

CORPORATE SOCIAL RESPONSIBILITY AS DEVELOPMENT AGENT OR TOOL FOR POVERTY ALLEVIATION

REV. FR. DR. D. SUNDER REDDY

Principal, Department of Business Management
St. Joseph's Degree & PG college, Abids, Hyderabad-500001

DR. MARTINA RANI

Associate Professor, Department of Business Management
St. Joseph's Degree & PG college, Abids, Hyderabad-500001

MRS. JOSEPH MARY

Assistant Professor, Department of Business Management
St. Joseph's Degree & PG college
Abids, Hyderabad-500001

ABSTRACT

Corporate Social Responsibility (CSR) is a broader concept that includes various forms, such as philanthropy, volunteer efforts, community development programmes, societal challenges-address events, etc., creating an impact on the society- social, economic and environmental. CSR is regarded as a business-model which makes a company socially accountable- to its stakeholders. The importance of CSR lies in the binding among employers, employees, consumers, investors, users and Government. The paper highlights the history of CSR concept and describes the conceptual framework of CSR, defining the term "poverty". The paper explains the management practices of CSR based on the framework of Poverty alleviation which are adopted by businesses.

INTRODUCTION

Corporate social responsibility (CSR) is a concept with three dimensions namely economic, social and environmental. Though the development of the concept of CSR was felt in the beginning of 2000 very much by civil society organization like United Nation Global Compact (UNGC) and a few governments at global level and also by transnational corporations (TNCs) to promote sustainable labour standards, enhanced use of renewable energy and anti-corruption measures, inclusive business practices by Asia and Pacific regions, however the origin of the CSR concept all started first in western countries notably in US. The concept gained a momentum when countries started giving attention to the concerns of the society and what should be their role in the development of its society, the society in which the businesses grow.

OBJECTIVES

1. To study the history of CSR concepts and CSR framework
2. To learn the management practices of Poverty related CSR followed by businesses in general

DISCUSSION

HISTORY OF CSR CONCEPT DEVELOPMENT

The impetus for CSR was the Great Depression 1929 which started with the introduction of public trusteeship management, along with profit maximization objective. (Hay and Gray, 1974). Bowen (1953) defines CSR "as the obligations of businessmen to pursue their policies, to make their decisions or to follow their lines of action which are desirable in terms of the objectives and values of society."

Committee for Economic Development (CED) of the United States, which defined CSR, in 1971, as a business function to serve constructively the needs of society (Carroll, 2008).

At the end of the 1970s, the earliest CSR framework of CSR was propounded by Carroll (1979). It is a three-dimensional CSR conceptual model, consisting of corporate responsibilities, social issues of business and corporate actions.

Corporate responsibilities representing economic, legal, ethical and philanthropic Social issues of business representing labour standards, human rights, environment protection and anti-corruption.

Later, Wartick and Cochran (1985) proposed another three-dimensional model of principles, policies and processes or the 3P based on Carroll's model, followed by Wood (1991), who reformulated the two three-dimensional models by emphasizing the outcomes or performance of CSR initiatives. In, 2003, Schwartz and Carroll reduced Carroll's four categories of CSR to three domain approach, namely economic, legal and ethical. And finally,

The International Labour Organization (ILO) (2007) redefined CSR as a way that enterprises consider the impact of their operations on society to define CSR principles as an' internal processes and interactions with stakeholders on a voluntary basis.

Very recently, the European Commission (2011) simplified the CSR definition as the responsibility of enterprises for their impacts on society, which indicates that enterprises should have a process in place to integrate CSR agenda into their operations and core strategies in close corporation with stakeholders.

The World Business Council for Sustainable Development (WBCSD) (2012) also emphasized a balance of return on financial, natural and social capitals, particularly suggesting the integration of CSR reporting into annual report. The conceptual framework describes CSR phenomena of interest in their most general but evolving form. It specifically places, in sequence, five components: (1) corporate motives; (2) corporate responsibilities; (3) CSR issues; (4) institutional frameworks; and (5) corporate actions, reflecting the natural logical flow of conventional human behaviors that perceptions precede attitudes and attitudes precede behaviors (Wartick and Cochran, 1985). Corporate motives are formed as a firm's perceptions, while corporate responsibilities and CSR issues are recognized as a firm's attitudes. Institutional frameworks and corporate actions are categorized as a firm's behaviors.

