
Paradigm Shift To “Make in India” - CSR Opportunities for Organizations

Sub Theme : “Make in India” Opportunity for Indian Corporate Sector capitalizing CSR in Empowering the Economically Weaker Sections of the Society

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INTRODUCTION:

In recent years, the concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept - Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. The idea that corporations bears a responsibility that stretches beyond their shareholders is not new.

The field of corporate social responsibility (CSR) has grown exponentially in the last decade. Nearly all leading organizations in India are involved in corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society.

Notable efforts have come from the Tata Group, Infosys, Bharati Enterprises, ITC Welcome group and Indian Oil Corporation among others. This paper examines the concept of firms sacrificing profits in the social interest within the environmental realm. Although the analysis of goodwill and quality of different initiatives within the umbrella of CSR is challenging, but an attempt can be made to fulfill the social responsibility.

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company’s level.

Over the last years an increasing number of companies worldwide started promoting their Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. In most cases CSR is a result of a variety of social, environmental and economic pressures.

DEFINING CORPORATE SOCIAL RESPONSIBILITY

The European Commission’s definition of CSR is: “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

According to CSR Asia, “CSR is a company’s commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders.”

The rationale for CSR has been articulated in a number of ways.

In essence it is about building sustainable businesses, which need healthy economies, markets and communities. However, various definitions of CSR cover various dimensions including economic development, ethical practices, environmental protection, stakeholder's involvement, transparency, accountability, responsible behavior, moral obligation, corporate responsiveness and corporate social responsibility.

The definition of social responsibility during the 1960s was (Joseph W. McGuire 1963), stated that, "The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations".

In short, the new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals. (Walton, 1967, p. 18)

Dimensions	The definition is coded to the dimension if it refers to	Example phrases
The environmental dimension	The natural environment	'a cleaner environment' 'environmental stewardship' 'environmental concerns in business operations'
The social dimension	The relationship between business and society	'contribute to a better society' 'integrate social concerns in their business operations' 'consider the full scope of their impact on communities'
The economic dimension	Socio-economic or financial aspects, including describing CSR in terms of business operations	'contribute to economic development' 'preserving the profitability' 'business operations'
The stakeholder dimension	Stakeholders or stakeholder groups	'interaction with their stakeholders' 'how organizations interact with their employees, suppliers, customers and communities' 'treating the stakeholders of the firm'
The voluntariness dimension	Actions not prescribed by law	'based on ethical values' 'beyond legal obligations' 'voluntary'

Types of corporate social responsibility

CSR can encompass a wide variety of tactics, from giving non-profit organizations a portion of a company's proceeds, to giving away a product or service to a worthy recipient for every sale made. Here are a few of the broad categories of social responsibility that businesses are practicing:

Environment: One primary focus of corporate social responsibility is the environment. Businesses, both large and small, have a large carbon footprint. Any steps they can take to reduce those footprints are considered both good for the company and society as a whole.

Philanthropy: Businesses also practice social responsibility by donating to national and local charities. Whether it involves giving money or time, businesses have a lot of resources that can benefit charities and local community programs.

Ethical labor practices: By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. This is especially true of businesses that operate in international locations with labor laws that differ from those in the United States.

Corporate Social Responsibility in India

India may become the world's first country to make corporate social responsibility mandatory

Paths have been cleared for reintroduction of the Companies Bill, 2011, in the monsoon session. If the bill is passed after endorsing all the propositions made by the Parliamentary Standing Committee on Finance, corporate social responsibility (CSR) would become mandatory for the first time in the world in any country.

The statement advocates that those companies with net worth above Rs. 500 crore, or an annual turnover of over Rs. 1,000 crore, shall earmark 2 percent of average net profits of three years towards CSR. In the draft Companies Bill, 2009, the CSR clause was voluntary, though it was mandatory for companies to disclose their CSR spending to shareholders. It also suggested that company boards should have at least one female member.

SOCIETAL INITIATIVES TAKEN BY INDIAN COMPANIES

Most of the business houses and corporate have been taking up social welfare activities from time to time. Recently, priority of business is getting widened from 1 P to 3 Ps by inclusion of People and Planet with Profit.

