

Enhancing Business-Community Relations

Infosys Technologies Ltd Case Study

Infosys[®]

**by Aparna Mahajan¹
with Kate Ives²**

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Infosys Technologies Ltd: Social And Environmental Responsibilities

Research Project Background

This case study is one of ten that were chosen as part of the 'Enhancing Business-Community Relations' project in India implemented in collaboration with The Energy and Resources Institute (TERI). These cases document examples of engagement between businesses and communities and can be used as learning tools for the promotion of responsible business practice and sustainable development.

The Enhancing Business-Community Relations project is a joint international initiative between United Nations Volunteers (UNV) and the New Academy of Business. Implemented in seven developing countries, the purpose of the initiative was to collect and document information on business-community practices as perceived by all stakeholders, build partnerships with them and promote corporate social responsibility practices. It is also intended to enhance international understanding of business-community relations through information sharing and networking with other countries especially those participating in the project - Brazil, Ghana, India, Nigeria, Philippines, South Africa and Lebanon.

The findings and recommendations reflected in the case study are those of the author and do not necessarily reflect those of UNV, TERI or the New Academy of Business. It is important to note that these cases were written as examples of business-community initiatives. They do not constitute a comprehensive assessment of the company's social responsibility.

1. Introduction

This case study is about the social initiatives of India's leading IT company – Infosys Technologies Ltd. Infosys Ltd. established the Infosys Foundation in 1996, exclusively to oversee developmental activities and look into welfare issues of society at large. The communities that benefit from the activities of the foundation are not limited to the vicinity of the company location, but are located across various states. People in these communities are economically marginalized and disadvantaged.

The case study gives a holistic account of the specific efforts that have been made by the company and the Foundation. It identifies the philanthropic nature of Infosys' social initiatives and examines them from a wider perspective. In so doing, it reveals ways in which an IT company can contribute to society beyond charitable works and donations, through research and educational programmes, software development, contributing to civic amenities, encouraging employees and sustaining developmental efforts through an overall mission and vision. The final section, Key Issues, discusses the potential that partnerships with business hold as a mechanism for development and improved CSR practice.

2. Industry Background ³

The software industry is one of the fastest growing industries and highest earners of foreign exchange in the Indian economy. With help from the Indian Government including tax benefits and the development of infrastructure links, the software sector has grown over 56% annually since 1995. Software exports currently reach about 95 countries and account for 10.5% of India's total exports.⁴ There is, therefore, significant interaction on the global level between IT companies and other countries and companies, which might account for the lead Infosys has taken amongst its peers in the field of CSR.

3. Organisational Profile ⁵

Infosys Technologies Ltd. provides consulting and IT services to clients worldwide. Founded in 1981, the corporate headquarters are based in Bangalore, India. However, Infosys offices span the globe. Since incorporation, annual revenue has rapidly increased and it reached \$500 billion in 2002.

Unlike many other Indian IT companies, Infosys has concentrated on building applications and this has contributed to its global success. Infosys Technologies employs nearly 17,000 people worldwide, almost 10,000 of whom are software professionals. 116 new clients in the financial year (FY) 2002 added to the already prestigious list that includes Airbus, Cisco, Nordstrom and Boeing. Retail banking services account for around 4% of total revenue.

The company vision is to be the best globally, commercially and ethically. As such, Infosys has developed a C-Life principle of core values that it aims to honour in all aspects of its business conduct.

C-LIFE: The Core Values of Infosys

Customer Delight
Lead By Example
Integrity and Transparency
Fairness
Excellence

Source: www.infy.com

Infosys has also developed the PSPD Model (predictability, sustainability, profitability and de-risking) that ensures for high standards for all stakeholders. This has included the development of strong management systems to guarantee accountability at all times with procedures in place for grievances and such like.⁶ One example is the case of a much publicised sexual harassment claim, settled out of court, but that has resulted in the reviewing and improvement of staff training and awareness of this problem, and the introduction of a code of conduct for employees on acceptable behaviour.

The **Infosys Foundation** came into being with the objective of supporting the "underprivileged" in Indian society. The Foundation began its activities in Karnataka in 1996. Today, the activities have been extended to Tamil Nadu, Andhra Pradesh, Maharashtra, Orissa and Punjab. It is funded primarily by Infosys Technologies Ltd. Before 2001 the cumulative amount of the grant has been nearly INR 9.82 crores.

