# Corporate Social Responsibility of Indian Startups with Reference to Ola Company

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# A B S T R A C T

*Corporate social responsibility is not a choice these days but it is company's obligation to allocate a specific amount of money which is 2 percent of their annual profit into their CSR activities. Companies launching CSR projects have especial place in the market and they enjoy some extra respect among the people, even companies in most of the cases use their CSR activities as a best marketing strategy in order to gain more costumers towards their productions and services. Today, many multinational corporations and big Indian origin companies are widely engaged in to certain CSR activities; however there are lots of national and international companies which are very less into CSR practices in spite of having huge profit and sales. A bunch of previous studies revealed that there are plenty of constructive studies discussing CSR activities of multinational corporations and big Indian origin companies such as Wipro, TATA and etc but unfortunately CSR activities with reference to Indian Startups in particular booming startups have been not studied almost at all which creates a new area of study in this field of research. There are many Indian origin successful startups like OLA, OYO rooms, Pytm and many more in the country which are actively into some CSR projects these days. For instance OLA is one of the Indian leading startups into CSR activities in India and cleanliness drive to support Swachh Bharat campaign can be one of those needful CSR activities which the company runs in the country. This study is concern with Indian origin successful startups which are into CSR practices and it is a qualitative study based on secondary data. Above all, the present study is a need of the time and it also furnishes a foundation for further studies which can be taken ahead.*

*Key words: Corporate Social Responsibility, Startups, OLA*

## INTRODUCTION

### 1.1. Background of the Study

Today, organizations believe that there is a strong relationship between company's corporate social responsibility and costumer's behavior towards their product and service. With escalating responsibilities of companies not only towards costumers but also towards society in particular environment, companies started launching different corporate social responsibility projects at a national and international level. The time where companies used to maximize profit and focusing how to utilize sources in the best possible way regardless of their nature has gone and a new area has emerged in which people appreciate and want to be the costumer of those companies that are social responsible. If you go through the history corporate social responsibility one may find that the history of corporate social responsibility is not much old and it has emerged recently. There is a lot of improvement in the scheme of corporate social responsibility of companies at every level and the number of corporate social responsibility projects companies launching is greater than they used to launch in the past. Corporate social responsibility is now a part of company's strategy and it holds a great influence over the performance of the company in the market. Talking in Indian context, there are many companies actively engaged into different types of corporate social responsibility projects but the studies showed that their corporate social responsibility is much lesser than their capacity of launching these CSR projects. Now government of India made it mandatory for companies to spend

their 2 percent of annual profit into CSR projects. Moreover, many companies have been contributing at a great level to certain government initiatives towards society and environment and these companies has been the recipient of many awards for their winning corporate social responsibility projects in India. Along with big companies today, Startups realized the importance of corporate social responsibility and most of them become very socially responsible ventures in the country. OLA, Pytm, OYO rooms are some them. These booming startups have many things in their mind but so far they have done are also considerable steps towards being a socially responsible company in the marketplace. The present study is a qualitative based on secondary data and it mainly studies the different corporate social responsibility projects of booming startups in India and what has to be done next.

## 1.2. Objective of the Study
The present paper attempts to study the following objectives.
2. To study different corporate social responsibility programmes of booming startups in India in particular Ola cabs.
3. To understand the significance of corporate social responsibility programmes among successful startups in India.

## 1.3. Research Question
What are the different corporate social responsibility activities taken by startups in India and what its significance in today's time.

## LITERATURE REVIEW
In recent years the business strategy field has experienced the new beginning of Corporate Social Responsibility (CSR) as a major topic of interest. The concept has not surfaced for the first time. Corporate Social Responsibility has been in fashion since considerable time, particularly from 1960 onwards. "Corporate Social Responsibility refers to any business concerns, not only protecting its own interest such as making profit. It is protecting the interest of different groups of society such as owners, investors, consumers, employees, Government." "Corporate Social Responsibility refers to voluntary actions undertaken by cement industry to either improve the living conditions (Economic, Social, and Environmental) of local communities or to reduce the negative impact of cement projects." In this section the researcher will review briefly important works on different aspects of Corporate Social Responsibility in cement industries. The survey is undertaken with a view to understand the problems including the facts and minimize or better still to avoid duplication of research efforts: Bowen (1953) the first person to initiate the modern attempt to characterize the doctrine of Corporate Social Responsibility. For Bowen, the prominence of corporate organizations in society does not only give them vital power and decision-making, but their activities also affect the lives of people in great many ways. For these and other reasons, sound business-society relations are supposed to be established in order to confirm business activities to societal expectations. Monsen (1963) has undertaken a study on the level of hierarchy of business activity. He found out that there are four levels. At the base are managers who feel that society is well-served as long as the firm obeys the law. At the next level, managers who go beyond the legal minimum, accepting the need to cater to public expectation as well and responding to public opinion. According to Friedman (1971) "Corporate Social Responsibility is beyond the basic purpose of business and violates the responsibility of business to its owners, the stockholders". He further stated that if the owner or a manager of a business has independent wealth, he or she is free to contribute his or her own resources to improve society. Keith Davis (1975) has provided