The short term, charity-based welfare interventions are being replaced by long-term, empowerment based Corporate Social Responsibility (CSR). Based on the realization, “Business cannot succeed in a society that fails”,

CSR is being considered as an imperative for carrying on business in the society rather than as a charity. While CSR is relevant for business in all societies, it is particularly significant for developing countries like India, where limited resources for meeting the ever growing aspirations and diversity of a pluralistic society, make the process of sustainable development more challenging. The companies have initiated for CSR, taking into consideration the concept of firms sacrificing profits in the social interest within the environmental realm.

Infosys Narayan murthy chairman and chief mentor of Infosys has always been on the forefront of philanthropic activities. as a part of CSR.

Mr. Narayan murthy firmly underlines the significance of CSR: “for benefit of globalization and technology to reach the poor, the private sector, philanthropic institutes and individuals should cooperate and establish partnership with government institutions. This would lift millions of our people out of the poverty, provide them with opportunities and make them participate in the process and progress of globalization”.

Examples of Corporate Social Responsibility in India

Tata Group

Tata Group in India has a range of CSR projects, most of which are community improvement programs. For example, it is a leading provider of maternal and child health services, family planning, and has provided 98 percent immunization in Jamshedpur. The company also endorses sports as a way of life. It has established a football academy, archery academy, and

promotes sports among employees. It offers healthcare services all over the country with programs like rural health development.

Tata Group also has an organized relief program in case of natural disasters, including long-term treatment and rebuilding efforts. It did laudable work during the Gujarat earthquakes and Orissa floods. It also supports education, with over 500 schools, and also is a benefactor of the arts and culture. It has done abundant work in improving the environment and local populations around its industries.

Aptech

Aptech a leading education player with a global presence that has played a broad and continued role in encouraging and nurturing education throughout the country since its inception. As a global player with complete solutions-providing capabilities, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the deprived, and training and awareness-camps.

Infosys

Infosys is aggressively involved in a variety of community growth programs. In 1996, the company created the Infosys Foundation as a not-for-profit trust to which it contributes up to 1 percent of profits after tax every year. Moreover, the Education and Research Department at Infosys also works with employee volunteers on community development projects.

The management team at Infosys continues to set examples in the area of corporate citizenship and has involved itself vigorously in key national bodies. They have taken initiatives to work in the areas of research and education, community service, rural outreach programs, employment, healthcare for the poor, education, arts and culture, and welfare activities undertaken by the Infosys Foundation.

Mahindra & Mahindra

At Mahindra & Mahindra, The K. C. Mahindra Education Trust was established in 1953 with the purpose of promoting education. Its vision is to renovate the lives of people in India through education and financial assistance across age groups and across income strata. The K. C. Mahindra Education Trust undertakes a number of education plans, which make a difference to the lives of worthy students. The Trust has provided more than Rs. 7.5 crore in the form of grants, scholarships and loans. It promotes education mostly by the way of scholarships. The Nanhi Kali (children) project has over 3,300 children under it and the company aims to increase the number to 10,000 in the next two years by reaching out to the underprivileged children, especially in rural areas.

“Make in India” Opportunity for Indian Corporate Sector capitalizing CSR in Empowering the Economically Weaker Sections of the Society

August 14th 2014 Prime Minister Narendra Modi made a venturesome business move “Make In India”. This venture was accepted by the Indian industrialists with all concern for the development and growth of the Indian economy. The focus of the prime Minister was well understood by the nation which hinted on one of the objectives of the Modi government ie. Empowering and uplifting the economically weaker sections of the economy. The corresponding moves of the government such as amendment in the Apprenticeship Act of 1961, Apprenticeship Policy by March 2015 will help provide skills to youths in the country and make them employable. Further Jan Dhan yojana , Skill India, start up India, digital India

etc. Directly and indirectly involving the business communities to be a part of the empowering programme.

The call for the corporate by the government had necessitated for the firms to respond positively. They are clearly convinced that their existence and sustainability lies on their effort to support the economic growth and development of the economy.

With the entry of foreign Investments and firms, the challenge need to be faced by Indian corporate sector can only be possible with the joint efforts of the youths of the nation. Hence training the youths and making them employable is the social responsibility of the Indian Corporate sector.

