

The Role of Corporate Social Responsibility for an Inclusive Growth in the Society

“The practice of CSR in the context of rural development in India”

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Abstract- In a corporate structure, there are many stakeholders, one of them are business houses or companies. These business houses contribute significantly to its pool that affect their internal stakeholders and support the initiatives of the company openhandedly. In India companies like Tata and Birla are practicing Corporate Social Responsibility (CSR) for decades, long before CSR become a popular base. There are many areas where companies have played a key role in addressing issues of education, health, environment and livelihoods through their statements of CSR throughout the country. According to the United Nations and the European Commission, CSR leads to the triple bottom line concept, environmental protection and the fight for social justice. It is important that the business sector identify, promote and implement effective policies and practices to achieve triple bottom line.

The study shows that all companies surveyed appear to have Policies and practices of CSR. Most companies design and implementation of CSR initiatives in area of work covers the entire community. It has also been revealed during the study that many companies promote and implement CSR initiatives through Human Resources Dept., foundation or collaboration with NGOs, but there is lack of fully fledged CSR dept. CSR initiatives undertaken by the Indian companies for rural development have a positive effect and impact on the overall development of society and business.

Index Terms- CSR Initiatives, Social justice, Policies & Practices, Development.

I. INTRODUCTION

Undoubtedly, the vast majority of the poor in India, people living in villages and towns are in a state of neglect and underdevelopment with the poor people. The problems of hunger, ignorance, poor health, high mortality and illiteracy are more serious in rural areas than in urban areas. Not only due to lack of equipment resources but also because of the defects in our planning investment process and model. India has the potential to meet these challenges in rural areas. However, the government efforts may not be sufficient to provide basic services to its citizens. It is increasingly recognized that progress and welfare of society is not only the responsibility of government but

many other stakeholders must be involved to achieve the development goal. The corporate sector has a vital role to play in ensuring that the private investment flows in these rural areas that have been left out of the development process till date and work for sustainable development of rural areas in general.

Companies are considered as part of society and therefore act in a socially responsible manner beyond economic performance (KPMG and ASSOCHAM, 2008). As a result of this change in title from business of profit with social responsibility, many companies are supporting the concept of CSR. It is essentially a concept whereby companies decide voluntarily to contribute to society, making it better and cleaner in terms of environment (European Commission, 2001). In general, CSR is considered "The commitment of businesses to contribute to sustainable development as well as to economic development by working with employers, their families, local community and society as a whole and improve their quality of life, so that it is good for business and for development. A widely cited definition by the World Business Council for Sustainable Development the state of development that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of workers and their families and the local community and society at large." (WBCSD, 1999).

Therefore, the meaning of CSR is two folded. First, it presents an ethics an organization should practice for its internal as well as external employees. . On the other hand, it means that the responsibility of an organization for the environment and the society in which it operates. CSR is considered as a mean or a medium by which companies give something back to society. Its mission is to provide innovative solutions for the social and environmental challenges. But the challenge for business and professional community is to identify priorities and areas of CSR interventions that are important in the context of rural development sector.

Therefore, it is necessary to study and understand business, how companies are using their CSR initiatives or what is the impact of social responsibility activities in the socio-economic development of the rural population.

II. LITERATURE REVIEW

Historically, CSR has been seen as Events for Developed countries. Having a large body of literature has amalgamated the practices of CSR in the context of developed countries. However, the literature on the theory and practice of CSR in developing countries remains low (Belal, 2001). Only a few studies are carried out which have examined the CSR practice in India. Various investigations in different parts and time period and also in classical literature of India have shown the practice of CSR in various Corporations in India. In long back in historical times Kautilya's 'Arthashastra' talk about merchants doing trading and also having responsibilities towards the local society. Although in ancient India, the responsibilities towards betterment of society were voluntary and not mandatory.

In 1987, Khan and Atkinson conducted a study. It was a comparative study on the attitudes of social responsibility management in India and Britain. The study shows that most India executives have initiated CSR activities for companies because they feel that it is also company's responsibilities that companies should share their profits not only with their shareholders and employees but also the suppliers, society and the state. A survey by TERI Europe and ORGMARG was conducted in 2001 in many cities. In India it was revealed that more than 60% of people feel that the giant business families and corporations should take up these issues and help in bridging the gap between the rich and the poor, reduction in the cases of violation human rights, social problems to be resolved and increase in economic stability.

