

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT: A REVIEW ON CHALLENGES AND OPPORTUNITIES

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Introduction

The former Prime Minister of India, Dr. Manmohan Singh had stated during a meeting with business leaders that ,'*Corporate Social Responsibility must not be defined by tax planning strategy alone but should be defined within the framework of a corporate philosophy , which factors the needs of the community and the regions in which a corporate entity functions*'.

An attempt has been made in this article to highlight the need for Corporates to focus on their Corporate Social Responsibility with the aim of providing and contributing towards an empowered society rather than just a fad. It is observed that conventional Corporate Social Responsibility programmes involve support for education, health care and environmental sustainability initiatives. However, all these initiatives aim at a more philanthropic and benevolent nature of the business houses rather than focusing on sustained development of the deprived , disadvantaged and underprivileged sections of the society. It is proposed that a greater amount of transparency and consistency be introduced by companies with the concerned government also pooling in by introducing suitable legislations and recompense to the business houses that

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take up effectual Corporate Social Responsibility initiatives that are helpful in creating a Public Private partnership (PPP) for planned national progress.

A country like India, where there is abundance of not only natural resources but also labour, population, and opportunities, a Public Private Partnership (PPP) can definitely serve its purpose through the channeled and regulated activities of CSR for ensuring inclusive growth. This is because; CSR is often understood as an initiative by the private sector towards society. It is taken for granted that the private sector or business houses have a commitment towards society which they need to fulfill through voluntary contributions to communities identified by them specifically for receiving certain benefits. This is because the justification for CSR activities is about building a sustainable business which in turn relies on healthy economies involving markets and communities.

The 11th five year Plan(India) defines inclusive growth to be “a growth process which yields broad-based benefits and ensures equality of opportunity for all”. The ministry of corporate affairs and industry chamber, Confederation of Indian Industry (CII) had recently come out with a study on the CSR in which the role of private sector in fostering inclusive growth and globalization has been recognized. Almost all major companies in India have a CSR programme in various sectors viz; education, health, livelihood creation, skill development, empowerment of disabled and woman (Siloyam and Othes, 2008). The Indian Government has been optimistic in addressing exclusion and undertaking policies to foster social and economic empowerment among various disadvantaged sections of the society through different corporate interventions. These labors have had some achievement, but, they have not completely addressed exclusion yet. Even though the caste economy has undergone changes gradually, some of its traditions persist still including caste based discrimination in health care services. Next in order to decrease the disparities among various

social excluded castes, experts feel improvements in asset and income levels need to be increased more swiftly with the help of more investment of corporate in social sector.

The term 'Corporate Social Responsibility' is more often used interchangeably with the term 'Corporate Citizenship' and further linked with the concept of Triple Bottom Line Reporting (TBL), a term which is used to denote framework for measuring company's performance against economic, social and environmental parameters. The concept of Triple Bottom Line which interprets as Profit, People and People has two more aspects included namely social and environmental concerns. An organization wishing to follow up on TBL would imply a CSR activity. Triple bottom line reporting makes companies accountable for economic, social and environmental effects of doing business. This helps create commitment towards the sustainability venture undertaken by the Corporate. It is recommended that the TBL concept can be constructive and beneficial to corporate implementing CSR activities.

Even under global economic recession India's economy is fast growing at a rate of 8.3%. Indian market is an attractive center for many global companies for huge investment. India's recent economic reforms has attracted in increasing the foreign direct investments to the country. It has given an opportunity for more companies to enter into India thereby we can expect more CSR in the days to come. In this globalization period CSR is getting a new concept. CSR has given a new brand image to the companies for their market. But it is generally felt that association with social relevant causes should not be just for tax exemption exercise of the companies. Some study reports have revealed that CSR activities has increased consumer loyalty, company image, marketing. In a country of having severe poverty, illiteracy and other serious problem, government alone can't solve these problems, corporate also joint hands with the government. Whatever rules Govt can bring. The obligation must be beyond the

statutory. Companies must voluntarily involved with strong social commitment. It is also found that majority of the Indian customers would prefer the companies involving in social issues. Also consumers are ready to pay more for such products of companies involved in social causes (Gupta. S. & Sharma. 2009).

The present Scenario in India has many companies (over 90%) who have put in their own individual and collective efforts in promoting Corporate Social Responsibility activities throughout the country. The foremost areas in which Corporates are involved in Corporate Social Responsibility activities include livelihood promotion, education, health, environment and women empowerment. The Tata Group has been promoting inclusive growth since long. ITC, one of the major companies in India presently have been focusing on empowering farmers and has made this initiative a vital part of its business strategy. HUL has initiated 'Shakti Amma', using micro enterprises to strategically uplift the rural entrepreneur and in turn generate demand for consumer (FMCG) products in rural markets. Software giants Wipro and TCS have developed software that assists in better knowledge dissemination at the primary and secondary school level. Banks have been promoting micro-credits through very accommodating and supportive schemes to assist migrant laborers and street vendors take up entrepreneurship in the form of auto loans (light vehicles for taxi, auto, goods carrier etc) and also for setting up small business outlets for street vendors.