five propositions for social responsibility in corporations. The first proposition states that social responsibility arises from social power. Social responsibility arises from a concern about the consequences of business actions as they affect the interests of others. The second proposition is that business has to operate as a two-way open system with the open receipt of inputs from society and open disclosure of its operations to the public. The third proposition is that social costs as well as benefits of an activity, product or service should be thoroughly calculated and considered in order to decide whether to proceed with the manufacture of a product or not. The fourth proposition states that the social costs of each activity, product or service should be priced into it so that the user pays for the effects of his consumption on society. The final proposition is that beyond social costs reduction, business institutions as citizens have responsibilities for social involvement in areas of their competence where major social needs exist. The author thus outlines the basic principles for developing socially responsible policies. The American Accounting Association's (AAA) Committee on Accounting for Social Performance (1975)5 conducted a study in the area of social measurement and reporting. Social reports of 14 firms were analyzed under the hierarchy of standards, secondary criteria and additional considerations following Estes' standards for Corporate Social Reporting. Marcel van Marrewijk (2003) has narrowed down the concept of corporate social responsibility so that it covers three dimensions of corporate action: economic, social and environmental management. Balmer et al., (2007)7 Philanthropic responsibilities arise out of the philosophical, ethical tradition of being concerned with what is good for a society as a whole, and seemingly provide a justification for corporations to help improve the quality of life of different parties and communities in the society as well as to preserve our natural environment. Leena James (2012)8 The Corporate Social Responsibility practice of the organization has long been a topic of great interest for research. Most firms understand the need to be economically successful and the importance of complying with laws and responsible to the society. Till the late twentieth century, the mission of business firms was exclusively economic. People are, by and large, becoming conscious of their rights, which have led to a rise in the expectations of society from business. Dr T Rajasekar, Dr S Ramesh Kumar (2015) The CSR is a philosophy that looks at the social interest and the long-run enlightened self-interest of business. It aims at integrating the business interest with that of the community in which it operates. From the survey of existing studies, it is observed that no significant studies were conducted on Corporate Social Responsibility in this area of online transportation service units. Hence it is a proposal to undertake the study on Corporate Social Responsibility keeping in view online service industry.


## RESEARCH METHODOLOGY

### 3.1. Types of Data
The present study is based on secondary data and the data has been taken mostly from research papers, articles and some online sources including startups official websites.

### 3.2. Research Design
The present study is qualitative and it is descriptive in nature.

### 3.3. Place of the Study
As the present study is based on the secondary data and it studies corporate social responsibility programmes of Indian startups in particular Ola company across the country.

## 3.4. Data Analysis Tools

There is no such advanced software used in the present study and Microsoft word is the only software which considered as the data tool of the study.


## FINDING & DISCUSSION

### 4.1. Startups in India

India is a hub for semi scale industries and especially for startups in the world. The number of startups increases day by day and many of these startups have been doing far better these days in the market. The growth rate of these startups is pretty satisfactory in spite of many challenges on their way. The government of India has initiated many different schemes in order to boost the concept of startups in the country. Due to the inflation and world market situation many of the startups went white washed and they couldn't survive in the market yet there are many startups which are truly successful in their ventures. Successful startups in India found themselves socially responsibility and they have been doing beyond their obligations. These startups have launched many different corporate social responsibility projects at a national level and have appreciated for their CSR projects. Startups India have great vision towards society especially environment but due to their slow growth or survival condition many of them have been not able to implement at least 25 percent of their corporate social responsibility strategies and goals. The future of corporate social responsibility with these startups seems great and they look much more responsible towards their society and environment. The philosophy of these startups even started with being an active socially responsible venture towards society and environment. Among different corporate social responsibility projects people love to see those projects which are more into environment and protection of nature non renewable sources. One of the major issues with startups in India is competition and it is really hard to be winner in a market where hundreds of multinational corporations operate with having immense sources at their hand. Due to intensive competition in the market the startups start their corporate social responsibility projects late as their first objective is to survive and how to overcome competition in the market. Below are some of the successful Indian origin startups in the country (table 4.1.1).