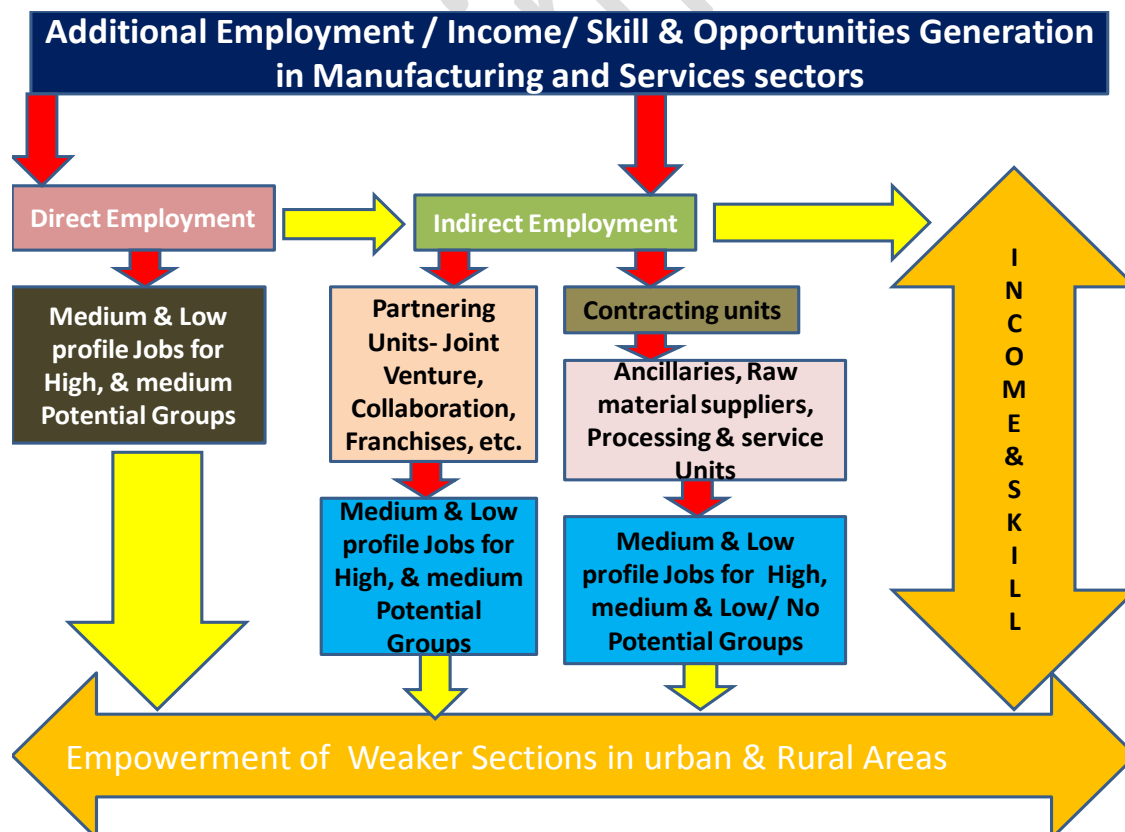
In the light of the stated facts this paper tries to portray through Models how this transformation takes place.

The transformation of the youths from non employable state to Employable state through training and also forth coming new types of skills and techniques (from Foreign firms) provides wide opportunities to learn new skills and grow technically and economically.

The vast majority of economically weaker sections can have access to gainful employment in Manufacturing and Services sectors.

The major areas of entry of foreign firms are food processing, Railways, ports, corridors, roads constructions , agro processing, electronics, automobiles, leather, textiles, garments biotechnology etc which will provide employment opportunities to skilled /semiskilled, educated/ uneducated, rural/ urban/ semi urban youths in the category of economically weaker sections.

