Chapter 9
Demystifying CSR and Corporate Sustainability, and Its Impact on the Bottom of the Pyramid

Ramendra Singh and Sharad Agarwal

Abstract Academic literature on Corporate Social Responsibility (CSR) suggests that organisations undertake CSR or sustainability activities with larger objectives in mind that generate several economic, social, and other returns. Some of these objectives include increasing their triple bottom-line performance, gaining social legitimacy in society, developing healthy stakeholder relationships, improved customer loyalty, and superior financial performance. However, organisations have always being haunted by the question, 'Social performance is good for society, but does it pay?' Quite often, the beneficiaries of the CSR and sustainability activities of organisations are poor communities, also known as the base of the pyramid (BOP) of society. Since BOP markets are largely informal and exist under the shadow of formal markets governed by public policies, using CSR as a tool to impact the ugly underbelly of our country is quite common. Academic research suggests that CSR has been widely leveraged as a poverty alleviation tool by organisations while also achieving business objectives keeping in mind the firms' ethical values, while serving multiple stakeholders to meet their economic, legal, and philanthropic goals. Finally, organisations do look for a good corporate citizen image that helps them keep the momentum of 'business as usual.' However, it would be interesting to see empirical evidence of how things are shaping up in the Indian corporate landscape. In this study, we interview CSR and sustainability heads of ten large Indian organisations to understand how CSR and sustainability activities impact the bottom of the Indian pyramid.

R. Singh (✉)
Indian Institute of Management Calcutta, Kolkata, India
e-mail: ramendra@iimcal.ac.in

S. Agarwal
Indian Institute of Management Ranchi, Ranchi, India

9.1   Introduction

Many years ago Brown (1998, p. 271) asked the daunting question, 'Social performance may be good for society, but does it pay?' Answers are not easy to get, but it raises the important issue of the attitude of business organisations toward social responsibility, often called corporate social responsibility or CSR in the literature and which has slowly evolved into a new term called sustainability. Echoing Brown's question, and almost around the same time, Miller (1994) had sought the answer to the question: Should CSR only remain a duty-based moral code? The attitude of organisations toward sustainability is important because successful implementation of sustainability initiatives within on the organisation largely depend the institutionalisation of the right perspective (Steg and Vlek 2009).

Today, management scholars seem to be researching sustainability with an emphasis on its possible impacts on both the business itself and society, the intended beneficiary. In a recent special issue of the Journal of Academy of Marketing Science on Sustainability in 2011, the guest editor suggested that CSR's salience as well as its applicability has increased manifold to a level that occupies a strategic position in the organisation such that the latter can now leverage CSR activities to reap sustainable competitive advantage (Hult 2011). But is it a tool for innovation, where firms create new products, processes, and practices to realign businesses toward triple bottom-line performance, or is it targeted toward integrating business with society, or both? When it comes to the targeted societal stakeholders of businesses, it is very often the bottom of the pyramid which becomes the sink of the negative externalities of these businesses and therefore deserving of their philanthropic and social programmes.

In this chapter, we take a relook at sustainability as a dilemma for business organisations, and what they intend to achieve for themselves and their stakeholders. We interview CSR and/or sustainability heads of 10 large Indian organisations and map their CSR and/or sustainability practices on the field along with the intended and unintended consequences of these practices on the bottom of the pyramid. We interviewed several organisations during January–June 2013 to understand their CSR and sustainability programmes. These key respondents were responsible for their organisation's CSR or sustainability programmes and represented a sample consisting of diverse business sectors in India.