Since its establishment, the Foundation has implemented numerous projects in its chosen areas and its success is reflected in the wide acclaim it has received alongside that of the company itself. Awards given praise both corporate practice (management systems, treatment of employees and governance), and social philanthropy and corporate "citizenship." Cross-sectoral recognition such as this indicates that enhancing business-community relations does not have to be detrimental to the financial success of the company.

Recognition of corporate governance procedures has come from a wide variety of actors, including the Indian Department for Company Affairs, the London-based World Council for Corporate Governance and the Bombay Stock Exchange. Infosys was ranked first in the *Best Employers in India 2002* survey, conducted by Hewitt Associates for the second consecutive year, and was Asiamoney's "Best Managed Company of the Decade" 1991-2001. Moreover, Infosys' social contributions have been praised by Computer World magazine, and the Economic Times awarded Infosys a Corporate Citizenship Award in 2002.

4. Project History and Development⁷

Because Infosys assumes corporate responsibility at both company and foundation level, this section gives an overview of the work that both undertake. At company level this includes social, environmental and research initiatives, as well as a consideration of the company's focus on stakeholder value with a focus on employees. The foundation meanwhile, has donated to many health related projects, invested in infrastructure and contributed to the development of the rural poor and the preservation of Indian arts and culture.

4.1. At Company Level

Infosys Technologies Ltd. has undertaken initiatives covering approximately several different areas of corporate citizenship: social and environmental responsibility, research programmes and the development of their stakeholder growth programme.

4.1.1. Social Initiatives

Social initiatives have taken the form of projects, philanthropy and employment initiatives. "Community Services" is an example of **project** work. Initially taken up by Infosys during 1996-97, it relates specifically to IT education, and includes projects for school children, rural children and teacher training. 'Catch Them Young,' 'Rural Reach' and 'Train the Trainer' were among the initiatives undertaken. In 1998-99, Infosys donated 744 computers to 272 institutions across India for a new project, 'Computers@Classrooms', launched by Microsoft.

At company level, Infosys encourages its employees to participate in community development activities. The founders of the company and senior staff too, have made extensive **philanthropic donations** to educational institutions. Infosys has conceptualized some innovative ideas that has led to the government of India to bring out three different plans aimed at eradicating poverty through IT. This includes the introduction of IT education in the local area.

Infosys has also been instrumental in influencing the government both at the national and state levels to allocate higher budgetary grants for primary education and healthcare facilities.

Making contributions towards social causes and **calamities** has been another important area for the company. As a part of its initiatives in partnering with local administrations, Infosys has been giving monetary donations for civic amenities to cities such as Bangalore, Pune, Bhubaneswar and Mangalore. Employees have often served when natural calamities have struck the country. Infosys also donated Rs.55.45 lakh to the Infosys Foundation for Drought Relief Fund, of which Rs.40

lakhs was paid to CII Drought Relief Fund and the remaining to the NASSCOM drought relief fund. Infosys contributed Rs.150 lakhs towards the Gujarat Earthquake Relief Fund.

Infosys indirectly employs over 400 men and women from the **socially backward communities** at its various campuses. Apart from decent wages, Infosys also helps these families with housing, children's education, health and welfare. Employees have the flexibility to return home during the lunch hour – a social plus for women, as they are usually required to prepare lunch for their families. These men and women, in turn, contribute in no small measure towards keeping the campuses clean and in maintaining the landscape.

4.1.2. Environmental Initiatives

Infosys seeks to be an environmentally friendly company and where possible aims to recycle, to be energy efficient and non-polluting. Waste water is **recycled** and waste paper shredded and donated for recycling. The main building at the Infosys headquarters uses a minimal amount of air conditioning by including atriums and wind scoops to ensure natural air flow for cooling. The building's walls are made of **energy efficient** cement blocks, and windows and doors are built primarily with metal rather than wood. Electrical fittings (and reflective glass to enhance natural lighting) are energy efficient, and there is a move towards a paperless office. High-energy, efficient boilers, efficient diesel generators and amorphous core transformers have been installed to save power. Infosys conducts regular check ups for **emission levels** of all its vehicles. It provides company buses for employees, which reduces fuel consumption and pollution.

4.1.3. Research Initiatives

Infosys has promoted research and educational initiatives. During 2001, the number of fellowships instituted in the areas of Information Technology, Management and Law increased from 24 to 42. **Fellowship Programmes** have been introduced at a variety of learning institutions, including five Indian Institutes of Technology (IITs), the Indian Institute of Science (IISc), three Indian Institutes of Management (IIMs), the National Law School, Mysore University, the National Centre for Software Technology, Pune University and the Institute of Chartered Accountants of India.