Presently the trend seen in the corporate scenario is the formation of foundations which are run by the respective corporate houses which are totally dedicated towards Corporate Social Responsibility activities. These foundations work as an NGO in promoting Corporate Social Responsibility activities and have become a supportive stem in the subsistence of the business house. The Tata Group, ITC, Reliance Industries, SAIL, Wipro, L&T, Procter and Gamble, Bennett and Coleman, to mention a few who have accomplished several initiatives through their respective Foundations. The trend of

evaluating the contributions of a corporate towards Corporate Social Responsibility is slowly becoming a conventional activity being included by business houses to ensure transparency and promote more such activities. However Corporate Social Responsibility activities have not been made mandatory for business houses but only directional for them to follow. In fact the Companies bill which called for a 2% compulsory Corporate Social Responsibility spending proposal led to intense debate with majority of the Corporates favoring voluntary Corporate Social Responsibility spending. However the million dollar question whether Corporate Social Responsibility activities fulfill their objectives of social responsibility can only be ascertained when the outcome of such measures can be measured against its effect on society.

The following are four interesting and provoking chronicles that focus not on the theoretical aspect of a Corporate Social Responsibility initiative but a practical and implementable mission and venture that can help the Corporate in promoting sustainable development and the rural masses in sustainable economic growth. A group of women in Namchi Sikkim, under the guidance of NEDFi (North Eastern Development Finance Corporation Ltd), Namchi have initiated manufacture and selling of designer candle that has helped them become financially independent. The concept of designer candle making was the brainchild of Mr A.K Das, Assistant General Manager at NEDFi. The first attempt at this project was to identify around 20 women who has entrepreneurial qualities and then by imparting training to these selected women. The first of such training in designer candle making was held in august 2012 at Namchi by the NEDFi , under its Corporate Social Responsibility initiative. Presently the training programmes continue to attract women from in and around Sikkim and have helped in making a difference to the women in the hill areas.

Another very interesting and motivating chronicle involving tribal women living in a cluster of village between Itarsi and

Hoshangabadin, a remote part of Madhya Pradesh, shows that a little awareness and opportunity provided can go a long way in ensuring sustainability and an effective inclusive strategy. The article by Ireena Vittal³, who is presently working on Indian agriculture and urban issues, highlights the trials and tribulations of these tribal women and how they are addressing these issues through vegetable farming, poultry farming and a mushroom cultivation. These activities are being encouraged and aided by an NGO Pradan, which is a leading three-decade old institution focusing on development in villages. It ensures that every woman in this cluster of village is part of the 928 and odd Self Help Groups present there. The apex body named Narmada Mahila Sangathan. These initiatives have ensured education for the children and also a college.

As Warhust (2001) points out, the three major elements of CSR are product use which focuses on contribution of industrial products which help in the well-being and quality of life of the society, business practice which focuses on good corporate governance and gives high impetus for the environmental well-being and equity which tries for distribution of profits equitably across different societies. Thus CSR exhorts firms to diverge from their sole aim of maximising profits and to lay more importance on improving the economic and social standards of the community in their countries of operation (Sandeep & Rakesh 2002). Thus the focus is more on ethical practices expected of a business house. Where-as Inclusive refers to the ability of the system to bring together opportunities and capabilities which would help sustained growth. It points out improvement in the governance model. But inclusive growth cannot be achieved by government alone. (Bhujbal and Sharma, 2011). Write "The government being only one of the three pillars of the Governance Model requires support of other two actors as well for a Sustained Inclusive Growth.

3-Ireena Vittal (2013). Rural Lessons for the Urban Elite, Indian

It requires an optimal blend of three sets of Actors and their respective responsibilities. These are Government Social Responsibilities (GSR), Corporate Social Responsibilities (CSR) and Public Social Responsibility (PSR). Apart from Government Responsibilities (GR), which include law and order; defense, foreign relations etc. the government should also pay special attention to GSR, Government Social Responsibility for Inclusive Growth” (Bhujbal and Sharma, 2011).

Some of the big Indian corporate like Infosys, WIPRO, TATA, have become a kind of role model in CSR activities in India. Some of them have really done wonders in the selected social sectors. Also some reputed companies are spending more than 15-20% of their profit for social service!. All though various Indian corporate sector involved in CSR activities; it is not enough when compare to their actual financial capacity. In addition companies have institutional and other problems in having CSR policies. Further, some Companies’ social involvement also helps for inclusive growth and eradicates social exclusion in the country. Companies’ social presence will help the company in increasing stronger financial performance, social accountability, reputation and branding etc. This is the time to think to involve small and medium scale industries to enter into CSR also. They can take-up small projects at local level using their business presence and network. Also they can share their human and technical skills with the local NGO’s . Even they can train the NGO’s also. Still it is a dearth need of CSR in some untouched sectors including human rights, poverty eradication, rehabilitation, training, tribal development, etc which need more money and time.