We discuss our results under four themes, namely (1) using CSR and/or sustainability for poverty alleviation; (2) using CSR and/or sustainability for stakeholder relationship development; (3) the CSR and/or sustainability route to exploring market-based opportunities at BOP; and (4) using CSR and/or sustainability to build social capital at BOP that can be leveraged later.
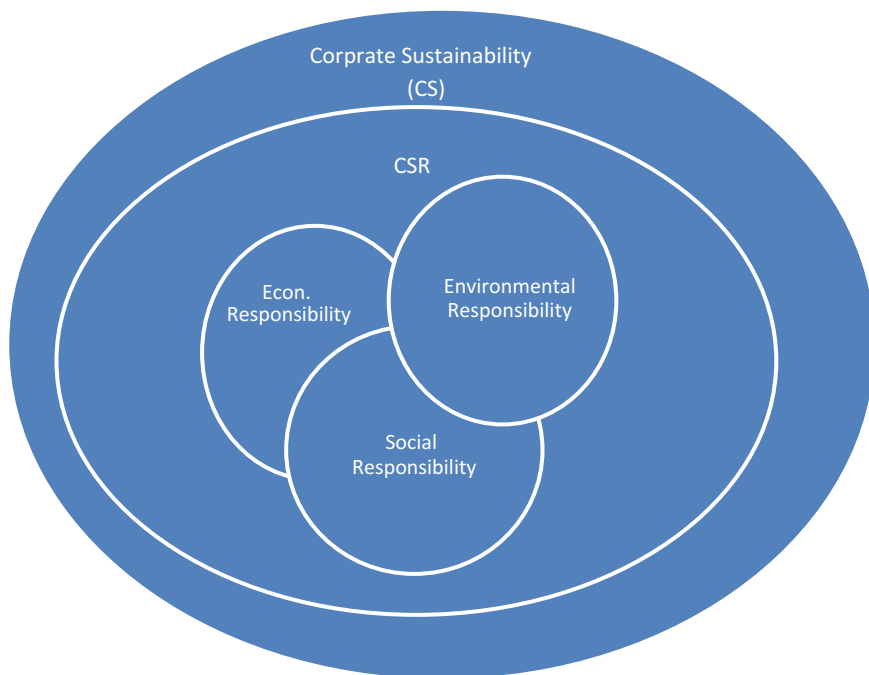
9.2 Corporate Sustainability (CS) and Corporate Social Responsibility (CSR)

In the past few decades, sustainability has generated interest from scholars in several business and non-business fields. Issues such as corporate social responsibility (CSR), corporate citizenship, cause-related marketing, cause-related advertising, enviropreneurial marketing, corporate environmentalism, triple bottom line and business ethics have emerged as important topics for debate and discussion among academics and practitioners alike. Though defined in many ways, most commonly sustainability is referred to as 'development that meets the need of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development 1987). Businesses, globally, have begun to practice this perspective as the Triple Bottom Line (TBL) which has its foundation on three dimensions: environment quality, social equity, and economic prosperity (Elkington 1997).

CSR is defined as the policies and actions of an organisation that aim to meet the expectations of stakeholders toward the triple bottom-line of economic, social, and environmental performance (Aguilera et al. 2007). CSR is thus an obligation as well as a strategy for stakeholder management and a prime mover for the development of relationships with stakeholders. CSR as a tool and strategy is loaded with moral and normative dimensions that help organisations seek legitimacy from society for their actions both good and not-so-good. As a fundamental premise of business is resource optimisation, and society being the prime custodian of resources used by organisations for their for-profit objectives, there needs to be a balance between social and business objectives. Sustainability is one lens to view this balance between society and business.

Elkington (2004) has discussed the three main waves of public pressure that have shaped the corporate environmental agenda in the developed economies, which could serve as three-stage guidelines for organisations in the emerging economies to turn themselves more environmentally sustainable. In the first stage, the organisations understand the environmental impact and natural resource demands of their businesses, and try to reduce this impact. In the second stage, they deal with tweaking production technologies and developing new products that reduce the negative impact on the environment during its life cycle. In the third stage, organisations recognise that sustainable development requires profound changes in governance structures and a renewed focus on government and on civil society.

Some scholars, in the past, tried to make a distinction between the constructs: corporate sustainability and corporate social responsibility with the former primarily focusing on ecological sustainability and the later focusing only on social responsibility. However, it is now widely accepted that the overall sustainability of the organisation depends upon three major dimensions: economic sustainability, social sustainability, and environmental sustainability. Each of these three

Fig. 9.1 General model of Corporate Sustainability (CS) and its dimensions (*adapted from* Van Marrewijk 2003)

dimensions is interdependent on the other two rather than being an independent entity in itself. In a recent review of literature on CS and CSR, Montiel (2008) found that, 'Although CS and CSR have evolved from different histories; they are pushing toward a common future. They both share the same vision, which intends to balance economic responsibilities with social and environmental ones' (Montiel 2008, p. 246).