4.1.4. Stakeholder Value⁸

The increased concern for stakeholders is represented in the initiatives described above, because they reveal a concern for society and the environment. Stakeholder dialogue through interactive communication techniques has helped in developing the company's corporate citizenship strategy. However, some civil society groups such as Kalpataru Research Foundation have spoken about the need for increased interaction between the company and communities.

Efforts are also being made to better incorporate employees into the stakeholder debate. Strategies have included the introduction of the Employee Stock Options Programme (ESOP), an investment of 8% of its revenue in staff training and the intranet as a means of conducting feedback surveys. Since long working hours are not uncommon, Infosys has also provided employees with health and fitness facilities. However, only 18% of Infosys employees are women and the company is not yet actively changing its recruitment procedures to address this imbalance. Furthermore, there are currently no facilities for mothers such as a crèche.

4.2. The Infosys Foundation

The Foundation primarily aims at improving the health, education and basic facilities of a large number of individuals and institutions. In a short space of time, the Foundation has successfully implemented projects focussing on the underprivileged in rural areas, healthcare for the poor and

learning and education. It also works towards social rehabilitation, rural upliftment and the promotion of Indian arts and culture.

The following are some examples of work undertaken by the Infosys Foundation between 1999 and 2001.

4.2.1. Healthcare for the Poor

Infosys has financed the construction of several hospital wards in Tamil Nadu and Karnataka, including a "dharamshala" or free ward, for cancer patients at the Kidwai Memorial institute of Oncology. A building with super speciality facilities has also been planned at Sassoon Hospital, Poona, for providing treatment to the underprivileged.

Ambulances, ventilators, ultrasound scanners, air conditioning equipment and a hearse are just examples of the equipment donated by the Infosys Foundation to district hospitals for the treatment of the poor. Internet facilities are now readily available at both the hospital and the college.

4.2.2. Education

Educational projects have included the construction and reconstruction of school buildings and facilities. This includes the construction of classrooms in tribal areas near Pune, Maharashtra, and a hall for orphans at Shedgeri, Karwar district, Karnataka, at a cost of Rs.1.70 lakhs. The Foundation also undertook construction of a hostel for the Nehru Sevs Sangh's school for the blind at Banpur in Orissa.

The Shalegonda Granthalaya program had been extremely successful since it was started in 1997-98. Under this program, in Karnataka alone, more than 5000 sets of books have been donated to libraries of Kannada medium schools in rural areas. Each set ranges from between 200 to 2000 books, depending on the number of students in the school.

A number of scholarships were awarded to children from economically backward families to attend the Vidyananda Gurukula school.

4.2.3. Promoting Indian Arts and Culture

Kumaravyasa Gamaka cassettes were distributed along with tape recorders to various communities in Karnataka to promote Indian ancient music at a project cost of Rs.0.55 lakhs.

A puppet show was conducted in January, 2000, to help promote and preserve this dying art. Besides this, the Foundation was also involved in promoting the art of Gamaka. Kavya Pushpanjali. A gamaka contest was conducted by the Gamaka Kala Parishad at the Gayana Samaja in Bangalore in association with the Foundation. The Foundation also helped Dr. Kota Shivaram Karanth Memorial trust to promote Kannada literature.

The Foundation strongly advocates preserving arts and culture activities of India. A North Karnataka folklore festival, featuring distinguished artists was organized. Yoga, Art of Living a Healthy Life, is being promoted by the Foundation. The Foundation also adopted guilds that are engaged in handicrafts, for one year.

4.2.4. Rural Poor

Three orphanages and a hostel for the homeless have been constructed across Pune and Orissa. They provided shelter for many of those made homeless by the cyclone in Orissa.

The Foundation has worked hard to rehabilitate the destitute in Athani and Mysore. It offered Rs. 30 lakhs for the destitute in four states – Karnataka, Tamil Nadu, Orissa and Maharashtra. Tribals,

platform dwelling children, blind students and the poor are the beneficiaries of this ongoing program. Sewing machines were distributed in Bangalore, Gulbarga and Belgaum.

The Infosys Foundation also contributed substantially to the Bangalore Hospice Trust, which works to ease the suffering of terminally ill cancer patients. The Foundation donated about 340 sewing machines to destitute women in Karnataka and Tamil Nadu, to help them secure a means of livelihood. Additionally, a substantial sum was spent on providing monetary assistance to these women. The Foundation has aided several organizations in conducting social and literacy awareness campaigns in rural areas. It has organized eye camps, donated ambulances and passenger vans, and has donated a Braille system to a residential school for the blind.

