

Research Article

Review on Corporate Social Responsibility and Inclusive Growth

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ABSTRACT

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

Keywords: CSR, Inclusive growth, Company, Review, Development, Policy

BACKGROUND

It is found that CSR (Corporate Social Responsibility) has much bigger implications for development of the any country. It reduces dependency on the government for social expenditure and helps for speedy inclusive growth. The scale of CSR emerged significantly in the last decade in India. Since business houses required

doing business in the society only, it would be an obligation to share small portion of their profit for betterment of society. To relate fundamental business philosophy to make CSR sharper, smarter, and focused is what really matters and is the chore for ahead. However, critiques are emerging on the recent Government bill on CSR, which makes mandatory on the part of the companies to spend small portion of their profit for the social causes. 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. Although various Indian corporate sectors are involved in CSR activities, it is not enough when compared to their actual financial capacity. In addition, companies have institutional and other problems in having CSR policies. Further, some companies' social involvement also helps in inclusive growth and eradicates social exclusion in the country. Companies' social presence will help the company in increasing stronger financial performance, social accountability, reputation, 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 NGOs. Even they can also train the NGOs. 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.

OBJECTIVE

To review the recent literature about relationship between CSR and inclusive growth.

METHODOLOGY

Various secondary literatures have been reviewed and summarized.

Inclusive growth basically means, 'broad-based growth, shared growth, and pro-poor growth'. It decreases the rapid growing rate of poverty in a country and increases the involvement of people into 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 8.3%. Indian market is an attractive centre for many global companies for huge investment (Shetty, 2010). India's recent economic reforms has attracted in increasing the foreign direct investments to the country. It has given an opportunity to more companies to enter into India; thereby we can expect more CSR work in the days to come.

Gupta (2014) discussed that Indian CSR has been the main agenda for a considerable period of time. Many big Indian companies are performing CSR initiatives. The private sector is more active than the public sector in CSR area. 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 is facing many problems. In Human Development Index ranked India at 136th position. Nearly 30% population of India 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 from 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. It is important to recognise the gap between reforms and outcome to meet the long-term view. Inclusive growth signifies implementation of policies for sustainable inclusive growth. This will reduce poverty and provides more opportunity to contribute to the positive progress of inclusive growth.

Athreya (2009) found that CSR will play a very important role for inclusive growth. From the high spirits of a high growth path each globally yet as domestically, altogether the national level and international level economies, the talk has been shifted at least once on inclusive growth. The 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 is a big potential. CSR programmes have to be compelled to be re-oriented and managed to grasp such a possibility.

Ghosh (2011) discusses that the issues of inclusive and sustainable growth are 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 8% notwithstanding among 169 countries survey, India ranked at 119th position. In the Index of United Nations Human Development, due to poor social infrastructure, India is lagging behind even countries like Pakistan and Bangladesh in healthcare and education. The poverty rates in 8 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, the 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 try to find out the answer by suggestion of appropriate policy formulations.

Kour (2013) analyzed the inclusive growth as a whole or broad-based development. It means addition of each and every part of the social arrangements in overall growth would effect on less advantaged sections. Inclusive development of country also leads to have financial inclusion. It decreases the speedy growth rate of poverty in a nation and increases the participation of citizens into the growth process of

the country. In India's environment, financial inclusion is one of the major talked about and burning issues at moment. The sufficient, timely production, services and delivery of goods at affordable prices can also guide to inclusion. This role is assign by civilisation to firm and individuals to resourcefully produce and efficiently allocate the concerned segment of punchers in need. So, corporate sector has to align its business goals with the inclusivity objectives of the state. By following moral norms in business and as long as quality goods at sensible prices corporate can supply to inclusive growth. This paper explores how business could play a vital role in accomplishment of its profit-oriented goals, besides satisfactorily addressing the ever-changing societal requirements so as to maintain itself on an ongoing basis creating both nationwide wealth and shareholder returns.

Bagg (2011) investigated the CSR initiative in India before 1990s 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 authorise the small farmers with in order of best opportune, relevant weather information, and practice, clear disclosure of prices and a great deal more. Likewise, Jaipur Rugs have been into rising weaving skills among people of distant villages so that they can make a self constant living for themselves. These initiatives have showed in upliftment of disadvantaged sections and allocation of wealth. When TCS is creation software business that aids an illiterate by making him start reading and writing in 40 days, Infosys has been serving student to get computer educated by scheming course circular for them. Aviva, a life insurance firm have started street schools to teach the under opportunity students.

Shetty (2012) argued that CSR is basically largely a plan; whereby corporations decide voluntarily to contribute to a best 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 analyse the status of CSR and current trend in Karnataka to understand its contribution towards inclusive growth. The findings of this study showed that corporates in Karnataka have positive perspective towards CSR and also the extent of their involvement in CSR initiatives has been improved. It is emerged 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 integrate CSR with their business strategy and expanding their support for health care, environmental, education, and sustainability initiatives.

Jamali (2008) came out with stakeholder theory that has gained currency in the business and society literature in recent years in 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 conceptualisations of CSR (A Three Dimensional Conceptual Model of Corporate Performance (Carroll, 1979), and 'Corporate Social Performance Revisited', highlighting their major fondness toward providing static taxonomic CSR descriptions. The article then makes the case for a stakeholder theory to CSR, reviewing its motivation and delineation how it has been integrated into recent studies with empirical. In this view highlight of this review, the article adopts a stakeholder theory – the Ethical concept. Score card (EPS) moral business and investment. A representation for Business and Society – to look at the CSR view of a sample of Syrian ūrs and Lebanese with an interest in CSR and test applicable hypothesis resultant from the CSR/stakeholder theory literature. The study analysed and implications drawn regarding the effectiveness of a stakeholder theory to CSR.

