

# Effective CSR: A Cross-functional Perspective

Damaraju Subba Rao,  
*Research Scholar,*  
*Humanities and Social Sciences Department,*  
*Maulana Azad National Institute of Technology, Bhopal, India.*  
*Email: researchsubbu@gmail.com*

Dr. Pushpender Yadav,  
*Assistant Professor,*  
*Humanities and Social Sciences Department,*  
*Maulana Azad National Institute of Technology, Bhopal, India.*  
*Email: pushpender1@gmail.com*

**Article Info**  
**Volume 81**  
**Page Number: 4536 - 4541**  
**Publication Issue:**  
**November-December 2019**

## **Abstract**

### **Purpose:**

- To understand the CSR strategies in the legal regime
- To explore the need of cross-functional approach in CSR

### **Methodology:**

The questionnaire survey, using the standard measurement scales with slight modification, is conducted. The convenient sampling technique was used. The data analysis is done by using the SPSS V20.

### **Findings:**

There is a significant influence of cross-functional performance on the CSR effectiveness for the companies.

The Cronbach Alfa for the data is moderately acceptable.

### **Managerial Implications:**

The cross-functional approach, when used in CSR, is instrumental in building the team spirit and it enhances not only the team performance but also the CSR effectiveness.

## **Article History**

**Article Received:** 5 March 2019

**Revised:** 18 May 2019

**Accepted:** 24 September 2019

**Publication:** 23 December 2019

## **Scope for future work:**

The cross-functional aspects of the NGOs involved in taking up the CSR activities for the companies may also be studied.

**Keywords:** *Cross-functional, CSR, teams*

## **I. Introduction**

As the various inherent advantages of taking up Corporate Social Responsibility initiatives include achieving sustainable brand image and competitive advantage, increased employee morale with enhancement in attracting & retaining talent, stakeholder satisfaction with

increased share value, high degree of respectability & reciprocity from the society, companies choose to perform the CSR activities voluntarily. To ensure the companies participate in the inclusive growth of India, the Government of India made it mandatory to spend at least 2% of profits on CSR activities under the Section 135 of

the companies act, 2013 effective from April, 2014. Companies will be regarded as responsible when they comply with the laws and regulations. The loss of goodwill & brand image due to non-compliance of the laws is detrimental to the business[1]. Radhakrishnan, Chitrao, & Nagendra (2014)[2] stressed the consideration of macro-economic environment in framing the CSR laws, without which, the results would be negative. Thus, there is a need to understand the CSR as a holistic framework and calls for an exploratory research in this field.

### **The Legal Regime of CSR in India**

- The Section 135 of the Companies Act, 2013 clearly mandates the companies which have the business operations in India with annual turnover of over and above Rs 1000 Crore or net worth of over and above Rs 500 Crore or net profit of over and above Rs 5 crore need to spend at least 2% of the average amount of Profit After Tax (PAT) of the last three consecutive financial years on CSR activities. Moreover, a board level CSR committee with an independent director for CSR has to be constituted to plan & monitor the effective implementation of the CSR strategies in the organizations. Under this law, it is mandatory to report the CSR spending and due explanation is asked in case of non-compliance. Accordingly, the companies will be penalized. But this 'Comply or Explain' principle still leaves a relaxation on the part of the companies and the companies may choose the CSR activities from a basket of diverse activities listed out in Schedule VII of the latest Companies act, 2013[3].

### **Eligible CSR activities as per Schedule VII [4]-**

- Eradicating hunger, poverty & malnutrition, promoting preventing health

care and sanitation and making available safe drinking water;

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and facilities for senior citizens, measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognised sports, Paralympic and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by Central Government for socio-economic development and relief and welfare of Scheduled Castes, Scheduled Tribes other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within

academic institutions which are approved by the Central Government;

- Rural development projects[4].

### CSR Performance

As per the news published in Economic Times based on the Government of India report, companies in India have spent over Rs 52,533 crore on CSR from the fiscal year 2014-15 to current fiscal year till June 2019. Out of this, education sector received a major chunk of Rs 15,742 crores, followed by Rs 9,093 crores in health care and Rs 5,467 crores in rural development projects. Companies also spent over Rs 3,723 crores in environment sustainability area and contributed Rs 837 crores and 763 crores towards Swachh Bharat Kosh and Prime Minister's National Relief Fund respectively. Companies showed their concern towards safe drinking water and senior citizen welfare by spending Rs 612 crores and Rs 91 crores respectively [5].

From the above data it is evident that the CSR activities are wide in range with a diverse scope. Understanding & implementing such projects of such a range of variety need a cross-functional approach in a holistic framework. Moreover, to achieve the expertise in these diverse areas for ensuring the successful implementation of these projects is a complex task. To accomplish such challenging tasks efficiently and effectively, the cross-functional integration approach is suggested through this research. The inclusive framework proposed in our study focuses on the cross-functional perspectives of the CSR activities and includes the role of individuals, organizations, NGOs and the society in making the CSR strategy under the legal regime so successful. Thus the cross-functional collaboration and cooperation are the key factors in enhancing the CSR performance of the companies.