Model showing the reactive benefits that will be flowing in the event of entry of foreign firms to India

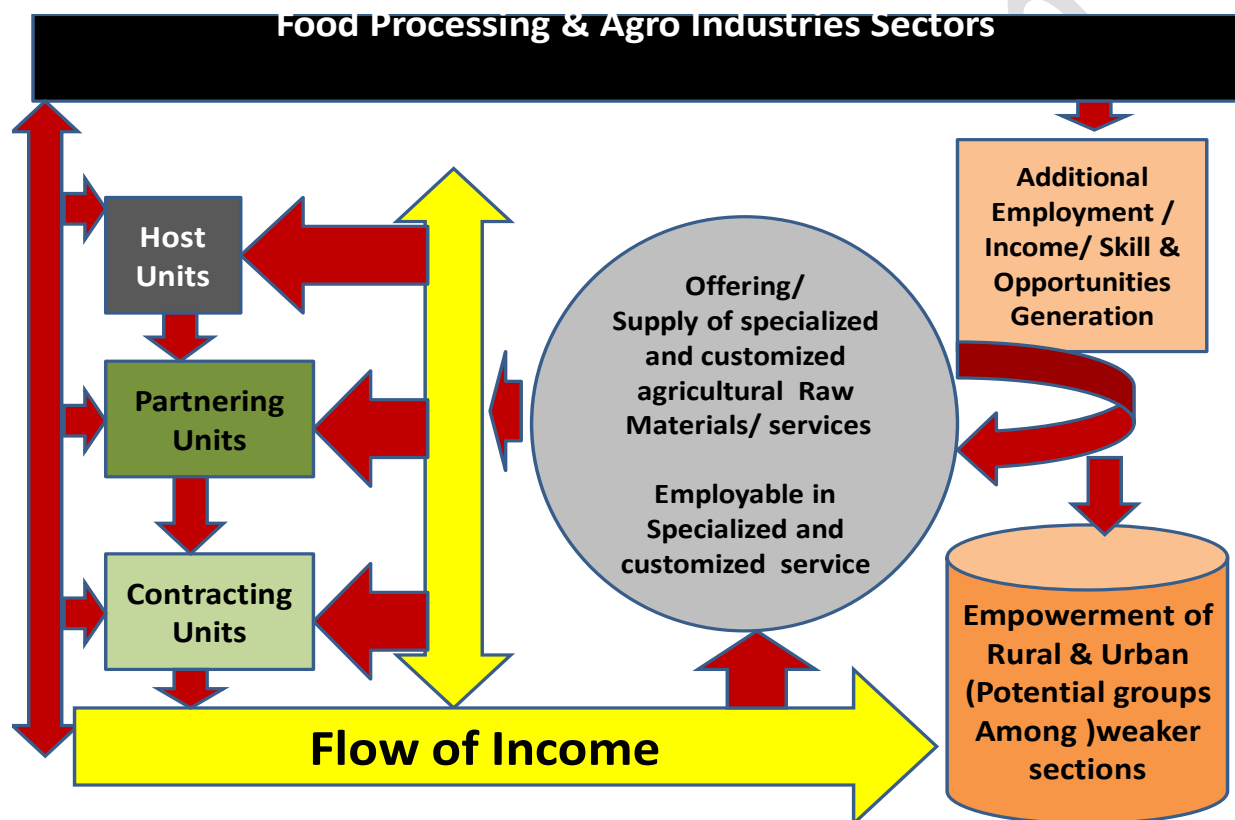


Youths as employees:

The model depicts the pattern of flow of benefits to the economically weaker sections either through direct employment or through indirect employment. Basically additional skills , opportunities and income will flow to the economy with the entry of foreign firms.

The foreign firms may directly employ the youths or indirectly youths can gain employment through partnering and contracting units at medium and low profiles depending upon their potential skill levels.

Model 2 Portraying the pattern of flow of income/ opportunities/ skill etc. that would flow from foreign/ partnering/ contracting firms in the Food Processing and Agro Industries sectors.

