

A Case Study on the Vigor of Corporates to Improve Effectiveness in Social Sphere (An Indian Perspective)

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— *Review of* —
**Integrative
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ABSTRACT

The Present Management Case revolves around the evaluation of the CSR initiatives of “*Umang-Education*” (which is a scholarship program offered by an IT Company for underprivileged students to pursue professional Courses). The case presents the existing practices and process. The Case Problem comprises Gap Assessment and Impact Assessment for “*Umang-Education*” as well as recommendations based on this impact assessment. The purpose of the comprehensive case is to assess the short and long-term impacts of the CSR Initiative by the participating firm.

Keywords: Corporate Social Responsiveness, Effectiveness of Social Initiatives.

1. INTRODUCTION

The Kotharis were always clear about their approach towards Corporate Social Responsibility (CSR) at *Panache* (a leading IT company). *Panache* believed in the policy of the Indian Government which states that “CSR is not merely for compliance; but it is a commitment to support initiatives that measurably improve the lives of underprivileged.” (Section 135 Corporate Social Responsibility Policy, Companies Act 2013).

Sitting in her office, having the rarest moment of tranquility, when Ms. Kothari, Managing Trustee, *Umang Charitable Trust*, started pondering over the thought of the measurability of the CSR initiatives @ *Panache*, she delved deep into how *Panache* initiated CSR, even before it was a mandate from the Government and how they manage it today. She focused on the challenges faced by *Panache* while undertaking scholarship project for deprived students under “*Umang-Education*”.

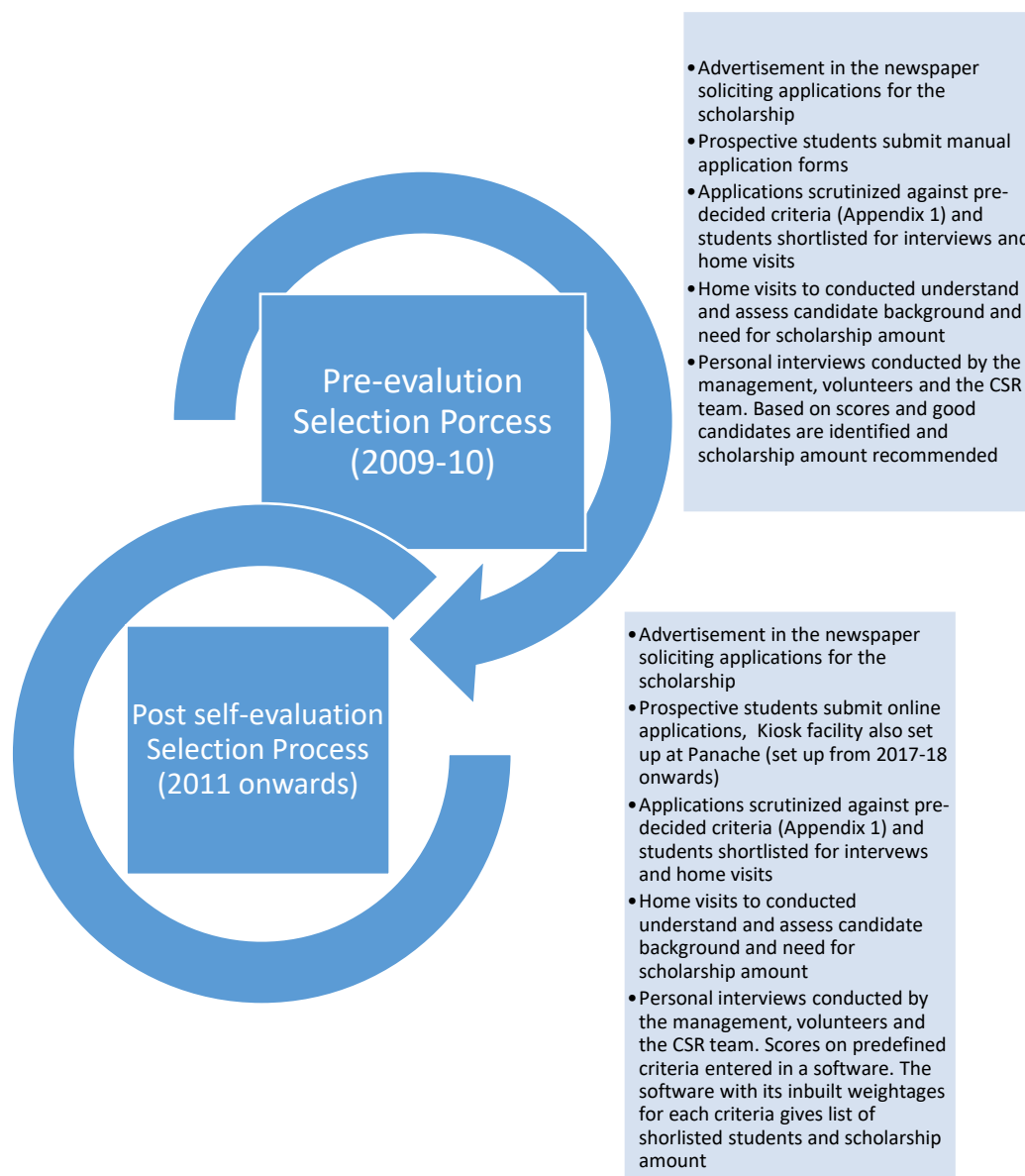
2. CSR AT PANACHE:

2.1. Profile:

The company established *Umang Charitable Trust* in October 2003, which runs programs for rural development, community development, social welfare, and green projects. In July 2009, *Panache* set up the *Umang-Education* to facilitate higher education for deprived students through scholarship programs, educational counselling and mentoring. *Umang-Education* grants scholarship to students who want to pursue professional courses in Engineering (B.E. and Diploma), BCA, BBA, Architecture, Medicine, Pharmacy, Dentistry, Homeopathy and Physiotherapy.

Panache has a CSR department with 6 full time employees. These employees are either qualified or experienced in social work. Each employee is primarily associated with one activity and supports in other CSR activities, as per the need.

2.2. Development of Processes for *Umang-Education*



The first scholarship program was initiated in the year 2010-11. In the first year, the scholarships were available to students post their 10th Standard. Team-CSR along with volunteers (*Panache* employees) has conduct interviews and home visits to select suitable candidates for scholarships. Initially the selection process entailed individual discretion during the home visit and interview process resulting in skewed decisions. After self -evaluation of the selection process, team-CSR decided to a more structured approach using specific criteria and weightages to create a more objective process.

3. THE CHALLENGES

The major challenges faced by Ms. Kothari and Team-CSR:

- Measuring the impact of *Umang-Education* scholarship program on the quality of life of candidates.
- Making the selection process completely objective.
- Strengthening the review process (scholarship process cycle) for more rigor and accountability.
- Motivating employees to continuously mentor the selected students.
- Evaluating the employability of scholars after course completion.

4. EXTERNAL INTERVENTION FOR FAIR EVALUATION

A self-reflection by the CSR team led to the consideration of external research consultants to understand the effectiveness of their *Umang-Education: Scholarship Project*. The CSR team wanted to work with an academic institution with a corporate orientation and a strong sensitization towards CSR. They wanted an institution that would be able to handle the wide scope of the project in terms of impact evaluation. Also the institution should be capable of using and developing comprehensive theoretical models for evaluation of the scholarship project.

“Edunet” Consultancy, one such consulting firm, approached *Panache*. *Edunet* is a subsidiary of an academic institution primarily providing Management education to Post Graduate students. *Edunet* had faculty and students that jointly carried out research and consultancy projects regularly with corporates. Their faculty had the expertise to deal with theories and models of evaluation. Also *Edunet* is an active signatory member of Principle of Responsible Management Education (PRME), a UN initiative. As part of PRME they created awareness amongst students to be responsible towards community because of this they had students with community orientation and inclination to serve the society. This is how *Edunet* fulfilled the consultancy requirements of *Panache*.

5. THE BEGINNING

In a discussion with the consultants, Team CSR gave background of the ideology of the CSR initiatives at *Panache*. Team-CSR mentioned that the Kotharis were first generation entrepreneurs. They had a humble beginning. Mr. Mahesh Kothari, Founder, CEO & Managing Director started *Panache* in 1995. The company began its operations in development of innovative productivity tools for the world market. Later, the company diversified from product development to providing offshore software development services to the IT industry in the US. The company has grown exponentially over the years and in the past decade their annual growth rate is over 70%. While this phenomenal growth took *Panache* to greater heights, the core values of giving back to the community remained unchanged.

Their community service ideology was further reinforced on account of their association with global clients. The influence of western work culture is evident at *Panache*. They

shared professional relations with clients with philanthropic ideology. With this background, *Panache* leadership took the first step in philanthropy in 2003 with *Umang Foundation* and later with *Umang-Education* from year 2009 onwards.

Edunet gained insight into the philanthropic ideology of *Panache* after interacting with team CSR.

6. EXPECTATIONS FROM Edunet CONSULTANTS

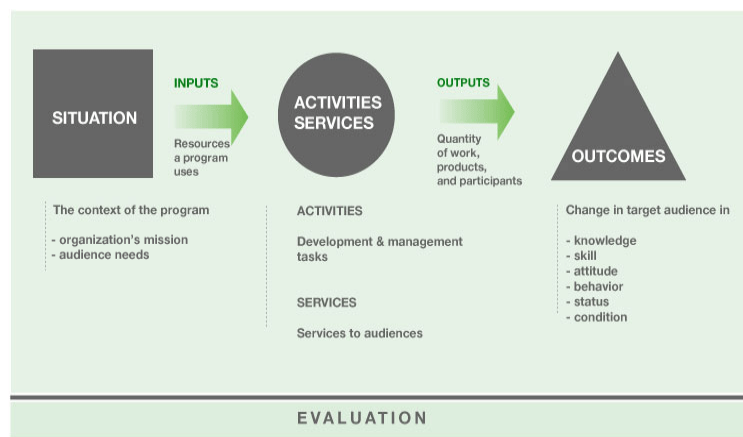
Explicit clarity was provided to Edunet by *Panache* with regards to the following expectations