It is observed that the primary focus of a majority of the Corporate Social Responsibility activities being empowerment and upliftment of rural women. The other significant focus has been on providing education for the rural masses. Undoubtedly, Education plays a vital role in developing the economy of any country, however, the education being imparted should ensure employability. According

4-Globsyn is a partner company to NSDC.

to a study by GlobSyn⁴, India will have the world's largest working population by 2030. Yet another study by Ernst & Young states that out of 40 million people registered with employment exchanges, only 0.2 million get jobs. This employment gap is due to the mismatch between education and the skill required by Corporates. NASSCOM has stated that only 25 percent of fresh graduates are finding employment, fulfilling the industry requirements. Therefore, in addition to providing education through the Corporate Social Responsibility activities, Corporates should include imparting of the required skill set that can ensure employability among the youth.

The third interesting investigative research study⁵ on the agarbatti industry has caught the attention of SHG's in South India. According to the study, the agarbatti industry in India today is worth Rs.3345 crore and growing at a CAGR of 15 percent annually. The study states that the sourcing model is characterized by several structural flaws. This industry is a source of sustainable livelihood to thousands of women. Production of agarbatti is labour intensive and is basically dominated by women in rural areas who roll out the agarbattis. This again is another area of business which can be tapped by Corporates for their Corporate Social Responsibility initiatives for sustainable development.

Another success story is that of Project Shakti, an initiative by Hindustan Unilever Limited. This project came into existence in 2001 with a dual aim of providing rural women with income-generating opportunities and also with the aim of increasing HUL's rural distribution reach. The project envisages the selection of a Shakti Entrepreneur, more commonly called 'Shakti Amma' from certain identified villages. The women entrepreneur so chosen is given necessary training in book keeping, marketing etc and would also have to make in an initial investment of Rs.20,000. In addition to making

5- Kiran Mahasuar (2013), The Hourday of an Incense Stick: A rural success story, Indian Management, February 2013. Vol 51(2).

rural women economically and financially independent, Project Shakti also takes initiatives in creating awareness among the villagers on sanitation, hygiene practices and women empowerment. Presently HUL's Shakti network at the end of 2008 was 45,000 Shakti Amma's covering 1,00,000+ villages across 15 states reaching more than 3 million homes.

The issue of CSR is constantly becoming a priority area for all emerging market CEO's, with them making strenuous efforts to create social impact beyond their business activities. It has been observed by many social scientists that only those business houses that treat social investment as similar to other business investment, are the ones that are deriving the best out of their respective Corporate Social Responsibility activities and initiatives. The best examples are TATA, ITC, HUL, BIRLA, etc. This is because, just as investments in business projects are made, taking into account the outflows it can generate, these business houses apply the same seriousness towards implementation of their CSR programmes and hence they are successful in making social investments count. This also calls for accountability and performance measurement of such initiatives. The late Prof. CKN Prahallad, who conceptualized and envisioned '*fortune at the bottom of the Pyramid*', would have doubly agreed about the co-creation of a corporate rural partnership in bringing about transformational changes in the economy. However, for a process to be called as co-creation, it is mandatory to have two or more parties capable enough to influence each other or interact with each other (Gronroos and Voima, 2013). A research by Kumkum Bharti⁶ et.al proposes rural development through involvement of Gram Sabha is a case of co-creation. The authors justify their stance by suggesting that to reach out to the base of the economic pyramid, organizations need to bring out radical transformational changes in the business approach. Live and existing examples include, Tata's low cost housing, the portable and affordable ultrasound machines designed by GE

6-Source: Kumkum Bharti, et.al (2013), Will value co-creation help the Bottom of the Pyramid?, Indian Management, July 2013. Vol 52(7).

Vscan for rural masses, Mahindra Samriddhi which educated farmers about technological inputs and contemporary solutions to farming issues. Initiatives being taken by ITC and HUL (Shakti Amma) for rural development , to name a few that are creating a strong impact of their presence in rural India, through their respective Corporate Social Responsibility sustainability initiatives. Public enterprises in India have already begin spending 5% of its profits for social causes.

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Conclusion

Even though Indian corporate have been involved in CSR activities is not enough when compare to the financial capacity of the companies. Companies should voluntarily involved in a social cause rather than exempting from the tax benefits of the government. Companies should try to avoid unnecessary expenditure for public city and they can make their presence in the society through their social concern. Some of the big corporate like Infosys, VIPRO, TATA, have become a kind of role model in CSR activities in India. TATA group spending more than 40% of its profit for social service. They should be an example for other type of companies. Even though recent bill on CSR of the government is a good move we can't completely depend only on corporate interventions in social issues.

Note

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