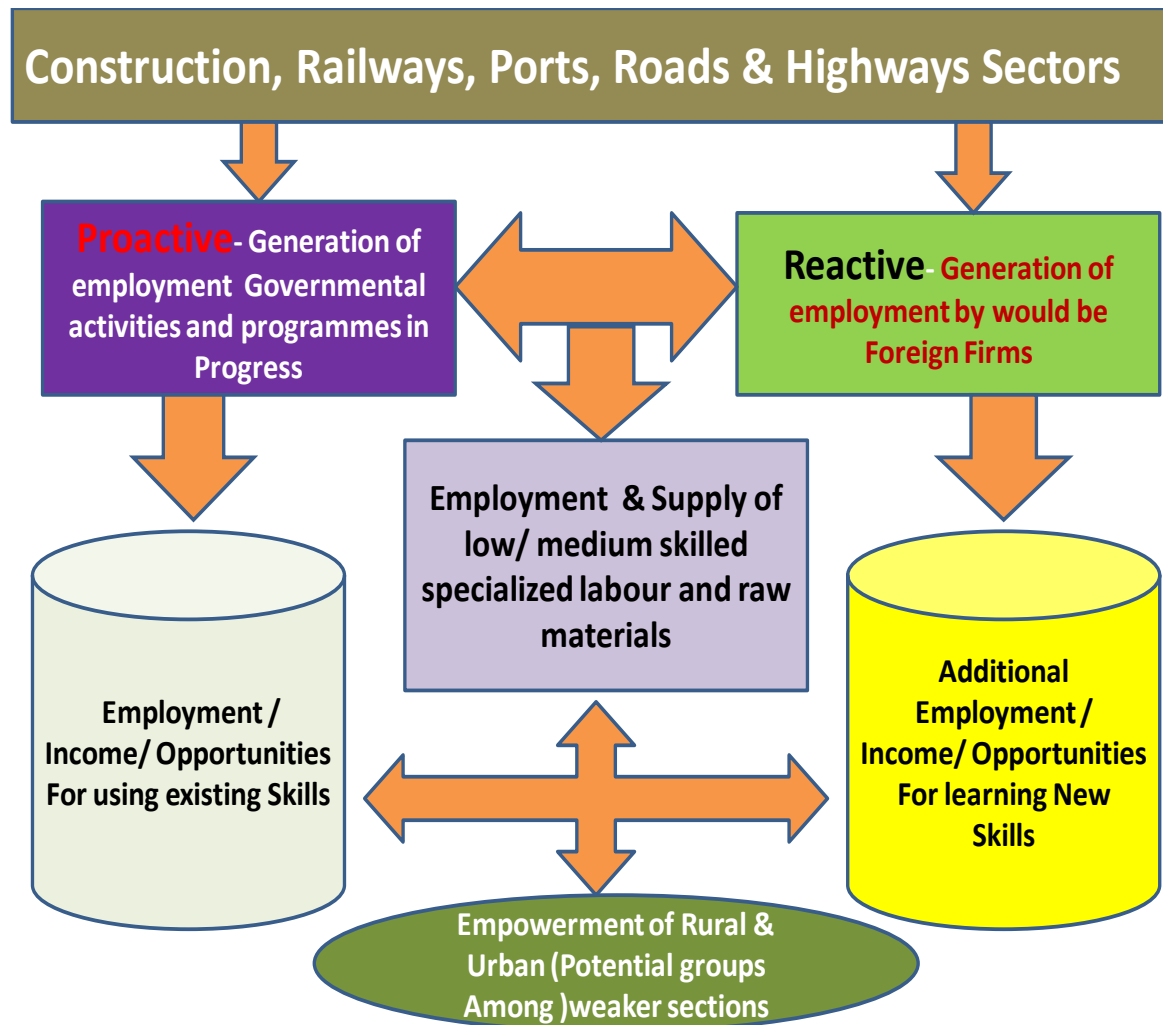


Youths as small entrepreneurs:

The flow of additional employment/ business/ income/ skills and opportunities to the youths of economically weaker sections either in the form of employment or business. These small business entrepreneurs will gainful employment or business which in turn increases the flow of income and skills thereby raising their standards in their skills/ business/ living etc.

In terms of business they can be contracting or partnering units supporting the big firms by supplying agro raw materials or specialized skills in which the rural youths possess specialized skills.

Model 3 Portraying flow of income/ skills/ opportunities through PROACTIVE and REACTIVE channels.