- Identify the gaps between process design and process implementation
- Gauge the impact and effectiveness of the scholarship project
- Measure the outcomes in terms employability of the scholars

7. THE WAY FORWARD

Based on the scope of the work consultants identified some models like CIPP (Context/Input/Process/Product) model, UCLA evaluation model, Logic Model, etc. those were relevant. After due diligence the consultants identified the Logic Model as a perspective of choice.

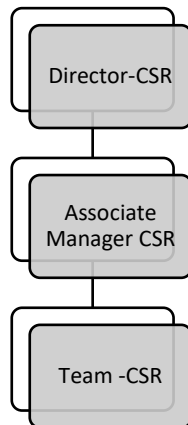
8. THE MODEL IS AS UNDER



Case Problem: The challenge in front of the consultants was to apply Logic Model to the existing *Panache* CSR project to ultimately achieve the outcomes of Gap and Impact Analysis.

Appendix 1. (Internal Documents of the Charitable Trust)

- 1. Vision:** Panache through its corporate social responsibility initiatives, aims at bridging disparities through sustainable community development. This aspiration includes the holistic development of the underprivileged section of society to provide equal opportunity to all. Panache is committed to look at social responsibility beyond compliance while making social thinking a DNA of its existence. Leadership team and employees' participation will be an integral part of Panach CSR.
- 2. Core Values:** To have a clean and ethical mechanism of work to benefit the beneficiaries with energy, enthusiasm, Perseverance, Inclusiveness, Transparency, participation, non-dependence and self-reliance in a process oriented, and data driven manner.
- 3. Execution:** Corpus for carrying out the aforesaid activities is funded by the Company. This includes: 2% of the average Net Profit made by the Company during the three immediately preceding financial years as per Section 135 of the Companies Act, 2013, along with the Companies (Corporate Social Responsibility Policy) Rules, 2014. Any income arising therefrom. The profits generated therefrom, if any, shall not be treated as profits of the Company. The Company shall undertake CSR activities to the best possible manner and execute all activities in conjunction with this policy and provisions of the applicable statutes. However, in the event the Company shall not be in a position to execute such activities as guided by the CSR Committee, the same shall be executed through its registered Trusts.
- 4. Structure of CSR Department**



5. Criteria for applying for Scholarship (graduate students):

- The applicant must score a minimum of 60 % in class X and class XII exams in the valid academic year.
- The total family income of the applicant should not exceed Rs.3 lakh per annum.
- The student must have secured admission in a government or a private college on the basis of merit and not through capitation/donation.

6. Criteria for Selection for shortlisting

- 10th Marks
- Diploma/12th Marks
- Annual Income
- Course applied
- Got admission in college
- Student is working
- Financial planning for fees
- Parents Hospital Expenses
- Interview Rating
- Home visit Ratings

7. For renewal of Scholarship

- The scholarship will be renewed on a yearly basis only

- The scholarship will be discontinued if the student has any ATKT or backlog or YD in any subject during the academic year
- Scholarship will be continued for next year after clearing all the backlogs in either revaluation or in next attempt
- In case of failure to submit any documents as requested above, the scholarship will not be renewed

8. Documents for renewal of Scholarship

1. Fees paid receipt for the previous year
2. Results of both the semester for the previous year
3. Fee structure for the current year
4. Fee paid receipt (if paid) for the current year

Appendix 2 (Companies Act, 2013 -India)

In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more.

The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval.

The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act.

The draft rules (as of September 2013) provide a number of clarifications and while these are awaiting public comment before notification, some the highlights are as follows:

- Surplus arising out of CSR activities will have to be reinvested into CSR initiatives, and this will be over and above the 2% figure

- The company can implement its CSR activities through the following methods:
Directly on its own; Through its own non-profit foundation set- up so as to facilitate this initiative
- Through independently registered non-profit organisations that have a record of at least three years in similar such related activities
- Collaborating or pooling their resources with other companies
- Only CSR activities undertaken in India will be taken into consideration
- Activities meant exclusively for employees and their families will not qualify

A format for the board report on CSR has been provided which includes amongst others, activity-wise, reasons for spends under 2% of the average net profits of the previous three years and a responsibility statement that the CSR policy, implementation and monitoring process is in compliance with the CSR objectives, in letter and in spirit. This has to be signed by either the CEO, or the MD or a director of the company.

REFERENCES

- [1] Barbara von Halle, Larry Goldberg, 2010; *The Decision Model: A Business Logic Framework Linking Business and Technology*; CRC Press.
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