As conceptualised by Van Marrewijk (2003), Fig. 9.1 depicts the relationship between CS and CSR, along with the economic and environmental dimensions. This relationship puts the social, environmental, and economic relationship as part of organisation's CSR which is turn forms a major component of corporate sustainability. This model, however, suggests that apart from CSR there are other factors responsible for the sustainability of an organisation such as the distribution of the family business among family members or closure/disruption of a firm's activities to comply with a new policy. Though these factors may be responsible for the sustainable operation of the firm, they are not very common. Therefore, for our research, we follow the generally accepted idea of CSR and CS being similar constructs and we use both these constructs interchangeably in this chapter.

9.3   Why Do Indian Organisations Undertake CSR and Sustainability Programmes?

Indian organisations have been aware of their social responsibility since their inception from the pre-independence era. Big business houses such as those of the Birlas, Godrej, and the Tatas have contributed to nation building in their own way such as through philanthropic donations, building academic institutes (for example, BITS, Pilani), hospitals, and parks. During the past few decades, the CSR orientations of Indian organisations have evolved from just being random activities, as it was in the earlier days of their organisational set up, to structured CSR orientations. In our earlier research we found that 32 % of the top 200 Indian companies had their own charitable trusts or foundations, which were used primarily for carrying out the respective organisation's CSR activities (Singh and Agarwal 2014). A similar percentage of companies (31 %) were joining hands with like-minded NGOs to address the social concerns of their (company's) choice. These two methods (charitable trusts/foundations and NGOs) were found to be commonly used by Indian companies for carrying out CSR activities.

The companies also aimed to enhance their social performance using CSR initiatives. CSR is one of the most prevalent topics concerning the social dimension studied in sustainability research. Indian corporations pursue their CSR activities in many different ways. A study on CSR of the top 200 Indian companies, done by us (Singh and Agarwal 2014), found that a majority of Indian companies (almost 68 %) work toward community development as part of their CSR activities. A similar number of companies (almost 61 %) were reported to be working for the cause of education. Figure 9.2 depicts the social activities carried out by corporations in India as part of their CSR practices.

The Indian government has now made it mandatory for corporations operating in India to spend at least 2 % of the average of their previous three years of profit on
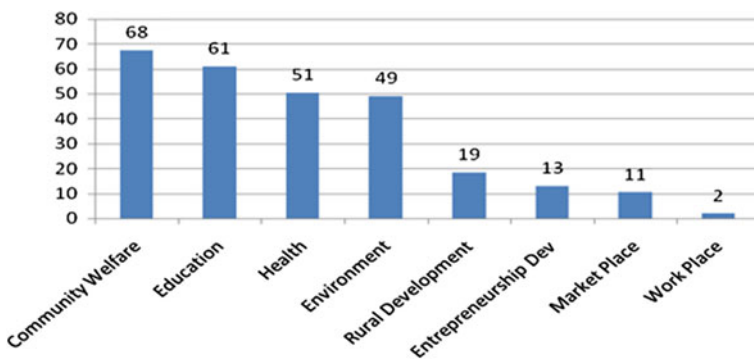

Fig. 9.2   CSR activities (in percentage) of the top 200 Indian companies. *Source* Singh and Agarwal (2014)

CSR activities. This gives an opportunity to all corporations to adopt social causes and work toward the betterment of society.

Although CSR initiatives are not new to organisations, as well as the local communities that benefit from these initiatives, CSR and sustainability are now being used by organisations to get much-needed sustainable competitive advantages (Hult 2011). As competition becomes more intense and brands are commoditised, organisations have started to make their businesses more 'social' in order to make their business models more sustainable. An important dimension of making a sustainable business model is to ensure that as many stakeholders as possible are important, and so organisations are going beyond developing relationships with primary stakeholders such as shareholders and customers and have started to build bridges with secondary stakeholders such as local communities that had been largely ignored so far. Apart from moving from social legitimacy to building bridges with local communities, organisations are also lately realising that moving into green and virgin business opportunities is the way to grow, and more profitably too. So when urban markets show symptoms of saturation and maturation, organisations have started to take the bottom of the pyramid more seriously as a potential market for the future. Developing new markets at BOP has been considered more difficult than developing existing markets. Therefore, BOP market development involves participation of more stakeholders, which includes the local communities themselves. In fact it involves development of successful ecosystems where each ecosystem partner looks at the other partner as crucial for its own success.