**Table 4.1.1 Top ten booming Startups in India**

| No | Company Name | Company Office | Total Funding in USD |
|----|--------------|----------------|----------------------|
| 1 | Ola Cabs | Karnataka, Kormangala | 3.8 Billion |
| 2 | Zomato | Gurugram, Haryana | 755.6 Million |
| 3 | Paytm | Noida, Utter Pradesh | 2.2 billion |
| 4 | FreshMenu | Bengaluru, Karnataka | 24.2 Million |
| 5 | Myra | Gurugram, Haryana | 7 Million |
| 6 | Shuttl | Gurugram, Haryana | 48.8 Million |
| 7 | Cleardekho | Ghaziabad, Utter Pradesh | 20 Million |
| 8 | Nineleaps | Bengaluru, Karnataka | 4 Million |
| 9 | Treebo Hotels | Bengaluru, Karnataka | 57 Million |
| 10 | Digit Insurance | Bengaluru, Karnataka | 45 Million |

There are above fifty successful startups in India and in table 4.1.1, showing the list of top ten booming startups in India and the information has been taken from a popular online website called Failory (www.failory.com, 2019).

## 4.2. Government Initiative towards Boosting Startups in India

India has a booming economy in the world. After globalization, privatization and liberalization move the government of India has taken many more steps towards boosting the economy and support small and semi scale industries in order to increase India's export and reduce the amount of import. Recently government has introduced many schemes to improve the culture of Startups among the people in the country. Among different initiatives taken by the government, Startup India is one of them which started in year 2016. The objective of this scheme is to provide financial support to startups in order to increase job opportunities and promote business culture in the country. a unit will be considered to be a startup if it is incorporated or registered in India not prior to five years, with yearly revenue not exceeding Rs 25 crore in any earlier financial year. It ought to be responsible towards modernization, operation, process or services motivated by knowledge or intellectual property. However, a business unit can be called a startup or venture on completion of seven years from the date of its incorporation or registration and in terms of startups in the biotech sector it should be ten years. Table 4.2.1, showing government initiatives towards booming startups & economy in the country.

**Table 4.2.1 Government Initiative towards Booming Startups in India**

| 1 | Make in India |
|---|---|
| 2 | Stand Up India |
| 3 | Start Up India |
| 4 | AIM Platform - Atal Innovation Mission |
| 5 | STEP Platform – Support to Training and Employment Programme |
| 6 | Biotech Push |
| 7 | Skills Development |
| 8 | e-Biz Portal |
| 9 | DIDF - Dairy Processing and Infrastructure fund |
| 10 | Support for International Patent Protection in Electronics and Information Technology |
| 11 | MGS - Multiplier Grants Schemes |
| 12 | CGSS – Credit Guarantee Scheme for Startups |
| 13 | STP – Software Technology Park Scheme |
| 14 | VCA – The Venture Capital Assistance Scheme |
| 15 | Single Point Registration Scheme |

The initiatives listed in the table 4.2.1 are mostly towards promoting startups and encouraging entrepreneurship culture in the country. Today many startups take the advantages of these initiative directly or indirectly to increase their strength in order to expand further in the market (www.startuptalky.com, 2019) and (www.tomorrowmakers.com, 2019).

## 4.3. Ola Cabs

Ola is one of the biggest India's startup providing service in more than 250 cities around the world. At the present the company actively operates in India, Australia, New Zealand and the United Kingdom. The company is mainly a bridge between costumers and drivers it generally provides online service enabling costumer to connect with the driver or vice versa. It has range of vehicles even including bikes and auto-rickshaws. Bhavish Aggarwal and Ankit Bhati founded Ola in December year 2010 with an objective to develop mobility and a kind of best transpiration service for a billion people (www.olacabs.com,2019). Ola is a company having 22.2 Billion rupees revenue according to financial year 2018-19; 5.5 billion USD market valuations with 3.8 billion USD total funding

(www.craft.co,2019). Last but not the least that Ola is a private company having headquartered in Bengaluru with 756 employees in India and abroad. Table 4.3.1 showing key people or management personals at Ola Company.