Corporate activities speaking to summed up methods of reaction (for example responsive, cautious, accommodative and proactive). The term 'Neediness' is characterized as the 'ordinary condition' of the 'world' (Lagace) and it is characterized by UN, as individuals, living on "under \$1 USD every day". Destitution can be effectively recognizable, yet not all that effectively quantifiable. There are quantifiable effect devices used to quantify the financial factors, for example, monetary status, instruction level, wellbeing and climate, and one can make metric to the effect, however not for destitution. This is the essential motivation behind why individuals will be unable to gauge the effect of their commitment towards the destitution easing. In this point of view, my examination is just a focal point of the CSR activities towards destitution mitigation. Neediness is a genuine disease which makes a solid effect on a nation's government assistance. Separately, it influences all the everyday issues – mental, physical and otherworldly – in light of need of food, water and safe house. Neediness gives a sensation of avoidance emotions coming about loss of essential any expectations of life. This is the manner by which the Inequality offers ascend to two layers of a general public 'haves' and 'the less wealthy', bringing about the private enterprise.

The first of its eight objectives, The Millennium Development Goals (MDGs) addresses destitution and yearning. Consequently, the developing interest by United Nations improvement offices in the commitment of firms in MDGs is the annihilation of neediness. Be that as it may, association's CSR doesn't demand tending to social issue of neediness. Once more, in 2015, The UN characterized 7 Targets Sustainable Development Goal (SDG) 1 which requires "no neediness". The official phrasing is: "to end neediness in the entirety of its structures, all over the place" SDG 1 targets finishing extraordinary neediness, the types of absence of food, messy drinking water, and helpless disinfection, and targets expanding social approach that forestalls destitution

The objective has an aggregate of seven targets: five to be reached by 2030 and the initial five result related targets are: annihilation of outrageous neediness; decrease of all destitution considerably; usage of social assurance situation; guaranteeing equivalent rights to possession, fundamental administrations, innovation and monetary assets; and the structure of flexibility to ecological, financial and social calamities. Furthermore, the excess two targets call for assembly of assets to end destitution; and the drafting neediness destruction strategy structures at all levels. The rustic neediness rate remains at 17.2 percent and 5.3 percent in metropolitan zones (SDG Report 2016).

As of now, almost 10% of the total populace live in neediness with fundamental necessities of schooling and wellbeing, clean drinking water and sterilization. And even more, the Corona virus pandemic 2019-20 has exacerbated it that the neediness expanded by 7 percent in only a couple months, through the decrease of pay in this manner quickening destitution. (BMGF 2020)

CORPORATE SOCIAL RESPONSIBILITY IN INDIA - COMPANIES BILL 2012

Another organizations Bill was given eighth August 2013 and as indicated by the rules issues, Public area Units (PSUs) are needed to spend up to 5% of the net benefits towards CSR and the Private organizations with a total asset of 5 billion rupees or a with net benefit of 50 million rupees or more are relied upon to burn through 2 percent of their normal net benefits during the three monetary years going before towards CSR. The aggregate sum of speculation on CSR is genuinely an enormous sum on social and pubic government assistance, and to have this emphasis on the formative territories, Schedule VII of the Company's Bill 2012 has relegated the accompanying regions:

1. Kill Extreme Hunger and Poverty.
2. Advance Gender Equality and Women Empowerment
3. Improving Vocational Skills
4. Battle Diseases like HIV, Malaria and so on
5. Secure Environment
6. Diminish Child Mortality and improve Maternal Health
7. Lead Employment
8. Advance Education



Source: UNIDO

CORPORATE RESPONSIBILITY AS MANAGEMENT PRACTICE:

How do companies respond to the poverty alleviation using corporate social responsibility tool? No doubt the companies would also like to have a return on developmental responsibilities to their society. Practically, there are various approach-responses to CSR by companies and they are inactive, reactive, active and proactive (Van Tulder 2006). Also, in the words of Kramer an Kania, there are also two types of CSR: defensive and offensive CSR. Defensive approach allows companies to choose its own CSR. and offensive addresses common issues of ‘no-blame’ CSR. (Kramer and Kania 2006)