9.4   Doing Business at BOP

Bottom of the pyramid or BOP, in short, refers to marginalised communities and people who are socially and economically at the periphery of our society. In most cases, they are also excluded from many of the activities of mainstream society and therefore, their participation is not conspicuous. Technically, BOP is defined by scholars (e.g., Prahalad 2006; Prahalad and Hammond 2002) as consisting of people who survive on less than $2 a day which in India means around Rs. 100 per day or less. Scholars have highlighted the difficulties in the lives of the people sustaining at BOP due to resource constraints. People living in the BOP are outside the confines of the formal economy, and being relatively less skilled and less literate, lack welfare and good quality lives.

BOP became a popular term after the US president, Roosevelt used it in the days of the world depression in the 1930s, and again gained momentum after the noted scholar Prof. C.K. Prahalad propagated the seductive business idea of discovering a fortune at the bottom of the pyramid (Prahalad and Hammond 2002). Ever since then, several business organisations have got excited by the idea of tapping BOP as

the next growth engine, but growth has often proved to be a mirage according to many critics. Despite the ongoing debate in this area, many organisations see an overlap in their consistent pursuit of CSR and sustainability on one hand, and the exciting market opportunity at BOP, on the other. The bridge between the two is still not fully developed, but it is work in progress. Most often organisations realise the futility of doing business directly at the BOP since it is too risky, a high-investment low-return proposition and has longer gestation periods. In order to mitigate the negative dimensions of doing business at BOP, many organisations have found the CSR and/or sustainability route of tapping market opportunities as less risky and more experimental in approach and which gives them initial market test results that can be additional inputs in the decision-making process before deciding to take the final plunge.

9.5 Methodology

In order to get empirical support for our proposition that several organisations are using CSR and/or sustainability route to market development at BOP while at the same time meeting their CSR- and sustainability-related objectives, we interviewed the CSR and sustainability heads of 10 large Indian organisations. These organisations were as follows: Hindustan Unilever Limited (HUL), RPG group, ITC, Jindal Steel Limited (JSL), TCS, Steel Authority of India Limited (SAIL), Ambuja Reality, Godrej Consumer Products Limited (GCPL), Nokia, and Infinity Infotech. The choice of organisation was based on the convenience of the authors, as most of these organisations and their CSR and/or sustainability heads were either known to one of the authors or were easily approachable. We followed a semi-structured interview format so that the interviewees could provide as much detail as possible and not get confined to our broad research objectives. We asked questions such as 'How did [organisation name] decide on any CSR activities,' 'Is [organisation name]'s CSR activities aligned to the business,' 'How do [organisation name]'s CSR and/or sustainability activities impact the poor in society,' and 'Does [organisation name]'s CSR and/or sustainability activities affect the development of future markets.'

9.6 Discussion

We now discuss our results under the four underlying themes emerging from our interviews.

9.6.1 Using CSR and/or Sustainability for Poverty Alleviation

Our discussion with the 10 CSR and/or sustainability heads of leading Indian business organisations led us to believe that Indian organisations do have a strategy behind their sustainability initiatives. Many organisations such as HUL have combined business objectives with social objectives seamlessly for many years. The business and social objectives are, in fact, two levels in the same pyramid. The different levels represent the difference in the hierarchy of objectives, sometimes the business becomes important and sometimes the social objectives are more important. So when it comes to leveraging sustainability programmes for poverty alleviation, the different levels in the CSR pyramid range from pure philanthropy at the top of the pyramid, to primarily social business, to commercial business with social linkages, and at the bottom of the pyramid, to the business ethics of commercial business.

The HUL sustainability head mentioned the following:

> Shakti is a beautiful model from the past and we help those who need a livelihood. There are 46,000 Shakti ammas that cater to around 250,000 villages in India. So it is not covering employment but it is covering under employment, and we sort of train the women, they become entrepreneurs and they sell our products: it's a win for her, as the additional money that she earns helps her household, her kids and sort of gives her financial freedom, adds to their family status. It also gives us access to around 500–1000 villages which are in interior depth and difficult to serve.

> The way we hand hold and the uniqueness of this product is that we conceptually develop and model it and then we handhold it for 3 months. There is an online tracking system so if someone is not performing they go there and intervene and find out what is the problem: is market a problem, is product range a problem, or is capability an issue. So whatever is lagging we train here for it and impart it. Secondly, we are constantly upgrading her to become a bigger entrepreneur with partnership and mobile technology too, and then there is a simple application which is on her phone. So it's a win-win deal for both of us. If she gets a mobile tool and she is running out of stock she can immediately order and serve and cater to her needs….we have a partnership with a lady of the State Bank of India and she helps making bank accounts for villagers which is a good practice because they can access the credit market and she earns the commission which we give her. There is no conflict with the category and centering her business to continue what she has done.