Intra-cultural diversity and intra-individual differences in psychosocial perceptions across the boundaries of functioning is due to the dynamic nature of the cultures. The present day globalization and cultural liberalization of the societies and the technological advancements in the cyber world and social media bridges the gap between different cultures and disciplines & thus calls for understanding the need of cross-cultural analyses[6]. The gender issues also play a critical role in cross-functional task sharing [7]. The methodologies adopted for enhancing functional integration in the cultural setting of a country may not be suitable to other countries due to the differences in the cultures. Thus, such integration mechanisms should consider the cultural values and the diversity of the people [8]. The team support for innovation, its vision and direction for performing the task, and external communication enhance the creativity & innovation[9]. Highly effective teams mainly focus on bringing the synergy of the knowledge and skills to achieve innovation and cost reduction by changing the thought process of the members[10]. With a shared vision and cooperative goals, cross-functional team members accomplish their goals with mutual cooperation and trust[11]. The use of cross-functional teams for accomplishing the different objectives of the company is becoming popular in organizations. These teams offer a platform to perform complex tasks with multi-skills acquired from different functional areas in an organization[12]. Promoting the project excellence with proper alignment of goals of different functions and resolving the issues is the key leadership quality required for guiding a cross-functional team [13].

### II. Methodology

The questionnaire survey was conducted in a reputed public sector company in India with a sample size of 47, out of which, 22 responses were received with a response rate 46.80%. The samples were chosen using the convenient

sampling technique. The demographic data was not collected intentionally. The dependent variable Effectiveness of CSR is measured in terms of Community-oriented Corporate Social Responsibility (CSR) from the Multidimensional Corporate Stakeholder Responsibility Scale developed by El Akremi and others [14]and the

independent variable cross-functional performance is measured using the multifunctional employees scale [15]on the 5 point Likert's scale (1-Strongly Disagree to 5-Strongly Agree) and the results were entered in the SPSS v20 software for the analysis by administering the Ordinal Regression Analysis.

### III. Results

Cronbach's Alpha	N of Items
.646	2

Cox and Snell	.230
Nagelkerke	.254
McFadden	.110

#### PLUM - Ordinal Regression

##### Case Processing Summary

	N	Marginal Percentage
2.00	10	45.5%
3.00	6	27.3%
4.00	5	22.7%
5.00	1	4.5%
Valid	22	100.0%
Missing	0	
Total	22	

##### Model Fitting Information

Model	-2 Log Likelihood	Chi Square	df	Sig.
Intercept Only	26.354			
Final	20.592	5.762	1	.016

Link function: Logit.

##### Goodness of Fit

	Chi Square	df	Sig.
Pearson	9.096	11	.613
Deviance	9.258	11	.598

##### Parameter Estimates

	Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Threshold [CSR = 2.00]	2.514	1.356	3.439	1	.064	-.143	5.172
Threshold [CSR = 3.00]	3.921	1.502	6.813	1	.009	.977	6.865
Threshold [CSR = 4.00]	6.162	1.911	10.394	1	.001	2.416	9.908
Location CFP	.953	.449	4.495	1	.034	.072	1.834

## Discussion

The overall Cronbach's alpha of the data for both the dependent and the independent variables is 0.646, which is considerably good as it uses the standard measurement scales with slight modification. As the calculated chi square value is less than the tabulated value for the degree of freedom '1' and the level of significance 0.05, the model is perfectly fit. Hence there is a significant positive influence of cross-functional performance on the effectiveness of CSR. Even the pseudo R-squared values Cox and Snell, Nagelkerke are 0.230 and 0.254, which fall in the optimum range 0.2 to 0.4.

## Limitations of the research

- This research considers only one independent variable with one dependent variable. There might be other variables, which may affect the CSR effectiveness. Those may be included as an extension research of this study.
- This research uses convenient sampling technique and only one public sector company in India is studied due to the time and location constraints. Future research may use the systematic random sampling covering a large sample to enhance the reliability and the validity of the data used in the research.
- After receiving the 2014-15 reports of CSR spending by different companies from different sectors, a thorough research can be done to understand and identify the various factors affecting the CSR effectiveness.

## Recommendations

- The cross-functional skills required for enhancing CSR effectiveness are to be taught by integrating the CSR into the basic course curriculum of the professional courses and training programmes both at

the education and organizational level respectively.

- There is a scope of innovation and creativity in CSR when cross-functional teams are deployed for this purpose.
- The NGOs involved in CSR should acquire the multidimensional skills required to collaborate & coordinate with the companies for ensuring the successful implementation of the CSR activities.
- The inclusive growth principle at the individual, organizational, society and the environmental level with mutual respectability and trust is the key in taking the responsibility with reciprocity in true spirit.