CSR has been on the programme in India for a substantial period of time (Mathur and Nihalani, 2011). Most of the big companies are engaged in some CSR programmes in India. 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 advocate, the idea of social responsibility. In the latest socio-economic arrangement we have witness, there is a lot of growing necessitate for CSR initiative for company to be main-streamed in the business environment. As a country like India face hurdles and polarity. India's rank at the lower end on the Human Development Index is 127th; almost 40% of the population of India is illiterate. Further one-third of the population in India, often called, 'demographic dividend' lives on less than a dollar and a quarter a day. However, at the same time India take 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 reckoning as an economic power center house. India is a developing country, and opportunely 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.

Rashid and Othman (2012) opinioned that sustainability is concerned with the blow of present events on the societies, environments and ecosystem of the future. Such concern supposed to reflect in the tactical planning of sustainable companies. Strategic intention of this nature are operationalised through the acceptance of a long-term focus and a more comprehensive set of responsibilities focus on moral practice, employees, customers and 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 compare to those who do not engage in those practices. The study sample includes of the 100 top sustainable global companies level in 2008, which have been chosen from a population of 3000 companies from the emerging markets and developed

countries. We find significant higher return on assets, mean sales growth, cash flows from operations and profit before taxation in some activity sectors of the sample companies compared to the manage companies over the period of 2006–2010. 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, causal proof reported in this stage suggests that, there is dual relationship between CSR initiatives and financial performance of corporate.

Loong and Woong (2009) observed that the despite the opening and better liberalisation of the market, the state still represents a overriding feature in China's monetary approach and policy organisation. As such, attempt that fails to consider the state's import in CSR formulation and accomplishment are improbable to do well. This paper discusses to start off with a foreword to the issue of CSR and recent interest and development in CSR in China. It is an outwardly ambitious culture that approaches that further growth needs to think the role of state action. The Chinese state has newly introduced philanthropy of reform procedures, including labour laws, and these have significant effects on CSR programmes. We also recommend that the course of CSR programmes various from its 'western' progenitors, and that Chinese the past and institution are critical in fashion an alternative model and practice. The model appears to be an exemption to the idealised expectation of an international market financial system in compliance to liberalise economic market view, connecting rather both an active state and private involvement and initiatives. We also offer some temporary views on the limitations of the CSR programmes as experienced and propose a better reflexivity in terms of aim and practice is necessary.

Subhasis (2013) has mentioned economist forecast India to be the world's biggest economy by 2050. This would need India to go faster 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 stepladder 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 objectives of inclusive growth and sustainable progress. The objectives of these guidelines are to achieve tri-bottom line based growth. Outstanding among them is the compulsory CSR rule for PSUs, first started in April, 2010. The study of problems and possibility created by this effort is by analysing the rule credentials and interviewing executive responsible for implement CSR initiatives in PSUs of India. Executive interview came from coal, power distribution, shipping industries and hydro-power. The study, identified four areas are that require concentration

for effective linking among sustainable development and CSR: institutional mechanisms, stakeholder engagement, knowledge management and capacity building. Both public sector-government and community engagements-public sector have to be more efficient. Institutional mechanism has to be developed to see that CSR projects are delivering and effective. Prominently, executives at all levels require an improved concerned of CSR through sustainable development. While, most of the projects are in countryside 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 mistake of the 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. It was concluded that the compulsory CSR rules for PSUs in India has the possibility of achieving sustainable growth only if early achievement is taken on the recognised areas.

According to Marta *et al.* (2010) discussed whether it is possible to reconcile the objectives of SD (sustainable development) with a company's socially responsible actions in the Amazon in Brazil. The involvement presented among the idea of SD and CSR. The basic limitation of the paper is shaped using secondary data, collated from the print media and internet. Conducting further research using primary data, such as interview or survey with Natura's consumers, employees/community, and managers, for a longer time to analyse the Natura Saboaria familiarity is necessary. The major proposition for carry out is that a sustainable strategy is essential on a broad sense, not just in line with economic measurement. The study integrates the literatures on SD and CSR to a sequence of business projects geared towards the sustainable use of the Amazon's valuable resource, in detection of socially responsible actions.

Khan 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 try 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 provision of developed 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? This paper proposes sustainability and corporate branding through combination of the disjointed literature of CSR and thereafter, incorporate rambling sustainability literature. CSR has a great optimistic impact

on behaviour of the consumer, but even then, misfortune lower was known about these effects (Sen and Bhattacharya, 2001). The insufficient amount of research on CSR and behaviour of the consumer till nowadays has recommended that CSR affects the consumers both directly as healthy as indirectly, during company evaluation and purchase intention, but the effects are much varied. Researches into trust specifically in context of brand is limited, and the relationship particularly between CSR and brand trust is yet to be investigated. This study tries to analyse the implications of CSR building up the Brand trust and shall identify the ways through which strong positive bond of CSR and sustainability could be built up (Sen and Bhattacharya, 2001).

Narwal *et al.* (2013) came up with unlike results that the aim of this paper is to explore diverse area of CSR roofed by the companies in India and to have a relative analysis of such practices of companies in India and MNCs (Multinational companies) 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 area 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 are 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 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 NGOs. Even they can train the NGOs also. Still it is a dearth need of CSR in some untouched sectors including human rights, poverty eradication, rehabilitation, training, development, etc. which need more money and time.

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