4.2.5. Future Projects

The construction of a super-speciality hospital at Pune has been started with the project's estimated cost at 4 crores, with Rs.40 lakhs as the initial investment. The construction of an Infosys Paediatric Hospital at Bhubaneswar has also begun, its total estimated cost being 3 crores.

5. Key Issues and Lessons Learned

Infosys Technologies Ltd. advocates and participates in a wide array of activities aimed at enhancing business-community relations. The creation of the Infosys Foundation in 1996 has been instrumental in conducting much of this work, although the company itself has contributed in more than just monetary terms. Employment practices, environmental concerns and research partnerships serve to illustrate that business-community relations in India are, to a certain extent, beyond philanthropy.

Furthermore, these initiatives have not been to the detriment of the company's profits, as the many awards for 'Best Company' reveal. It would be interesting to conduct research into shareholder opinion of the company in order to ascertain the extent to which Infosys' social and environmental programmes have increased (or reduced) popularity and confidence in its sustainability. However, if awards are taken as an indication of confidence, it is clear that Infosys is succeeding in this area.

The Infosys Foundation has carried out significant work to improve business-community development. Initiatives promoting healthcare and education for the poor, and specific measures targeting the rural poor, rely heavily on philanthropy. While the construction of schools and donations of equipment should be applauded, philanthropy does hold limitations. Sustainability of such projects is restricted as resources are finite and can flow unpredictably. Furthermore, we need to question the manner in which projects are chosen. Who decides how the Foundation's money should be spent? What makes one project more worthy of investment than another? These issues need to be resolved if legitimate philanthropy is desired. As some civil society members have stated, there is a greater need for interaction with the community at large. Partnerships are an ideal way to increase this interaction.

Examples of partnerships are evidenced throughout the case study, be they with the government, learning institutions or other businesses. Such alliances can serve to improve a project's legitimacy – the implication being that cross-sectoral "approval" reduces bias towards particular projects or causes. However, the case study does not contain any examples of partnerships with civil society itself, be that employee groups or official NGOs. Why is this important?

- Partnerships themselves reflect power relations. Including particular actors results in the necessary exclusion of others. How is participation decided? Should a business aiming to enhance business-community relations only partner with other businesses?

- A business working alone should not be expected to accurately deduce where need is greatest, or plan what should be done to reduce poverty in the local area. These are issues for development practitioners, unless of course the company is willing to invest in poverty reduction research or recruit development specialists. Partnerships with NGOs who work with these communities are therefore crucial if the business is serious about its social commitment.
- Without input “from below,” it might be that the company is dictating a manner and speed of “development” that is not appropriate to the targeted community. Consultation is desirable if the project is to be sustainable, because otherwise the targeted community will feel little sense of ownership.
- Perhaps most importantly (and obviously), enhancing business-community relations demands conversation between the two groups. Development is limited while civil society has little impact in determining its new role in relations with the business community.

A final point is that Infosys Technologies Ltd is a company of international repute and influence. Examples of projects given in this case study are on a large scale, and require large investments and donations. Philanthropic gestures on the same level by a smaller company would be incredibly difficult, and somewhat nonsensical given the profit difference. However, there are lessons to be learned from the Infosys example, even for smaller companies. The employment of people from disadvantaged communities has been shown to be beneficial to all involved. Environmental policy, while not an obvious concern for an IT company, can be based around key concepts of efficiency, recycling and non-polluting company practice. Of these, efficiency is the most important for a power-reliant business, not only to reduce unnecessary costs but also to send out the right signals of sustainability to consumers and investors alike.

Endnotes

¹ The views expressed in this case study are those of the author and do not necessarily reflect those of the New Academy of Business, UNV or TERI.

² Kate Ives is an associate of the New Academy of Business who has assisted in the preparation of this case study.

³ Information in this section from the DFID report, *Infosys: Harnessing Indigenous Knowledge for Value Addition* (2003)

⁴ Infosys Annual Report, 2002

⁵ Information taken from website of Infosys Technologies Ltd. and Infosys Foundation : infy.com

⁶ DFID Report, *Infosys: Harnessing Indigenous Knowledge for Value Addition* (2003)

⁷ Inputs from the Infosys Foundation and Infosys Technologies Ltd., Bangalore

⁸ DFID Report, *Infosys: Harnessing Indigenous Knowledge for Value Addition* (2003)