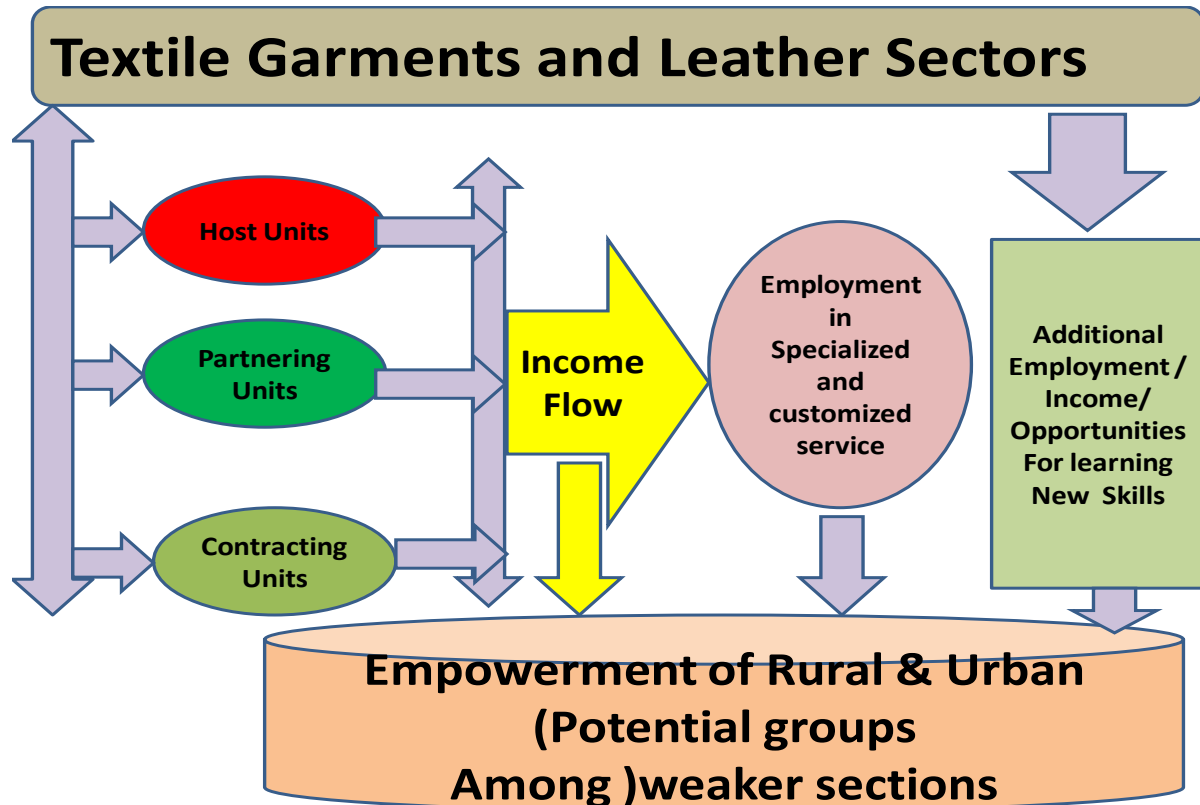
- **Proactive Benefits currently flowing**
- **Proactive benefits** are those programmes undertaken by the government with the focus for preparing a strong infrastructure base for the WOULD BE foreign investors and entrepreneurs intending to select India as a base for setting their establishments as a part of Make in India Campaign.

The areas government is spending are basically:

Skilling the Youth, Developing Industrial corridors and Smart Cities.

Reactive benefits are those which would flow after the entry of foreign firms to India as a part of make in India campaign.

Model 4 showing the flow of income/ skills/employment/ opportunities to skilled & semi skilled women and youths.



Youths as Skilled and Semi Skilled resources:

The sectors of textiles and leather are labour intensive which would provide employment directly or indirectly. The rural and urban skilled and semi skilled youths stands a great chance with the entry of new businesses to these fields.

Women would gain a greater benefit since both rural and urban women possess specialized skills in these areas. Further semi skilled and unskilled also gains the benefits by occupying lower profile jobs which comparable pays more than the existing ones. Chances of enhancing their skills and learning new skills opportunities are high.

CONCLUSION

The concept of corporate social responsibility has gained prominence from all the avenues. Organizations must realize that the government alone will not be able to get success in its venture to uplift the trampled of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept of corporate social responsibility. Many of the leading corporations in India had realized the importance of being associated with the socially relevant causes.

The entry of foreign firms as a part of “Make in India” Campaign would certainly bring host of benefits to our entrepreneurs and also the unemployed youths. The Indian corporate / partnering firms/ contracting firms will be highly benefitted in terms of flow of business. The fruits need to be generously shared among the youths of the economically weaker sections.

The joint efforts and sharing among us will certainly not only empower the economically weaker sections but also will lead to the Development and Growth of the Economy.

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