Interestingly organisations such as HUL do not have a separate CSR department. Being an MNC, HUL runs its business on sustainability, under the premise of maximising shared value with society.

Similarly, GCPL under its CSR programme called 'Good and Green' encourages a beauty training programme for poor girls in the villages who are given a product kit (containing products manufactured by GCPL) which they can use for and after training. GCPL does not give its CSR partners any cash, but only such product kits. In a way, GCPL is also using the CSR route to increase the adoption of its products among first time consumers at BOP. The idea is to catch them young and catch them first (before others catch up). In the entire process, not only does the

organisation end up increasing product adoption, but it also promotes entrepreneurship at BOP that helps increase incomes of people.

Poverty alleviation also may happen in other forms such as scholarships for poor students. Giving such an example, the sustainability head, HUL narrates the story of a poor girl student:

> …this girl from Malegaon …she applied for a Fair & Lovely scholarship and did her Masters …today she works in the company …a school teacher from Malegaon who did not did know a word in English, today she is an assistant manager….has bought a house … bought a car …got married and has a daughter ….so that is the effect of commercial initiative also …it has changed a life and it has changed so many lives …this one I know because I came across this one.

However, in the above example, the scale of impact may be very limited. Such scholarships are limited in number, and the extent to which they can help reduce poverty by realising the dream of the poor is also quite limited.

As emphasised earlier, no attempt to reduce poverty is independent of the opportunity to enhance business in any form, although the trends keep evolving. For example, JSL's CSR head suggested:

> Initially the focus was on charity welfare and then there was another initiative…Gradually, over time, they become your very important customers. The CSR policies have been worked out and the CSR policies addressed along with their three pillars, of course, the people, the planet and the requirement based on which the profit that is generated; so keeping that philosophy in mind, now over the last 5 years we have initiated it in our companies. We are, for example, working on it for a little longer period and they have budgeted it much higher. But the idea of operation will remain being restricted around your manufacturing facilities and in our case is the same.

Moreover, poverty alleviation without sufficient engagement and dialogue with the BOP communities is also not scalable. Therefore, for many such reasons partnerships with self-help groups (SHGs) and non-governmental organisations (NGOs) are important. Such partnerships also help develop relationships with local communities and enhance the necessary skills to increase their income generation capabilities. JSL's CSR head gives an example:

> …take dairy, for example. People who got loans have opened their small new dairies. They have their own buffaloes and cow, even sheep. Other activities that some of them have done is opened up tuition centers or beauty salons in the villages and they are doing their own training of other women and earning money…and such like activities have been done by the CSR.

Skills enhancement and education, key areas of focus of CSR programmes are also emphasised by TCS. The CSR head narrates:

> …The skill building route is very important …not [just] within India but also globally where there are a large number of young people who need to be productively employed or engaged and who are not. Now, within this education is appreciated. The company would say education is school education; primary level, high school level, for us education is more than that. Yes, education is school, education is college, education is nurturing, education is

engineering, education is also intimation, education is also sting programme, and adult literacy programme. So our umbrella of education is more and much wider than the need of understanding education in corporate life.

Our volunteers have adopted a school, so they go there in their spare time and on weekends. In addition, they teach maths, science and English which they are very good at. Right now it is running in Chennai, soon it will be in more locations of the country. What does this programme do? There are, placements in the job level, that is going to be the next important thing here. In the eleventh standard, we want students to know how you go through an interview, this will raise their confidence. If you say results, then I would say an increase in revenue or reduction in the level of poverty is not difficult.

RPG's model of CSR-based education works like this:

We not only make them ready for workmanship within our factories, we educate them. We don't teach only one kind of skill. We make them all-rounders. They get employed elsewhere. If you really look at them, the community around has been engaged in this activity and has benefited from the knowledge and skill and has taken up jobs on its own. They have not come back only to work for us. Thus, it is not a captive in-house programme.

Such skill enhancement programmes along with educational programmes definitely contribute toward poverty alleviation at BOP. ITC's Sustainability Head also explains:

Today in India, in around 7 states we are doing such programmes on a large scale and there is supportive primary education which is not linked with business in terms of monetary benefit, but other benefits like we are creating the base for the communities in those areas where they are around us. Their children become educated so that they also become part of our company's growth process.