Some of the surveys as;

- Corporate Participation in Social Development India by Partners in Change (PIC).
- Changing the image: 2001 State of Corporate Responsibility Survey of India by the Tata Institute of Energy Research Institute (TERI).
- Corporate Social Responsibility: Perceptions of Indian business by the Centre for Social Markets (CSM).
- Corporate Social Responsibility Survey 2002, India presented by the British Council, UNDP.
- The Confederation of Industries in India and Price Water House Coopers has also featured the emerging CSR trends in India and also involvement of India in the CSR processes.

The conclusions of the all these surveys emphasized that in India philanthropy is the most important driver of CSR for the companies, followed by the brand image construction, followed by employee morale and ethics. Centre for Social Markets, a study in 2003 found out that social responsibility was seen as a significant business within the business without taking into consideration the firm size, age, sector, location, primary object or status.

A study on Iron Ore Mining in Goa, which shows many large mining companies have their own initiatives towards the Environment and Social Development. However, a formal CSR policy and planning. Chauhan and Verma (2007) found that roads, pollution and power are the major concern for businesses CSR activities in relation to the area in which they are least concern that is communication and education. Another

study by Dutta and Durgamohan (2009) found that education holds the first place followed by health and social causes. Similarly, a survey conducted by CSM (2001), presented the various motives of the companies taking up various parameters of CSR. The different dimensions of CSR, which companies value and are assessed upon are national wealth, employment, environmental services social and health programs, including literacy. In a survey of CSR reporting in Asia Chapple and Moon (2005) found that nearly three quarters of large companies in India have shown in their reports and brochures to have been following the policies and practices of CSR. The EU Green Paper (2001) identifies two main dimensions of business implementation of CSR in an internal dimension in-company and external dimension of stakeholder participation.

The above result of different specialists in different points in time implies that they have rightly observed CSR performance in India and have highlighted the CSR practices for business in India. But there has been little attention to this aspect considered rural enterprises people as stakeholders? If so, what CSR initiatives are taken to rural development? How does the company entities to implement development programs with their business strategy? Finally, what is the impact of CSR programs in socio-economic development of rural areas population in India?

III. THE STUDY

In an effort to understand the answers to the above issues, this study was conducted in 12 public and private companies in India.

IV. THE OBJECTIVES OF THE STUDY

1. To study and understand the CSR initiatives are adopted by some public and private India enterprises for rural development;
2. To review the approach to work and businesses. And their mode of action for the implementation of CSR initiatives;
3. To assess the impact of socio-economic measures on CSR development of rural India.

V. METHODOLOGY

To study the above objectives, 12 public & private India companies/firms were selected. While selection of these companies, efforts were made to select a variety of sectors for a full & clear image. Therefore, the selected companies are from different industrial sectors such as pharmaceuticals (Mr. Reddy's Lab, Lupin, India), metals (Vedanta aluminum Ltd.), Tata Steel, Steel Authority of India Limited (SAIL), financial institution (ICICI Bank), chemicals & fertilizers (Ambuja Cement Ltd), InfoTech (Satyam PC), consumer durables (Coca-Cola India, Inc.) power (NTPC), Oil & Petroleum (India & Bharat Petroleum), Oil, manufacturing company (Asian Paints). The methodology of this study was based on internet-based research; literature review seems to understand the practice of CSR in the context of rural

development India. For purposes of analysis of CSR initiatives for rural areas development have been divided into five areas: livelihoods, health, education, environment and infrastructure.

LIMITATIONS

Main limitation of this study is that only a small sample of Indian business companies is selected. The collection of information of the written literature is from the various business websites and non-primary data was collected from the internet and journals available.

VI. RESULTS AND DISCUSSION

CSR policies and initiatives

The study shows that all the companies presented themselves as they have the CSR policies and also practices CSR. A large number of companies reflect their CSR philosophy or social, environmental and ethical objectives & their mission, vision documents, organizational policy and plans. However, even if surveyed firms have CSR policies and objectives but there was no relationship between the agenda of the company and the Millennium Development Goals (MDGs). The companies adopting CSR initiatives for rural development in India. From the study it can also be noted that Education is the priority for many companies which were taken, followed by health and improving standards of livelihoods.

