Innovation in Indian CSR-a Conceptual Model

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Abstract: CSR (Corporate Social Responsibility) refers to a part activity of every organization, to contribute valuable inputs to the society. Every organization utilizes the resources available in the society or environment to generate revenue out of it. In the same way, it is the responsibility of every organization to contribute the same to its stakeholder. Corporates are making their best efforts to bring in development to their society. Over the period, organizations’ activities and strategies are reflecting that they are becoming more and more social responsible. In the same way as how they work on their Product and service portfolios they are working towards newer CSR strategies and activities. Today social activities of corporates are getting more creative.

Earlier, CSR was a mandate activity in most organizations. Organizations were carrying out CSR either in order to save tax or to comply with statutes. Companies have made CSR policies and as a routine provide Donation or charity to NGO’s. But of late, corporate have changed their way of designing, differentiating and promoting CSR activity. The new and innovative activities organized by corporates include educating people in rural areas, bringing awareness about cleanliness in the environment, and building / renovating government schools, encouraging women entrepreneurs, improving the livelihood of the rural areas, conduct marathon running to create awareness about health and fitness and so on. In this backdrop, this paper attempts to present a conceptual model of social innovation and classifies these innovative activities into four groups namely awareness innovation, education innovation, reach innovation, and impact innovation. The paper also presents the case studies of innovation in each of the above categories.

Key words: Corporate social responsibility, Innovation, social innovation

Introduction:

While there is no single activity or definition that explains CSR, each activity and definition that currently exists shows the impact that companies and their businesses have on society at large and the other hand societal expectations of them. Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility.

UNIDO defines CSR as “Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple- Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.”

CSR in India has traditionally been seen as a philanthropic activity by companies. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India’s freedom movement, and embedded in the idea of trusteeship. The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is
promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company’s relationship to its stakeholders and integrating CSR into its core operations,

The draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy making way for innovation in CSR. Corporates are making their best efforts to bring in development to their society. Over the period, organizations’ activities and strategies are reflecting that they are becoming more and more social responsible. In the same way as how they work on their Product and service portfolios they are working towards newer CSR strategies and activities. Today social activities of corporates are getting more creative.

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Conceptual Model on Innovation in CSR

Despite the work happening in the areas of CSR, the activities undertaken has not shown the position of the CSR activity. Companies launch their CSR by identifying the sector in which they work, like health, education, environment, saving energy, water, rural development etc. But in real terms, we see these activities have different approaches, deliver systems are different and also the change it is going to be different. Based on the proposed model one can say what kind of efforts are required for each activity, what delivery mechanisms are required, what is the geographic coverage, how the activity change either individuals or masses. Higher the innovation at each level higher will be capability to cover more beneficiaries.

Bringing innovation at these activities become much easier than looking at innovation as something generic in CSR.

The model classifies innovative CSR activities into four groups namely awareness innovation, education innovation, reach innovation and impact innovation. The model is based on extent to which the CSR of a company.

Proposed CSR Model showing levels of Innovation
Awareness Innovation:

Awareness innovation is at the bottom of the pyramid. This activity enables reaching masses through innovative ways of CSR. It works at the mass level. Higher the innovation more effective the program is.

Today CSR is extending in creating awareness to its stakeholders about number of issues from economical to social etc companies like ICICI bank spends on creating awareness of financial education, Marico Industries works with SARAL Foundation that manufactures affordable and quality sanitary napkins. According to studies 88% of women in India do not use sanitary pads. The resulting health and social hazards are both mentally and physically scaring for them. Colgate Palmolive gets involved in CSR through free oral care education through different community programs.

Education Innovation:

The second level of CSR innovation can happen at a stage above awareness. It attempts to cover large number of beneficiaries through education. Awareness only calls for attention whereas education reaches far more than awareness. It reaches people more closely.

In India UNICEF and CII help corporates to effectively structure their CSR activities in education. Tata Strategic Management Group has conducted a study to identify best practices of CSR in education in India. Many corporates have taken significant step through their CSR initiatives to provide education on any social issue. Most corporates work towards educating beneficiaries. Hence, majority corporates contribute in providing various types of education. Some corporates have associated with educational institutions, schools, colleges, training institutes. Hence lot of innovation has happened at Education level. There are several models which the corporate adopt carry out their CSR activities to educate people on social issues.

Reach Innovation:

Reach innovation is a level higher than education innovation. Reach is concerned with beneficiary getting the real benefit. In terms of numbers, it would be smaller than the beneficiaries at the education level. It touches the beneficiaries more closely than at the level of education. However, greater the innovation, greater is the potential to reach large people.

CSR emphasis on reaching the right beneficiaries rather than a static point. Bosch India in its CSR statement says our intention is to reach effectively all over India, presently our projects through partnerships are in 16 locations in India. Each year we hope to extend our reach in terms of both geographic spread as well as indepth reach within each community we aim to serve. We use our company locations (over 20 locations including manufacturing plants, development centre, regional and sales offices) as the starting points for action which can then radiate out. The foundation also relies on the large corporate family’s voluntary support to grow and spread.

The big challenge for companies is how to develop an approach that can truly deliver on these CSR ambitions and, as of yet, few have found the way. However, some innovative companies have managed to overcome this hurdle, with smart partnering emerging as one way to create value for both the business and society simultaneously. Smart partnering focuses on key areas of impact between business and society and develops creative solutions that draw on the complementary capabilities of both to address major challenges that affect each partner. Partnering CSR offers more value over pet projects of leaders and charities.

Impact Innovation:

This is at the peak of the pyramid. Impact Innovation refers to the CSR activities which can bring a permanent change in the lives of people. It is difficult to make such a big change in the lives of people hence a mass approach may not work. It has to be carried out at an individual level. To make an impact to a larger population, innovative approaches have to be devised. Higher the innovation, Higher is the Impact.

CSR investments should lead to impactful changes in daily life such an example being a Sanjay Group of companies as part of their CSR they have invested in developing eco appliances. Also Hero Group through its initiative as Through Integrated Rural Development Centre including: Hospital, Sports complex, Vocational Training Centre, Adult Literacy Mission, Marriages of underprivileged girl, Rural Health Care etc has brought meaningful changes in lives of its stake holders.
Conclusion:

Despite the innovations at all levels in CSR, a structured approach to innovation is required to make CSR more meaningful. The current proposed model has to be tested with constructs at each level and to conclude if innovations at each level is enabling to scale to reach the desired objectives of the CSR activity. The model helps to put the CSR activities in a framework and work on innovations at each level.

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