In contrast to the previous examples from private organisations, when we spoke to a public sector organisation, Steel Authority of India Limited (SAIL), we found that their CSR is largely driven by the MOU signed with the government. Moreover, their CSR is more widely spread across a larger gamut of domains such as education, healthcare, and income generating activities, and largely influenced by the diktats of the government. Their CSR head mentioned the following:

…We have set up a large number of hospitals and health centers where people can come, get treated, get medicines, and various pathological tests; then, there are eyes camps, specialised camps to take care of diabetes. We also set up a number of drinking water installations like digging up dams or ponds, water conservation and overhead supply of portable water in the villages which are there around our plants. Then we have also promoted a number of income generation schemes, fishery development and others like handicrafts; we have given professional training for being self-sufficient and earning livelihoods through these trainings. I have also seen that the other needs, like setting up community centers for women are routinely done. Besides that, we have adopted about 79 villages, where sanitation, portable water and other necessities are augmented in these villages. This was a commitment to the Ministry of Steel that we should fully adopt a number of villages. The selection was done under various parameters and in consultation with the local government.

In conclusion, it came out strongly in our interviews that organisations are using multiple tools such as education, skill enhancement, training, scholarships, and even business partnerships (HUL Shakti) at BOP for poverty alleviation. Nevertheless, there are explicit or implicit business opportunities that can be tapped using these CSR initiatives.

9.6.2 Using CSR and/or Sustainability for Stakeholder Relationship Development

We also observed CSR and/or sustainability being used as tool for relationship development with BOP communities with or without overt business interests. Academic literature also supports this notion since maintaining healthy relationships with stakeholders, especially local communities, helps to reduce certain risks associated with doing business at BOP. An ITC executive mentions below an example of developing a relationship with BOP which is also a sourcing point for their agarbatti (incense stick) business:

> So mainly our activities are at back-end sourcing side and people who are the stakeholders, who are producing for us, working with us, bringing them new people into that fold and by helping them financially and technically. For pulpwood plantation, we are bringing in new tribal communities and other poor farmers by raising pulpwood plantation. Soya, wheat, tobacco are anyhow cultivated. Agarbatti is bringing new women who are not involved in any productive activities, so you have trained them, given them financial support, made them produce agarbatti, now they are linked with business. Supply chains are being taken care of. Therefore, in this way we have taken up activities wherein community and company are having a symbiotic relation, where both are being benefited. Our activities are away from the company.

The above example from ITC highlights the win-win situation where organisations can find such social investments mutually beneficial. On one hand, organisations are sourcing from poor producers, while on the other hand, they are also developing long-term business relationships with them (BOP) as key stakeholders. In the ITC case, we see that BOP producers are actually supply chain partners, and their stakeholder role is different from the role played by BOP as customers.

A JSL executive hits the nail on the head when he explains the rationale of CSR and/or sustainability investments while explaining one of their healthcare programmes:

> …through this mobile outreach programme we cover about 10 villages a week and the timings are fixed so that the people come there. In addition to that we have specialists camps like for eye care and orthopedics and in which we take the patients to the hospitals at our own cost, get them treated with the follow up, whether its eye care or orthopaedic. For example, we have taken our patients thousand miles away for corrective surgeries. When they come back, even if it is a handful of 13–14 people, they are the ones who speak well about you and this how you build up your community relationships. You are basically targeting people to win their hearts and minds and they will give you a top rate. If you don't

have a conducive environment in the field where you are operating, then you might land up like, may be Tata Steel, which had to move out from West Bengal or from Gopalpur or maybe like some other companies which are having problems also in Bilari and Nangul and many other corporates. It is major challenge of convenient relations.

The quote above highlights the importance of 'convenient relations' to business organisations when it comes to developing relationships with local communities for business continuity. There seems to be a high degree of strategic intent when organisations attempt to develop such relationships with local communities. Looked at from a different perspective, such attempts are also acting as a great equaliser among the organisational stakeholders. While shareholders are important stakeholders, since they are ruthless in demanding higher organisational profits, we have the BOP local communities as another set of stakeholders who derive their power over the firm by virtue of their 'invisible' power to veto the land allotted to them for a new project or demand greater rehabilitation efforts (Tata Nano in Singur; Mittal Steel in Niyamgiri).