About 50% of respondents take CSR initiatives in the infrastructure sector & 57% in the environment which includes events like tree planting, the awareness creations among the masses on the environmental issues, etc. It is also surprising that even if the central govt. & the State govt. have separate departments for education and health sector, these two are the priority issues for the firms and are often under the banner of CSR in both public and private companies in India.

Business focus on the work and Modes of action

As a criterion for CSR is concerns, it appears that most companies have CSR adopted in its global business approach strategy. Therefore, they managed to fulfill the objectives of both, the companies and social development. This way of working is not primarily relief, welfare and services, but is durable development oriented, which will have long term benefits. Vedanta Aluminium Ltd, Tata Steel, Dr. Reddy's Laboratories Lupin India, Ambuja Cement Ltd., Bharat Petroleum, SAIL believes in human and social sustainable development through poverty reduction and capacity building of the rural population. One such example in this respect is Lupin India Ltd, which launched a project to sustainable development in 154 villages across Rajasthan. The plan in place of providing gradual assistance which does not result in an effective fight against development of poverty can be seen as adequate or comprehensive action plan for future prospects because it includes a regular farm income production, agricultural land cultivation and orchards programs, forage conservation systems, sericulture and recycling programs of water, establishing of medical centers and initiating educational programs for adult literacy and credit policies and systems. Moreover Aditya Birla Group, Asian Paints believe in the concept of

guardianship management and the focus of CSR is still at work welfare oriented. CSR interventions for IT companies companies are philanthropic in nature, as contribution in the form financial aids, assets and facilities.

The study shows that companies implement CSR rural development programs through four types of institutions. They are:

1. CSR activities carried out directly by the company
 - (i) By the division of CSR itself.
 - (ii) Through Human Resources Department.
 - (iii) The local management of manufacturing plant.
2. CSR activities carried out by a foundation.
3. CSR activities implemented through partnership with NGO's, academic institutions, international organizations and agencies.
4. CSR activities implemented through partnership with the government.

The study shows that out of the 12 companies surveyed, 2 companies implemented their CSR initiatives directly by divisions dedicated to CSR that are responsible for planning and executing these activities. In 2 other companies, CSR initiatives are applied through local management of the factory and Human Resources Department (HRD). Many companies as Tata Steel, India's Lupin, NTPC, Dr.Reddy s' Laboratories, Satyam Computers, Ambuja Cement Ltd, establish foundations dedicated to the implementation of CSR rural development initiatives. Most of these foundations promote the participation of communities in planning and implementing its CSR activities. It is also interesting to note that these foundation which have implemented its programs in collaboration with government departments, are a good example of Private-Public Partnership (PPP). For example, Dr.Reddy ' foundation is in collaboration with the rural development department of the GoI. Similarly Satyam Foundation is also working with Government of Andhra Pradesh (GoAP).

The study also found that four companies who have or do not have their own foundations, are partners with NGOs to implement CSR initiatives. In the agreement for the above, the company provides funds, infrastructure, while NGO provides base level support for implementation of CSR activities. An example is Bharat Petroleum that have tied up with the Gramin Social Welfare Shares of the company and the Rural Development Community in Tamil Nadu, Vivekananda Kendra Kalyan Girjana Bhubaneswar (Orissa) to service social welfare at the grassroots level.

The impact of social responsibility programs in the rural poor

The impact of CSR programs resulted in a sample of 12 leading companies in India have been classified in five areas: livelihood, health, education, environment and infrastructure.

Livelihoods: The Grameen-LABS is a program implemented by Dr.Reddy ' Foundation in collaboration with rural development Department; GOI is to provide livelihood to around 35,000 youths in the rural India between the age of 18-25 years in 7 states of India. Outcomes of livelihood support programs by Bharat Petroleum show that SHG members are in the stable income group with INR 2,000 p.m. and members of the

banana plantations and poultry are working to earn extra income of INR 7000-8000 p.a.

