



Review of Literature

INCLUSIVE GROWTH OF CSR PRACTICE

Savitri S. Macha
M.Com.SLET.

ABSTRACT-

This introductory article deals with the role that Corporate Social Responsibility (CSR) can play for inclusive growth. From the euphoria of a "high growth path", both globally as well as domestically, in all the national and regional economies, the debate has shifted to one on "inclusive growth" (IG). The paper deals with the need for inclusiveness; and the challenges posed by it. It goes on to examine the role that CSR can play in IG. There is a significant potential. CSR programmes need to be reoriented and managed to realise such a potential.

Recent decades witnessed the emergence of related CSR concepts such as corporate citizenship and corporate sustainability in the business domain. This has perhaps occurred in response to new challenges such as those emanating from increased globalization on the agenda of business managers as well as demand from



related stakeholder communities. Thus, CSR has now become a part of both the vocabulary and agenda of business managers, academics, consumer groups, employees, suppliers, government, shareholders and investors.

KEYWORDS : national and regional economies , corporate citizenship and corporate sustainability.

INTRODUCTION

The present day businesses continuously innovate by introducing drastic changes in priorities and bringing consensus on critical success factors. Several such factors that had been put in the backburner by yesterday's managers

were pushed to the limelight by today's businesses for survival and growth. The issue of stakeholder welfare is one of such factors that received greater attention from management all over the world. This has contributed to wide spread thinking about humanizing and democratizing the process of administration. One of the aspects that is thought of and refined more in the present context on stakeholder welfare is the concept of CSR. Every business organization is working out a model to implement their CSR initiatives according to the vision of their respective organization.

An attempt has been made to analyse the current trend and status of CSR in Karnataka to understand its contribution towards inclusive growth. The progress towards inclusiveness in growth and development is the most difficult to assess, because inclusiveness is a multi-dimensional concept. The result of inclusive growth should be a reduction in the incidence of poverty, significant improvement in health outcomes, universal access for children to school, increased access to higher education and improved standards of education, including skill development. There should also be an improvement in employment opportunities, increase in wage rates, betterment in livelihoods and improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. All these can be made possible through the

social commitment of corporates through their CSR initiatives

INCLUSIVE GROWTH

Till the dissolution of the Soviet Union, formally in 1989, in academic and popular discussions, the world used to be divided into three parts--the First; Second; and Third worlds. From an economic structure point of view, the First world economies consisted of the market economies, with freedom for entrepreneurs domestically, and relatively free trade in exports and imports. The US, EU and Japan were the main constituents.

The Second world was made up of centrally planned and administered economies, with state ownership of enterprises, and limited exports and imports; mainly through bilateral relations. Russia, the East European and Central Asian countries, were the main parts. The Third world consisted of all other countries, mostly in Asia, Africa and Latin America.

Some countries of the third world adopted an export-led growth model in the 1960s and 70s. They achieved high economic growth, and got new labels such as the Newly Industrialized Countries (NIC); and the Asian Tigers. After the death of Mao in 1976, Deng began economic reforms in China in 1979, based on Special Economic Zones (SEZ), dedicated to exports. China has been growing at more than 10% per annum since then. In the Soviet Union, Gorbachev implemented Glasnost and Perestroika. Russia and the ex-CIS countries have also implemented changes towards a market economy.

India began with a mixed economy consisting of a state-owned public sector, and a private sector subject to industrial licensing and many administrative controls on imports; exports; foreign exchange etc. Between 1950 and 1990, the economy grew at only 3.5% per annum. In 1991, India also was forced to reform her economy. The reform has had three main strands--LGP--Liberalisation; Globalisation; and Privatisation. The first reform has helped the rapid expansion of the existing and new private enterprises. The second has led to a sustained growth of exports, both in services like IT, and in manufactures like drugs and engineering goods. The third reform of privatisation has faced more social and political resistance. However, it has benefitted the consumer and job seeker in telecom; banking; airlines; electricity etc. The resistance has been more to the selling of the government stake in state owned enterprises, SoE.

All the above reforms have taken the Indian economy to a high growth path of 8%. In the peak year of 2007-08, it exceeded 9%. But questions have arisen on the quality and contents of the growth in India. Inflation rose above 12%. It hurts the poor more. Disparities of income and wealth have widened. The better performing companies have raised their market share and profits. Under liberalisation, corporate survival is not guaranteed, resulting in some closures and job losses. In the competition for talent, companies have raised the total managerial compensation, consisting of salaries, allowances, bonuses, benefits, stock options etc. The outcome of the 2004 parliamentary elections was partly influenced by the argument that the benefits of high growth had not reached the common man. Even within the ruling UPA Coalition, the debate favoured growth not for its own sake. Industry Chambers and Professional Associations have been holding Conferences on Inclusive Growth; its challenges; and action needs.

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.

OBJECTIVES OF THE STUDY

To identify the basic trends and status of corporate commitment to CSR in Karnataka.

- **To track the key focus area of CSR initiatives of corporates in Karnataka**
- **To understand the contribution of CSR towards inclusive growth.**
- To know the reasons for implementing CSR initiatives.

Data Analysis

An inter sectoral study is attempted relating to involvement and importance of CSR initiatives of companies in Karnataka. These industrial segments occupy prime position in the industrial scenario resulting from their relevance and relative contribution to the economic development of 5 www.ssiomar.in the country. An analysis of corporate commitment to CSR and reasons for implementing CSR initiatives is also made to understand the existing truth as far as CSR is concerned.

Key Findings

It is emerged from the survey that all 63 companies have CSR initiatives. Table 1: Involvement in CSR initiatives- Inter Sectoral Study.