The RPG CSR head mentions how stakeholder relationships at BOP help in community development that makes business more sustainable by ensuring the welfare of the local communities that are supporting their tea business in Kerala:

> I personally feel that the CSR programme is inter related to sustainability as there is no way we can survive without having programmes for the community and for the environment to help us sustain our own business. For example, we have Harris and Mangalam which is a very big plantation which we have in Kerala. There without the community development— all the tribal and nontribal villages around they are absolutely engaged in the strategy there; right from looking after hospital needs, education, employment, everything, whether they are directly working or not working. And thereby helping those communities to sustain rather than migrate. Give options over there itself. Thus, sustainability and CSR work together.

> Interaction between CSR and the society in micro terms or else, let's say, on non-economic terms which is to say you know engagement with local communities or even to neutralise the negative externalities of the manufacturing, or the pollution that happens near the factories. So, of all these activities at the ground level, how does it positively impact the social and the economic life? through the training programme. If you look at the social life and the benefit through our activities, it is clearly visible through the 80 acres of tea plantations in Kerala. Today we have the third generation and fourth generation working with us and not migrating away like most and the youth and parents are working with us. Thus we have ensured that they are not only well looked after but they have enough ecosystems like good schools and colleges and medical facilities for them to continue to live more comfortably than the people who have migrated.

Thus, we see sufficient evidence to believe that organisations develop relationships with BOP as stakeholders to reduce business risks and to maintain business continuity. Social investments as seen in the case of ITC are proactive measures used by few organisations, although many others in our sample were less proactive in their approach.

9.6.3 CSR and/or Sustainability Route to Exploring Market-Based Opportunities at BOP

We observed very strong trends of CSR and sustainability initiatives being used as pilot projects that have potential to scale up as business opportunities of the future. ITC's example of exploring market-based opportunity with farmers in pulpwood cultivation for their stationary business is relevant to cite here. Another example that is given is of its agarbatti business. Here is what ITC's sustainability executive has to say:

> … When we say social investment, there are two ways of looking at it. The farmers who are around us are actually not cultivating because they can't invest financially, so there is a mutual benefit on a long term basis. In the closer vicinity, you'll have plantations which mean you'll have a price advantage at least to compete with others. It's not so that you are binding the farmers. They are not into the contract type of farming agreement covered by us. But the other advantage, we'll have is saving in transport cost because these are close by. So the social investment is building social gravity. …so that way there is social development capital created for a benefit as raw material resources are being generated.

> Similarly, as I said agarbatti, is an unstructured market. The risk for us is they may control you, they may suddenly dictate terms to you and the other risk for community is more social welfare schemes extended to them. So like we don't know in what working conditions this is actually being produced so when we get involved, we directly tap into the women's groups. The advantage is that women's groups are the owners and the workers in the whole activity. Therefore, there is a developmental angle in that they are handling it, not we. So they will directly deal with the business and whatever margin the middleman would have got, that they are sharing. For the company, it is like very strong linkages with the suppliers. For us women's groups will become a supplier for the company. So you are actually having a more dedicated and more loyal type of suppliers and also because of the capacity building activities there is more like quality related regularity, bringing in the uniformity in quality that is actually achieved when we work with a group on a long term basis. So the advantage for us is sustained production and quality, for them, it is the getting of new avenues, and scope for employment.

Nokia Life started as a sustainability project of Nokia India which has now become a full-fledged business for the organisation. It is yet another example of how sustainability and CSR are low-risk routes to initiating new business pilots. In the case of Nokia, it is important for them to realise how and when to move from a sustainability project to pure-business, as mentioned by their sustainability head:

> When we move from sustainability to virgin business… (it's critical to know) how many subscribers we have and what is the data source … then it becomes a business service.

The fact that sustainability means good business can be gauged from the following quote from the HUL sustainability head:

> One of the projects we have done in which we have set up on livelihood with our foundation, there were 75,000 women whose livelihoods were the focus and we invested 2 crores and we got 18 crore worth of return through their interest initiatives so there is a set of principles you follow but not for the companies ROI and contribute to the community. So it's like a people plan in prosperity rather than a people plan in profit.

