Approximately 49, 000 sq meter in plastic is saved monthly as the reduced usage of paper coupons and bills.

Sharing Infrastructure:

Bharti Airtel promotes and believes in sharing of infrastructure (passive) with other telecom operators. This ensures that they can continue to serve their customers while utilizing minimum resources. This is of great help in nation like ours where we have a huge burden on our natural resources

At present, Airtel shares around a quarter of their mobile cell sites across the country, with other service providers.

They have extended their approach of sharing even for the rural areas, where it makes lesser business sense for operators to roll out. Airtel's efforts have been well acknowledged by the regulator and the government, who have initiated efforts for shared rural roll out.

Reducing Fuel Consumption due to travel:

Bharti, having grown to be a large company on many counts, faces the key issue of operations coordination. While one would usually coordinate with others through face-to-face meetings, Bharti has institutionalized the habit of using videoconferencing and intranet facilities to interact. This significantly reduces the need for transport and thereby fuel consumption, it saves on time and generally creates a much more efficient working atmosphere. Bharti's earnings calls, i. e. sharing the results with our stakeholders, also happen via audio-bridge. This enables investors and analysts world-wide to link in to the call and raise queries. Bharti does not stop at providing these facilities for internal use though. By offering its services, Bharti enables people across the country to follow the same path and cut down on

transport. This is not only convenient; it also saves tremendous fossil fuel consumption.

Green-Shelters: Another key initiative has been the deployment of environmental friendly green-shelters at around 7, 000 sites. These green-shelters use high insulation material and Passive Cooling techniques like PCM, a thermal salt, for indoor Base Transceiver Stations (BTS). Due to its high freezing point, PCM provides cooling for 4 to 5 hours without any Air conditioning, thus negating any need of