Health: The study shows that many companies organize a series of health camps to create health awareness and education on health on various issues such as vaccination, blood donation, water purification pills, condom distribution etc. Till 2007-08, SAIL conducted 267 health camps for the benefit of over 4.5 lakh people. In Lanjigarh (Orissa) Vedanta Aluminium Ltd. covers 53 villages with 32,000 inhabitants, providing free medicine, treatment and referral service their mobile units. Tata Family Health Initiatives Foundation (TSFIF) has established "Lifeline Express" Wheeled Hospital has helped more than 50,000 patients in Jharkhand, Orissa and Chhatisgarh.

Education: Aditya Birla Group provided education to 62,000 children living near the plants by running 26 formal schools. SAIL maintains approximately 138 schools in outlying areas of SAIL plants/units in the country where more than 80,000 children receive education (Kumar 2008). Asian Paints establishment of "Shree Gattu Vidyalaya", a school providing education to 25,000 children from class I to X, by this effort formal education have reached to rural areas and helped the children there. Similarly, Satyam Computers have developed 170 modern schools benefiting 40,000 rural children. Schools "Project Smiles" with the support of Coca-Cola India Inc. was started and completed in 20 schools. It left its impact on the lives of approximately 10,000 children.

Environment: Towards Sustainable Development and management of natural resource, many companies have been working on tree plantation, watershed management, and waste management, wind farms etc; for example, SAIL has planted 13.5 million trees in and around the SAIL plants or mines till date. Watershed Development Programme by Ambuja Cement Ltd has covered 9,000 hectares in the last four years. Sustainable water management continues to lead the priority list of Coca-Cola India Inc. So far, the company water initiatives have improved the lives of more than 1,40,000 people & raise awareness on the essential importance of water conservation among the millions of people.

Infrastructure: Of the 12 companies surveyed only six companies offer different infrastructures facilities such as construction and road development, installation of electricity, water, sanitation, schools, health Center, community, etc. Welfare Lupin Human welfare and Research Foundation initiated the scheme "Apna Gaon Apna Kam". This scheme covered 38,000 villages in Rajasthan and almost all areas have the school buildings, potable water, ponds, connecting roads, community centers, and electricity. SAIL has participated in the construction and repair of 33 km of pucca roads per year, providing nearly two lakh people in 435 villages to access to the modern infrastructure each year. In Andhra Pradesh in collaboration with Hyderabad Urban Development Agency, local rural communities and NGOs, Coca-Cola India has helped 16 thousand people of "Saroor Nayar" to restore existing "check dam" the water catchment areas.

VII. CONCLUSION

The conclusion of this study is that social responsibility is considered as an important activity

issue of Indian companies, regardless of size, sector, objective of the company, the location of the company. Because Indians companies are realizing that without socio-economic development of local communities, there cannot be stability and sustainability of economic activities to compete with the global market.

The study shows that all companies surveyed appear to have Policies and practices of CSR. Most companies design and implementation of CSR initiatives in area of work covers the entire community. A wide range CSR initiatives ranging from income generation subsistence activities, the health checkup camps, mobile health services, education, adult literacy, agriculture development, provision of drinking water management and natural resources development, infrastructure services are developed by these companies. Although way of working is switching from philanthropic development to sustainable welfare but there was no association between company CSR Agenda and the Millennium Development Goals. It has also been revealed during the study that many companies promote and implement CSR initiatives through Human Resources Department, foundation or collaboration with NGOs, but there is lack of fully fledged Corporate Social Responsibility department. CSR initiatives undertaken by the Indian companies for rural development have a positive effect and impact on the overall development of society and business.

VIII. RECOMMENDATIONS

1. The company must align with the objectives of CSR national targets under the Millennium Millennium Development Goals (MDGs).

2. The company must have a division dedicated to CSR well-trained, qualified and experienced professionals from social science or social work Sociology, Rural Development and Development Studies and experience in management for a better planning, implementation and evaluation of CSR initiatives.

3. CSR programs implemented by the Indian companies must be based on felt needs of local population so as their participation in the program can be improved. It is also necessary to create jobs and economic activity in the rural community to uplift the masses.

4. Social audits should be conducted by an external source agency to evaluate the performance of CSR of a Company.

5. The government can encourage the big players of the business world to take into account the ethical, social and environmental issues of the country. The government should play the role of motivator, catalyst, facilitator rather than director of corporate social responsibility

6. An annual report on social responsibility must be prepared to highlight the company commitment to sustainable community development.

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