

A Review of Corporate Social Responsibility and Inclusive Growth

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Acknowledgment: Authors are thankful to ICSSR for funding

Abstract

Business houses are playing an important role in the overall social development process of the country. This is due to the policy adopted by many Indian Companies have grown in size and are capable of conceiving conducting development policy and innovative programs in the field of health, livelihood, education, micro-financing, and income generation programs. These programs have also made important contributions in the effort to eradicate various social problems as these are all closely intertwined with the rapid inclusive growth of the country. There are some reports showing that rapid, inclusive growth is possible with more participation of the private sector. However, unless big companies make significant improvement and constructive changes in promoting philanthropic behaviors, their best efforts may not prove sufficient for ending various problems being faced by the larger sections of the society. Meanwhile the companies have started focusing on the middle and lower income group markets and to that extent have embraced inclusive growth. This paper gives a solid background based on the review of various literatures in order policy to conceive a strong CSR policy in the country.

Key words: CSR, Inclusive growth, micro finance.

Background

It is found that Corporate Social Responsibility (CSR) has much bigger implications for development of any country. It reduces

dependency on the government for social expenditure and helps in speedy inclusive growth. The scale of CSR emerged significantly in the last decade in India. Since business houses required to do business in the society they operate in, it would be an obligation to share a small portion of their profit for the betterment of the society. To relate fundamental business philosophy to make CSR sharp, smarter, and focused is what really matters and it is the responsibility of a head of any organisation. However, criticisms are emerging on the recent Government bill on CSR which makes mandatory on the part of the company to spend a small portion of their profit for the social causes. Some of the big Indian corporate such as 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!. Although the various Indian corporate sectors are involved in CSR activities, it is not enough when compared to their actual financial capabilities. In addition, companies have institutional and other problems in having CSR policies. Further, social involvement of some companies also helps in inclusive growth and eradicates social exclusion in the country. Social presence of companies will help them in increasing their financial performance, social accountability, reputation and branding. This is the time to involve small and medium scale industries to enter into CSR activities. They can take-up

small projects at the 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 there is a dearth of CSR activities in some untouched sectors that includes human rights, poverty eradication, rehabilitation, training, tribal development, etc. which need more funds and larger time commitment.

Inclusive growth basically means, "broad based growth, shared growth, and pro-poor growth". It decreases the rapid growth rate of poverty in a country and increases the involvement of people in the growth process of the country. Inclusive growth by its very definition implies an equitable allocation of resources with benefits incurred to every section of the society. Even under global economic recession, India's economy is fast growing at the rate of over 5.5%. The Indian market is an attractive center for many global companies for huge investment" (Shetty, 2010). India's recent economic reforms have attracted foreign direct investments in the country. It has given an opportunity for more companies to enter into India, thereby we can expect more CSR work in the days to come.

Nidhi (2014) suggests Indian CSR has been the main agenda for a considerable period of time. Many big Indian Companies are taking CSR initiatives. The private sector is more active than the public sector in CSR. Globally, many corporate leaders are accepting the concept of CSR and agree that it should be streamlined in the business activities of the companies. As a country, India faces many problems. Human Development Index ranked India at 136. Nearly 30 percent of India's population is illiterate. India is able to leave a footprint globally. India is a lively country and inclusive growth has been a major national level agenda in India for a considerable period of time. Inclusive growth helps in increasing the growth rate and enlarging the size of the economy, while increasing employment opportunities with productive gains. It is important to recognize the gap between

reform and outcome to meet the long term view. Inclusive growth signifies implementation of policies for sustainable, inclusive growth. This will reduce poverty and provide more opportunity to contribute to the positive progress of inclusive growth.

Mrityunjay (2009) finds that CSR will play a very important role in inclusive growth at the global, national and local level. This paper deals with the requirement of the inclusiveness and challenges. It goes on to look at the role that CSR will play in inclusive growth. There's a big potential in CSR programs. Only they have to be compelled to be re-oriented & managed to grasp such a possibility.

Ghosh (2011), discuss the issue of inclusive and sustainable growth that is very crucial considering the disproportionate allocation of wealth and the widening gap between the prosperity of the rich and the plight of the poor. The fastest economic growth of 5.5% notwithstanding, among 169 countries surveyed, India is ranked in 119th position. In the Index of United Nations Human Development, due to poor social infrastructure. India is covering behind even countries like Pakistan and Bangladesh in health care and education. The poverty rates in eight Indian states are comparable to 26 of the poorest countries in Africa. On the basis of the Human Development Report 2010 by UNDP, and the census report 2011, this paper examines the role of the government and the corporate sector in alleviating the sufferings of the poor while at the same time it also tries to find out the answer by suggesting appropriate policy formulations.