For example, construction of a mini hospital or encouraging women micro entrepreneurship are examples of offensive CSR, whereas the example for a defensive approach is protecting safety measures against hazardous process to the employee. Hence, the poverty-focused CSR are various kinds: committing resource, charitable works, compliance with standards, fostering entrepreneurship. (Nelson (2007)

THE BUSINESS-POVERTY FRAMEWORK

Any business's CSR can be a development tool or a development agent of poverty. However, from the view point of a society, there are four dimensions of an influence by companies: cause of poverty, its victim, a solution and indifferent, seeing neither as a threat nor as an opportunity. The poverty may sometimes be regarded as an opportunity- low labour cost or as a threat – unskilled labour, hence the company may become a bystander.

Let us discuss the dimensions:

Business as a cause of poverty:

Generally, in the free market system, the evils of poverty are low wages, abusive labour practices, long hours, low law enforcement, etc., resulting in an unequal distribution of wealth. Another serious evil of poverty is the gender-based approaches in the job market. Poverty faced by women are unequal wage, childcare, maternity leave and care of the elderly, which are serious concerns. These concerns come under both business and society sustainability which is totally neglected by CSR (Pearson 2007). These are examples of the substantive dimension to the relationship of business to poverty, but we should not forget what we earlier called the process dimension, including, for example, the issue of empowerment.

Other than these, evasion of tax, short-term contract with poor suppliers, child labour, forced labour and labour trafficking perpetuate poverty in an indirect way. The specific relationships between business and poverty are important to understand because they affect how companies behave as development agents.

Business as poverty's victim:

The facets of poverty mentioned in MDGs and Sustainable Developmental Goals (SDGs) are the evidences to believe that businesses can become the victim of poverty. The fact that poverty is about a life being led with less than two dollars per day, is a barrier for poor consumption of goods and services. Graduates with low skills, women with low health can hinder the smooth functioning of businesses. The real problem with MDGs projection is, they are quite on certain dimensions of global poverty (Saith 2006). Rise of poverty, political unrest, poor health and poor education are the serious issues with greater impact on the businesses.

Business as a solution to poverty:

The fact that the poor controls the considerable wealth is a matter of attention, the bottom of the Pyramid (BOP) provides an opportunity for companies to profit by selling to the unserved or underserved markets. Businesses are constantly concentrating on converting these poor, which overlap with the concept of social entrepreneurship. If the poor people are served, the businesses can increase the width of their markets (Prahalad and Hart 2002; Prahalad 2005; Hart 2005; Hammond et al. 2007). However, the proposition of BPL is that by meeting the needs of the poor be an engine of empowerment, increasing their productivity and incomes.

A few Poverty alleviation- CSR programmes are:

1. Microfinance that enables poor women to get access to micro loans with any collateral at affordable rates of interest, with a package of low thrift and micro insurance, the best sample is the Grameen bank started by Prof. Mohammed Yunus.
2. Selling products at lower rates that poor people afford to consume. For example, Coca Cola, Freeplay Foundation, Aravind (healthcare), specialize in serving underprivileged societies.
3. Godrej has developed tailored made products to cater to the needs of low income people
4. Hindustan Lever Limited partners with self-help groups in the Project Shakthi
5. Tata Group engages in women empowerment activities, income generation, rural community development and social welfare programmes, and also provides scholarships
6. Tata group also engages in healthcare projects for poor people
7. Untratech cement is involved in social work across 407 villages to create sustainability and self-reliance.
8. Mahindra & Mahindra has an educational trust to assist economically and socially disadvantaged communities.
9. ITC has been on creating sustainable livelihood and environmental protection programmes,
10. Starbucks engage its employees in environmental leadership, serving refugees.

Many more poverty alleviation programmes adopted by various companies and the list is not exhaustive.

CONCLUSION

The poverty framework helps the businesses to choose their areas of operations to cater to the needs of the underprivileged of the society. Relying on the description of conceptual study of CSR on poverty alleviation, the study contributes to the emerging literature on the role of businesses in reducing poverty using the framework discussed.

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