Sl.No.	CSR Initiatives	Banking	Soft ware	Automobile	Construction	Iron & Steel	Electronics
1.	Rehabilitation	✓	-	-	✓	✓	✓
2.	Child Welfare	✓	-	-	-	✓	✓
3.	Disaster Mgt.	✓	-	-	✓	✓	-
4.	Women Empowerment	✓	✓	-	-	✓	✓
1.	Livelihood Promotion	✓	-	-	-	✓	✓
6.	Slum Improvement	✓	✓	-	-	✓	-
7.	Charitable Events	✓	-	✓	-	✓	✓
8.	Micro finance	✓	-	✓	-	✓	✓
9.	Environment	✓	✓	✓	✓	✓	✓
10.	Education	✓	✓	✓	✓	✓	✓
11.	Health Care	✓	✓	✓	✓	✓	✓
12.	Sanitation	✓	-	✓	✓	✓	✓

The following factors encouraged the India to concentrate more on inclusive growth

- India is the 7th largest country by area and 2nd by population. It is the 12th largest economy at market exchange rate and 4th largest by PPP. Yet, India is far away from the development of the neighborhood nation, i.e., China
- The exclusion in terms of low agriculture growth, low quality employment growth, low human development, rural-urban divides, gender and socialite qualities, and regional disparities etc. are the problems for the nation. • Reducing of poverty and other disparities and raising of economic growth are the key objectives of the nation through inclusive growth.
- Political leadership in the country plays a vital role in the overall development of the country. But, the study has found that politicians in India have a very low level of scientific literacy.
- Studies estimated that the cost of corruption in India amounts to over 10% of GDP. Corruption is one of the ills that prevent inclusive growth.
- Although child labour has been banned by the law in India and there are stringent provisions to deter this inhuman practice. Still, many children in India are unaware of education as they lives are spoiled to labour work.
- Literacy levels have to rise to provide the skilled workforce required for higher growth.

CSR REPORTING

C.V. Baxi and Rupamanjari Sinha Roy take up the developments in reporting and further scope for disclosures in their CSR activities by corporates. Their finding is that in India, currently, the reporting deals more with the activities than with the results. They emphasise the need for CSR reporting standards. Global warming has brought up the urgency of corporate sustainability. The Global Reporting Initiative (GRI) provides useful guidelines. Eight Indian companies have given GRI-based disclosures in 2008. The older, established companies first engage in CSR. Data of good practices are building up. Creating a structure and budget for CSR helps. A few examples have been given, including the Triple Bottom Line reporting of ITC; CSR of L&T; Bharti Airtel; Continental Devices; IOC; and SAIL. About a hundred Indian companies have signed the UN Global Compa.

CSR as an Opportunity

Sanjeev Gupta and Nidhi Sharma look at CSR as a business opportunity. Most companies tend to treat it as just a cost. Some may even look at it as an unavoidable nuisance or distraction from their core business. On the other hand, it can give benefits to the company. These benefits need not be confined to just a better image. They can be more tangible and financial. It is not a zero-sum game. CSR may begin as "charity", which has an element of condescension. Philanthropy, the next stage, accepts some moral responsibility, for sharing wealth. More companies are now linking CSR to their business strategies. CSR can give competitive advantage. It can give a number of business benefits, including lower costs; reduced risk; higher revenue; better reputation; access to talent and capital etc. According to the Association of British investors, CSR can help reduce portfolio volatility and increase returns.

CONCLUSION

The various articles in this Special Issue confirm that CSR is now owned by managements, and expected by the community. As companies gain experience in CSR, they are expanding the range of CSR programmes. They are not only doing it internally, but also in collaboration with the NGOs and government. CSR is moving beyond charity and philanthropy into a professional phase. There are many areas for improvement. There is need for continuous evaluation; feedback; control; and learning. It will be useful to have comprehensive standards for reporting on CSR, with stress on the results; outputs; impacts; benefits.

CSR has become even more critical in the current context of global economic crisis and domestic showdown. The macroeconomic goal has shifted from merely high growth, to Inclusive Growth. CSR has an important role to play, along with GSR and PSR. Let us conclude with hope that this Special Issue will stimulate further spread of CSR Action; Research; and Innovation.

India seems to be improving its economic growth. The growth rate of GSDP in the last few years has been 7 to 8% per annum. However, the post-reform period witnessed increase in disparities across regions and social groups and between rural and urban areas. There is a need to have a broad based and inclusive growth to benefit all sections of the society. We have discussed challenges in most important elements of inclusive growth: agriculture, poverty and employment, social sector and regional We have written earlier on the reasons for the need to achieve inclusive growth 8. There are strong social, economic and political reasons for achieving broader and inclusive growth. Socially, lack of inclusive growth leads to unrest among many people. There is also economic argument. Business houses all over the world are realizing their stake in the society and engaging in various social and environmental activities.

REFERENCES

- M. K. Ramakrishnan & Reshma K. P. (2010), "Corporate Social Responsibility Initiatives of Companies in Karnataka", *Prabandhan: Indian Journal of Management*, 3(7), 23-28.
- vesela veleva, (2010), "The state of corporate citizenship 2009: the recession test", *Corporate Finance Review*, 14(4), 17-25.
- Zabid Abdul Rashid, Saadiatul Ibrahim, (2002), "Executive and Management Attitudes towards Corporate Social Responsibility in Malaysia", *Corporate Governance*, 2 (4), 10-16.
- Maon, F., A. Lindgreen and V. Swaen, 2009. 'Designing and implementing Corporate Social Responsibility: An integrative framework grounded F in theory and practice', *Journal of Business Ethics*, web.
- Hanke, T. and W. Stark, 2009. *Strategy Development: Conceptual Framework on Corporate Social Responsibility*. *Journal of Business Ethics*, web.