Kour (2013). Manjit (2013) analyzes the inclusive growth on broad based development. It means addition of each and every part of the social arrangement in overall growth, as well as poor and less advantaged on the whole development and growth process of the country are in financial inclusion. It decreases the speedy growth rate of poverty in a nation and increase the participation of citizens in the growth process of the country. In India's

environment, financial inclusion is one of the majority groups to talk about this burning issue at the moment. The sufficient, timely production, services and delivery of goods at affordable prices can also guide to inclusion. This role is assigned by civilization to firms and individuals to resourcefully produce and efficiently allocate to the concerned segment of punchers in need. So, the corporate sector has to align its business goals with the inclusivity objectives of the state. By following moral norms in this paper explores how business could play a vital role in the accomplishment of its profit-oriented goals beside satisfactorily addressing the ever changing societal requirements so as to maintain it on an ongoing basis creating both nationwide wealth and shareholder returns.

Debashish (2011) investigators the CSR initiative in India by going behind 1990's and today have become an average for most of the corporate to contribute to Indian society through inclusive growth. e-choupals of ITC group that leverages the authority of internet to authorize the small farmers with best opportunities, relevant weather information, and practice, clear disclosure of prices and a great deal more. Likewise Jaipur Rugs have risen weaving skills among people of distant villages so that they can make a self contained living for themselves. These initiatives have shown in the upliftment of the disadvantaged sections and allocation of wealth. When TCS is creating software business that helps an illiterate start reading and writing within 40 days; Infosys has been serving students to get computer educated by contained a course for them; then Aviva, a planning life insurance firm has started street schools to teach the under privileged students. All of these emerge as examples of corporate involvement in CSR.

Shetty (2012). Argued that Corporate Social Responsibility (CSR) is basically a large plan whereby corporates decide voluntarily to contribute to a better society and a cleaner atmosphere. It is described by the contributions undertaken by corporations to society through its business activities and its

social investment. An attempt has been made to analyze the status of CSR and its current trend in Karnataka to understand its contribution towards inclusive growth. The findings of this study showed that corporatons in Karnataka have a positive perspective towards CSR and also the extent of their involvement in CSR initiatives have improved over the years. It emerges from the survey that large scale companies in Karnataka have maintained their support for CSR programmes. Even if micro finance and charity registered less important among CSR programmes, companies are putting more effort into integrating CSR with their business strategy and expanding their support for health care, environmental education and sustainability initiatives.

Dima (2008) comes out with a stakeholder theory that has gained currency in a business and society, literature in recent years in the light of its practicality from the perspective of managers. In accounting for the recent stakeholder theory, dominance, this paper attempts an overview of two traditional conceptualizations of corporate social responsibility (CSR) (A Three Dimensional Conceptual Model of Corporate Performance (Carroll 1979), and 'Corporate Social Performance Revisited', highlighting their major fondness towards providing static taxonomic CSR descriptions (Wood 1991). The article then makes the case for a stakeholder theory to CSR, reviewing its motivation and delineation and how it has been integrated into recent studies with empirical evidence. In the highlight of this review, the article adopts a stakeholder theory and the Ethical concept. Scorecard (ECS) moral Business and investment (Spiller 2000). A representation for Business and Society – to look at the CSR view of a sample of Syrian ũrms and Lebanese with an interest in CSR and test applicable hypothesis resultant from the CSR/stakeholder theory literature. The study analyzed and implications drawn regarding the effectiveness of a stakeholder theory to CSR.

Mathur and Nihalani (2011) state that CSR has been on the program in India for a substantial period of time. Most of the big companies are engaged in some CSR programs in India. As the case in so many countries, the public sector is still usually less active in this area than the private sector. Corporate leaders internationally are advocating the idea of social responsibility. In the latest socioeconomic context we have witnessed, that there is a lot of growing necessity for Corporate Social Responsibility (CSR) initiatives, as a country like India face hurdles and polarity in its societies. India's rank at the lower end on the Human Development Index, at 127 to be precise. Almost 40 per cent of the population of India is illiterate. Further 1/3rd of the population in India, often called, "demographic dividend" lives on less than a dollar a day. However, at the same time India takes pride in the fact that it has made a mark on the intellectual world map. India boasts of the world's third largest, technical and scientific manpower and is reckoned as an economic power centre house. India is a developing country, and fortunately, inclusive growth is at the hub of India's nationwide agenda. The government of India is very severe about ensuring that this comes true rapidly.