## IV. Conclusion

In the legal regime of CSR, the sustainability initiatives taken up by the companies for the inclusive growth of the triple bottom line people, planet and profit are effectively carried out with the cross-functional integrative approach. The collaborative efforts by the companies, educational institutes and the government enhance the CSR effectiveness in a cross-functional framework. The focus thus should shift from building the road maps for excellence to making the vehicles sustainable in the journey on the roads towards excellence. The role of cross-functional skills for effective CSR is the key contribution from this research study.

## References

- [1] Indian Institute of Corporate Affairs (IICA) & GIZ, "Legal Framework for Corporate Responsibility- A Survey of Indian Law," Multiplexus (India). Retrieved from <http://responsiblebusinessindia.com/downloads/legal-framework-for-csr-a-survey-of-indian-law/>, New Delhi, 2010.
- [2] M. S. Radhakrishnan, D. P. Chitrao and D. A. Nagendra, "Corporate Social Responsibility



- (CSR) in Market Driven Environment," *Procedia Economics and Finance* 11 ( 2014 ), p. 68 – 75. Retrieved from [www.sciencedirect.com](http://www.sciencedirect.com), 2014.
- [3] PricewaterhouseCoopers Private Limited, 11 2013. [Online]. Available: <http://www.pwc.in/assets/pdfs/publications/2013/handbook-on-corporate-social-responsibility-in-india.pdf>. [Accessed 20 02 2015].
- [4] The Gazette of India-Ministry of Corporate Affairs, "Ministry of Corporate Affairs Notification," 28 February 2014. [Online]. Available: [http://www.mca.gov.in/Ministry/pdf/CompaniesActNotification3\\_2014.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesActNotification3_2014.pdf). [Accessed 14 October 2015].
- [5] PTI, "Education received major chunk of CSR spend by corporates: Government," *The Economic Times*, pp. <https://economictimes.indiatimes.com/news/company/corporate-trends/education-received-major-chunk-of-csr-spend-by-corporates-government/articleshow/72227385.cms>, 25 November 2019.
- [6] A. Bandura, "Social Cognitive Theory in Cultural Context," *Applied Psychology*, pp. Volume 51, Issue 2, pages 269–290 DOI: 10.1111/1464-0597.00092, 2002.
- [7] M. Ollilainen and J. Rothschild, "Can self-managing teams be truly cross-functional?: gender barriers to a "new" division of labor," in *The Transformation of Work (Research in the Sociology of Work, Volume 10)*, Steven Vallas, Emerald Group Publishing Limited, 2001, pp. 141 - 164.
- [8] T. C. Garrett, D. H. Buisson and C. M. Yap, "National culture and R&D and marketing integration mechanisms in new product development: A cross-cultural study between Singapore and New Zealand," *Industrial Marketing Management*, pp. Volume 35, Issue 3, Pages 293–307 doi:10.1016/j.indmarman.2005.09.007, 2006.
- [9] U. R. Hülshager, N. Anderson and J. F. Salgado, "Team-level predictors of innovation at work: A comprehensive meta-analysis spanning three decades of research," *Journal of Applied Psychology*, pp. Vol 94(5), 1128-1145 <http://psycnet.apa.org/?&fa=main.doiLanding&doi=10.1037/a0015978>, 2009.
- [10] D. W. Norton, "Technical communication as business strategy- how changes in discursive patterns affect the value of technical communication in cross-functional team settings," *IEEE Transactions on Professional Communication* Volume 43 issue 1 [doi 10.1109%2F47.826418], pp. 77-89, 2000.
- [11] A. Wong, D. Tjosvold and C. Liu, "Cross-Functional Team Organizational Citizenship Behavior in China: Shared Vision and Goal Interdependence Among Departments," *Journal of Applied Social Psychology* Volume 39 issue 12 [doi 10.1111%2Fj.1559-1816.2009.00554.x], pp. 2879-2909, 2009.
- [12] K. Ehrhardt, J. S. Miller, S. J. Freeman and P. W. Hom, "Examining Project Commitment in Cross-Functional Teams: Antecedents and Relationship with Team Performance," *Journal of Business and Psychology* Volume 29 issue 3 [doi 10.1007%2Fs10869-013-9325-6], 2014.
- [13] E. L. Anthony, S. G. Green and S. A. McComb, "Crossing functions above the cross-functional project team: The value of lateral coordination among functional department heads," *Journal of Engineering and Technology Management* 31 [doi 10.1016%2Fj.jengtecman.2012.12.001], pp. 141-158, 2013.
- [14] A. E. Akremi, J.-P. Gond, V. Swaen, K. D. Roeck and J. Igalens, "How Do Employees Perceive Corporate Responsibility? Development and Validation of a Multidimensional Corporate Stakeholder Responsibility Scale," *Journal of Management*, p. doi: 10.1177/0149206315569311, 2015.
- [15] B. B. Flynn and E. J. Flynn, "Information-Processing Alternatives for Coping with Manufacturing Environment Complexity," *Decision Sciences*, pp. Volume 30, Issue 4, pages 1021–1052 DOI: 10.1111/j.1540-5915.1999.tb00917.x, 1999.