Apart from what we found in our interviews, there are many examples of organisations that are engaged in market development at BOP such as Microsoft's tie up with leading education-based NGO, Pratham to deliver computers to villages in India which helped it to develop markets for computers and computing in the Indian schools. Such initiatives often start as a pilot project using the CSR funds of these organisations, and many are now successful independent businesses.

9.6.4 Using CSR and/or Sustainability Route to Build Social Capital at BOP that Can Be Leveraged Later

Building social capital that can be leveraged later is like drawing money from your own bank account that you deposited sometime back. ITC's e-choupal case highlights that the farmers who saved money by selling their agri-outputs at ITC's procurement hub(rather than selling in government mandis) paid back their gratitude toward ITC by buying consumer and durable goods from choupal sagar retail outlets which are adjacent to these procurement hubs. The social capital that ITC has developed for the last decade or so in the e-choupal project has yielded huge savings because of reduced procurement costs of agricultural products that are raw materials for the ready-to-cook food products manufactured in their International Business Division. Capitalising on the social capital is probably good business, and CSR and/or sustainability programmes provide a good platform to build such social capital.

The following quote from the sustainability head of India's largest software organisation, TCS, shows that in service sector firms the organisation's human capital is critical in creating social capital at BOP.

> The embedded model is on core competency, what is core competency? Our core competency is that we are very rich in human capital of the social client/kind. So it is about IT professionals, they are innovative, brilliant. They are out of box thinkers. What has happened there over time is a process-, systems, products, services have been built within the company, by engineers on the company time and company resources which are offered to the organisation that works with the vulnerable community.

Nokia also recently started an e-waste management initiative under the sustainability umbrella that involves recycling of used and dead mobile phones from consumers. The broad objectives of the initiative can be understood from their sustainability head's words given below, which highlights that Nokia is eager to seize a leadership strategy in sustainability by building social capital based on the education of consumers on e-waste management and teaching the consumers the basics of recycling concepts:

> If you take e-waste, we were the first organisation to start…and the largest recycling network in India….so if I look at our indicator on what we were aware of, recycling waste in 2007 vs. 2012 may have had a significant change….almost 30 % odd points have changed and we have got knowledge of this in recycling…earlier recycling was only

associated with paper, glass and plastic…they never even thought that phones, televisions and fridge were recycled…so these thing do have a significant impact on the context we evolve.

Even PSUs such as SAIL develop social capital through their CSR and sustainability activities and programmes. PSUs also need to carry out such activities to build social capital with the government which is their largest stakeholder.

9.7 Concluding Remarks

In this chapter, we have attempted to understand the approaches of Indian companies toward CSR and sustainability initiatives and see whether they are actually looking at these as mere compliance or more as strategic tools to achieve specific objectives as discussed under the four broad themes. Although the recently amended companies act has made CSR a matter of compliance, at least from the perspective of the government, some corporates are labeling the '2 % CSR' requirement as another form of tax! However, we see clear and compelling evidence from our interviews that the CSR and/or sustainability philosophy is as much a strategy and goes beyond the realms and requirements of CSR as compliance or even sustainability as a bandwagon effect. We also observe that CSR and/or sustainability strategy is largely aligned to company business, of the present and the future. There are incidental outcomes and some intended outcomes of this strategy on the bottom of the pyramid. Organisations create some jobs under CSR on one hand, to compensate for other losses and negative externalities they create as part of their core businesses. We, therefore, are quite convinced that as long as businesses create negative externalities, CSR would make a lot of strategic sense for these organisations. Enhancement of market-related skills in local communities such as in the case of ITC's e-choupal or encouragement of micro-enterprises such as in the case of HUL Shakti are living examples.

We found four broad themes emerging from our interviews of CSR heads of large organisations in India. These were using CSR and/or sustainability for: (1) poverty alleviation, (2) stakeholder relationship development, (3) exploring market-based opportunities at BOP, and (4) building social capital at BOP that can be leveraged later.

From the financial year 2015–2016, the CSR and/or sustainability strategy of organisations in India has to be aligned to the legislative obligations of CSR under the amended Companies Act. Although CSR practices are, at least a hundred years old in India, the recent amendments to clause 135 of the Companies Act suggest that organisations need to have a Board to formulate a CSR policy. There should also be clear and mandatory reporting formats. All this requires organisations to practice CSR and/or sustainability agendas to create a larger impact on BOP so that not only do they get a larger bang for their CSR buck, but they also create a louder noise in this space. The country is also waiting for the much-talked about CSR index!

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