**Table 4.3.1 Key People at Ola Management**

| Number | Name | Post |
|---|---|---|
| 1 | Bhavish Aggarwal | Co-founder and CEO |
| 2 | Ankit Bhati | Co-founder and CTO |
| 3 | Pranay Jivrajka | Founding Partner |
| 4 | Harish Abhichandani | Chief Financial Officer |
| 5 | Anand Subramanian | Sr. Director – PR and Marketing Communication |

## 4.4. India's Top Companies for CSR Initiatives

Indian startups are not much into corporate social responsibility even the government of India uses corporate social responsibility funds to promote startups in the country. Multinational and some Indian origin companies are actively engaged into CSR activities and it is mandated by the government that companies have to contribute two percent of their annual revenue into corporate social responsibility projects. As per data shared by Cross Barriers (www.crossbarriers.org) there are ten top companies in India which have incorporated corporate social responsibility initiatives in their policies successfully. Table 4.4.1, showing India's Top Companies for CSR Initiatives as per year 2018 in India.

**Table 4.4.1 India's Top Companies for CSR Initiatives in year 2018 in India**

| 1 | Tata Chemical |
|---|---|
| 2 | Ambuja Cements |
| 3 | Infosys |
| 4 | Mahindra and Mahindra |
| 5 | ITC |
| 6 | Tata Motors |
| 7 | Hindustan Zinc Ltd |
| 8 | Bharat Petroleum Corporation Ltd |
| 9 | Coca-Cola |
| 10 | Ultral Tech Cement Ltd |

## 4.5. India's Startups for CSR Initiatives

However startups in India are not mandatory responsible for corporate social responsibility schemes in their initial stage of operations yet there are many successful startups which launched certain corporate social responsibility projects across India. Many startups have incorporated social responsibility initiatives in their business policies but number of them couldn't implement them successfully due to their initial poor performance in the market. Among many startups in India the following startups launched certain corporate social responsibility projects. Table 1.9.1, showing India's Startups for corporate social responsibility schemes in the country.

### Table 4.5.1 India's Startups for CSR Initiatives

| Number | Company | CSR Programme |
|--------|---------|---------------|
| 1 | OYO  rooms | Rain Water Harvesting in Compliant |
| 2 | Paytm | Blood Donation Camp and Independence Day Campaign |
| 3 | Zomato | Non-Profit Feeding India to Extend CSR Initiative |
| 4 | FreshMenu | Food for Thought |
| 5 | Treebo hotels | Hotel Superhero |

### 4.2. Ola Corporate Social Responsibility Programme

Ola is one of the leading startup with having major corporate social responsibility programmes in India. The company is keen to launch many corporate social responsibility programmes in the near future however it has launched many corporate social responsibility programmes as it has been mentioned earlier as well. Below are some major Ola corporate social responsibility programmes started by the company.

### 4.2.1. Ola's ambulance campaign

Ola is running the PSA across the key social media platforms to create awareness on the issue. The idea of giving way to transient ambulances will also be integrated in the training programme provided to drivers at the time of on boarding as well as regular training through driver training device on how to acknowledge and act during emergencies.

### 4.2.2. Ola initiates cleanliness drive to support Swachh Bharat

It stated cleanliness drive to create awareness and encourage citizens to do their bit for Swachh Bharat on first October. More than 300 Ola employees and driver partners participated in the drive in different parts in the state.

### 4.2.3. Ola  boats deployed to support flood relief efforts in Varanasi and Allahabad

In an effort to help thousands of citizens affected by the floods and water logging in Varanasi and Allahabad, Ola announced the deployment of boats to help people in affected areas across the two cities in state of Uttar pradesh. The company also provided food items like drinking water and medicine as well.

### CONCLUSION AND RECOMMENDATION

The concept of corporate social responsibility has not surfaced for the first time. Corporate Social Responsibility has been in vogue since considerable time, particularly from 1960 onwards. Corporate social responsibility programmes aren't practically initiated however; among many startups few of them have started some basic corporate social responsibility programmes in different parts of India. The present study also found that the significance of corporate social responsibility programmes are very much among the companies and most of the startups made it a part of their business strategies. The study further revealed that many of the corporate social responsibility programmes of startups are only on the paper and it hasn't moved further. Corporate social responsibility schemes either for startups or Multinational Corporation have been a great way to create influence in the market among their customers. Customers love to appreciate those companies which are actively running corporate social responsibility schemes. The present study is based on secondary data and restricted to startups in India in particular Ola Company and prospective scholars can further study a quantitative study in this regard. Last but not the least that the present study is just a contribution towards corporate social

responsibility programmes of startups and there is much left to be studied further. In conclusion, this study is helping startups to understand the importance of corporate social responsibility programmes even if they are not mandatory to initiate. It also demonstrated corporate social responsibility programmes taken by successful startups in the country. A comparative analysis can be also done in the future by prospective scholars and researchers. Lastly, the present study shows some of the top big companies with great corporate social responsibility programmes.

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