Ameer and Othman (2012) opined that Sustainability is concerned with the blow of present events on the societies, environments and ecosystem of the future. Such concern is supposed to reflect in the tactical planning of sustainable companies. Strategic intention of this nature is operationalised through the acceptance of a long-term focus and a more comprehensive set of responsibilities focus on moral practice, employees, customers and the environment. A central supposition, that we test in this paper is that companies which attend to this set of responsibilities under the term greater sustainable practice, have upper financial performance compared to those who do not engage in those practices. The study sample includes 100 top sustainable global companies 2008 which have been chosen from a population of 3,000 companies from the

emerging markets and developed countries. We find significantly higher return on assets, mean sales growth, cash flows from operations and profit before tax in some activity sectors of the sample companies compared to other companies over the period of 2006-10. Moreover, our result shows that the upper financial positive performance of sustainable companies has enlarged and been constant development over the sample. Despite sample limitation, casual proof reported at this stage suggests that, there is dual relationship between CSR initiatives and financial performance of corporations.

Subhasis (2013) have mentioned economic forecast of India to be the world's biggest economy by 2050. This would need India to go faster with its infrastructure development and industrial development. Industrial development based on economic growth will have an unenthusiastic impact on the environment and therefore sustainable development. Such step could involve the societal and ecological bottom line of the nationwide economy. In the recent time, a number of authoritarian events have been planned by the government of India to ensure company support to achieve the objectives of inclusive growth and sustainable progress. The objectives of these guidelines are to achieve triple bottom line based growth. Outstanding among them is the compulsory CSR rule for PSUs, first started in April, 2010. The study of problems, possibly created by this effort by analyzing the role credentials and interview of executive responsible for implementing CSR initiatives in PSUs of India. Executive interview came from coal, power distribution, shipping industries and hydro-power. The study, identified four areas that require concentration for effective linking among sustainable development & CSR; institutional mechanisms, stakeholder engagement, knowledge management and capacity building. Both public sector, government and community engagements, has to be more efficient. Institutional mechanism has to be developed to see that CSR projects are delivered and effective.

Prominently, are executives at all levels require an improved concern of CSR through sustainable development. While, most of the projects are in country side areas, considerate of rural issues and sustainability is extremely significant. Lastly, such a big scale work out in CSR should have an information management instrument to learn from the achievement and mistakes at an early time. This paper discusses the suggestion of the conclusion on India and other up-and-coming economies, many of which are stressed to balance growth and inclusive growth. I conclude that the compulsory CSR rules for PSUs in India has the possibility of achieving sustainable growth only if early achievement is taken on the recognized areas.

Abdul and Manwani (2013) found that CSR is a region so dynamic and so sparkling that prompts and inspires for a diversity of study to be carried out. This study tries to travel around the optimistic implication of CSR activities on brand equity and its important improvement towards meeting sustainability issue. It is hereby an attempt to find an answer to the theme matter evolved, that, does CSR improve corporate status and leads to its brand fairness? The research aims to spot out CSR as a sole framework that endow its overall impact on corporate position through the provision of developing brand fairness. Furthermore, what are the relationships between mediate effects of corporate sustainability during CSR implications. In adding, does corporate status or brand equity has connection between CSR and brand progress? The this paper proposes sustainability and corporate branding through a combination of the disjointed literature of CSR and thereafter incorporating rambling sustainability literature. CSR has a great optimistic impact on the behavior of the consumer, but even then misfortune lower was known about these effects (Sen & Bhattacharya, 2001). The insufficient amount of research on CSR and the behavior of the consumer till nowadays has recommended that CSR affect the consumers both directly as healthy as indirectly, during company

evaluation and purchase intention, but the effects are much varied (Sen & Bhattacharya, 2001). Researches into trust specifically in context of brand is limited (Delgado-Ballester, 2004) and the relationship, particularly between CSR and brand trust is yet to be investigated. This study tries to analyze the implications of CSR building up the Brand trust & shall identify the ways through which strong positive bond of CSR & Sustainability could be built up.

Narwal and Rajinder (2013) came up with unlike results that the aim of this paper is to explore diverse areas of CSR roofed by the companies in India and to have a relative analysis of such practices of companies in India and Multinational companies (MNCs) running in India. The study shows that there is a small disparity in CSR initiative practices of companies in India and MNCs and that is in terms of focused areas of CSR. Companies are following CSR initiative practices of sustainable development, local community support, environmental marketing, accountability and transparency. MNCs are following almost all the same CSR initiative as following by their complement companies of India. Therefore, MNCs is adhering to the existing corporate practices in host countries.

Conclusion

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. They can take-up small projects at the local level using their business presence and network. Also, they can share their human and technical skills with the local NGO's. They can also train the NGO's. Still, it is a dearth need of CSR in some untouched sectors including human rights, poverty eradication, rehabilitation, training, development, etc which needs more money and time.

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